

**Free Market and Command Economies**  
**Sovkhozy, Kolkhozy, and a Houston Supermarket**  
**John Rappazzo**

**Standards**

Lesson addresses applicable items from:

Chapter 118. Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits  
Subchapter A. High School

(5) Economics. The student understands free enterprise, socialist, and communist economic systems. The student is expected to:

- (A) describe the basic characteristics of economic systems, including property rights, incentives, economic freedom, competition, and the role of government;
- (B) compare the free enterprise system, socialism, and communism using the basic characteristics of economic systems;
- (C) examine current examples of free enterprise, socialist, and communist economic systems;

(22) Social studies skills. The student applies critical-thinking skills to organize and use information acquired from a variety of valid sources, including electronic technology. The student is expected to:

- (A) analyze economic information by sequencing, categorizing, identifying cause-and-effect relationships, comparing, contrasting, finding the main idea, summarizing, making generalizations and predictions, and drawing inferences and conclusions;
- (C) explain a point of view on an economic issue
- (D) analyze and evaluate the validity of economic information from primary and secondary sources for bias, propaganda, point of view, and frame of reference

Chapter 113. Texas Essential Knowledge and Skills for Social Studies  
Subchapter C. High School

§113.43. World Geography Studies (One Credit), Beginning with School Year 2011-2012.

(a) General requirements. Students shall be awarded one unit of credit for successful completion of this course.

(b) Introduction.

(4) Students identify the role of the U.S. free enterprise system within the parameters of this course and understand that this system may also be referenced as capitalism or the free market system

(10) Economics. The student understands the distribution, characteristics, and interactions of the economic systems in the world. The student is expected to:

- (A) describe the forces that determine the distribution of goods and services in free enterprise, socialist, and communist economic systems;
- (B) classify where specific countries fall along the economic spectrum between free enterprise and

communism;

### Objectives

Using the examples of Soviet grocery stores and Soviet state and collective farms, students will:

- understand and explain the difference between a free enterprise system and communism
- examine an example of a communist system
- compare the free enterprise system and communism
- explain the role of incentive in an economic system

### Procedures

Rationale for lesson: During the 2017 FPRI Eurasia Conference, I was initially inspired by Chris Miller's presentation on the economic collapse of the Soviet Union. While reading his book on the subject, I became particularly interested in his description Soviet farms operations and the issues associated with them. What further caught my imagination was an article about Boris Yeltsin's 1989 visit to a Houston area supermarket following a visit to the nearby Johnson Space Center. I realized that what I want most is for my economics students to have at least a basic understanding of the issues associated with command economies and government central planning. I chose to accomplish this specifically through the example of the agricultural sector.

Economics and to some extent Geography students will already have some basic background in the definition of command economies in addition to the economics definitions of socialism, communism, and five year plans. History or Geography teachers may find the following link useful:  
<https://www.economicshelp.org/blog/glossary/command-economy/>

Begin a discussion with the following questions reviewing the concept of command economies using questions on handout provided.

Give brief backgrounds of the roles of Boris Yeltsin and Mikhail Gorbachev in the end of the Soviet Union.

Project photos of Boris Yeltsin from Houston Chronicle article:  
(<https://blog.chron.com/thetexican/2014/04/when-boris-yeltsin-went-grocery-shopping-in-clear-lake/>)

Zoom in so that only the slide show image at the top is visible and delete the web address at the top so that no information about the images is visible so as to prompt the class to more analytically examine the photos prior to gaining information about them. Zooming in also conceals ads to the right of the article.

Start the sequence with the pictures of his NASA visit. This activity will serve as a hook but also give some background for analysis later in the lesson.

Begin with the "Where's Boris" portion of the handout and have them answer the questions paced along with the website slideshow.

Scroll down and read the Houston Chronicle story having students compare their answers. Do the same with an additional Houston Chronicle story: (<https://www.chron.com/neighborhood/article/The-Shopping-Center-9545337.php>) that gives additional details.

Watch the video: USSR: Grocery store uncut: <https://www.youtube.com/watch?v=t8LtQhIQ2AE>

Have students answer the questions on the Soviet Grocery store portion of the hand out:

Have students complete the analysis following the state/collective farm portion of the hand out:

Handout:

**Free Market and Command Economies:  
Sovkhozy, Kolkhozy, and a Houston Supermarket**

1. Decide and explain which seems better suited to decide the amount of a good that should be produced in a nation: government planners or private companies making decisions based on market forces?
2. Explain, given the choice of a command or free market economy, which of the two might tend to overproduce and which might tend to underproduce?
3. Given the choice of overproduction or underproduction of goods in a nation's economy, explain which might be the least difficult to contend with?
4. Explain which might be more efficient and productive: farms overseen by and under the direction of central government planners or privately owned farms incentivized by profit and guided by market forces?

You will be asked to reevaluate and then revise or maintain your positions later on through an examination of Soviet grocery stores and their relationship to Soviet agriculture in particular.

**Where's Boris?**

1. Describe the type of facility does Yeltsin appear to first be touring?
2. In what type of business does Yeltsin appear to be next?
3. In two of the photos, look closely and describe what he appears to be elated over?
5. What does he seem fascinated by at the checkout counter?
6. Describe what his openness could possibly say about the political atmosphere in the Soviet Union at the time?
7. Whose idea do you think the unscheduled stop was?

### **Soviet Grocery Store, Late 1989/'90**

1. Describe through observation the quantity, availability, and variety of items:
2. Give possible explanations for the demeanor of both clerks and customers:
3. What do several people/families appear to doing with a certain item and explain why they might feel a need to do so?
4. Describe the quality of items available:
5. Give a possible explanation for why certain items are opened:
6. Give a possible reason(s) for the customers examining the meat so closely?
7. Identify kinds of items appear to be available for sale in the enclosed counter and give possible reasons for them to be sold in that particular manner compared to similar items in the US?
8. Describe how store checkout procedures appear to differ from the US even in 1989/90:
9. What form of payment is noticeably absent in the Soviet store?
10. Describe what you think the bottled product could be and why might it be sold behind a special counter with people standing in line:
11. Make a general comparison between the store in the Soviet Union with both the pictures of the one near Houston where Yeltsin is visiting and your own experience in US grocery stores:

## **Sovkhozy, Kolkhozy, and Private Plots and the Soviet Food Supply**

### **State farm (sovkhoz)-**

- tended to emphasize larger scale production than the collectives
- allowed to specialize in certain crops
- supplied by government with better machinery and fertilizers
- workers in state farms received wages and social benefits regardless of production
- Produce turned over to state for distribution
- Land and produce were nationalised
- The farm was run by government appointed management

### **Collective farm (kolkhoz)-**

- production quotas were established by contracts negotiated with the government, in accordance with centrally planned goals for each region
- not allowed to specialize to specialize in certain crops
- less access to better machinery, chemicals, and seed
- sold their products to state agencies at determined prices
- managers/workers paid based, in part, on the success of the harvest and but primarily on the amount of work performed
- Produce in surplus of quotas and from garden plots was sold on the kolkhoz market, where prices were determined according to supply and demand
- The land was nationalised, while produce belonged to the member households, who received the farm's net income
- The farm was run by elected managers subject to constant direction and correction of decisions through the firm control of central state planning agencies

### **Both**

- machine technology provided would frequently turn out to be inappropriate
- the infrastructure of transport services, machinery parts, food storage and agronomic support was inadequate
- the Soviet bureaucracy that administered agriculture relished its power, dictating policy from the top down with little regard for the opinions of individual farmers and even farm managers, who better understood local conditions

### **Things to Consider**

- In the 1980s, 3% of the land was in private plots which produced more than a quarter of the total agricultural output
- in 1973 and 1980, private plots produced somewhere around 1600% and 1100% as much as state owned
- Soviet farms produced an estimated 10–25% as much as the U.S. per farmer in the 1980s.

Give thorough answers to the following relying on both information provided and your personal experience with a free market system:

1. Look at the information pertaining to state and collective farms in the Soviet Union and describe all possible connections between them and the issues you observed in the Soviet grocery store. (Think in terms of productivity issues including but not but not limited to: equipment, worker motivation/incentive, efficiency, and the issue of distribution)
  
2. Confirm or revise and support your initial positions given for each of the introductory questions (1-4) regarding free market and command economies:

## **Modifications**

The content in ads on the Houston Chronicle site shouldn't be an issue especially with a school's filter. If so, the images can be accessed in Google Images by typing "Boris Yeltsin supermarket" and "Boris Yeltsin Johnson Space Center". If preferred, teachers may open up the images sequentially in separate tabs and then read the stories aloud.

If projection equipment isn't available students can look at the Yeltsin assignment individually on computers using the above mentioned Google search.

Students may view the Soviet grocery store video individually on computers and then answer the questions.

### Guiding questions that can be used with the concluding analysis:

Answer the following questions using the lists of characteristics of both state and collective farms in the Soviet Union:

1. What would the productivity level of Soviet state farm managers and workers that are paid regardless of production be like compared to those paid based on production?
2. What could be said about the level of motivation of people working a farm on land that they didn't own?
3. Describe the effect that not being allowed to specialize in certain crops might have on overall efficiency and productivity?
4. Compare the advantage/disadvantage(s) of selling crops to the state at predetermined prices and which outweighs the other in terms of productivity?
5. Describe the effect on efficiency and productivity that distant central planners might have by dictating policy from the top down with little regard for the opinions of individual farmers and even farm managers, who better understood local conditions?
6. Although some elements of a market economy appear to be present in the collective farm, are there other aspects of it would hinder efficiency/productivity?
7. Describe what 3% of the land producing more than a more than a quarter of the total agricultural output (as much as 1600% and 1100% of state owned land in 1973 and 1980) says about the efficiency and productivity of the other 97%?



8. The people's experience with forced collectivization, left an enduring legacy of mutual distrust and hostility between the rural population and the Soviet authorities. Describe the effect on efficiency/productivity that this relationship would have?

Students can go to the following sites directly for state/collective farm info in lieu of the information provided on the handout.

[https://ipfs.io/ipfs/QmXoyvizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Agriculture\\_in\\_the\\_Soviet\\_Union.html](https://ipfs.io/ipfs/QmXoyvizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Agriculture_in_the_Soviet_Union.html)

<http://www.country-data.com/cgi-bin/query/r-12746.html>

[https://cdn.loc.gov/master/frd/frdcstdy/so/sovietunioncount00zick/sovietunioncount00zick\\_djvu.txt](https://cdn.loc.gov/master/frd/frdcstdy/so/sovietunioncount00zick/sovietunioncount00zick_djvu.txt)

<https://ipfs.io/ipfs/QmXoyvizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Kolkhoz.html>

[http://factsanddetails.com/russia/Economics\\_Business\\_Agriculture/sub9\\_7e/entry-5179.html](http://factsanddetails.com/russia/Economics_Business_Agriculture/sub9_7e/entry-5179.html)

<https://warwick.ac.uk/fac/soc/economics/staff/mharrison/public/agriculture1996.pdf>

### **Extensions**

Economics students will already have a background in command economies. History or Geography teachers may find the following link useful:

<https://www.economicshelp.org/blog/glossary/command-economy/>

Students could research and compare state and collective farms before prior to the final two questions in the handout.

Students could form groups and debate each other with some arguing for free enterprise economy and some for a command economy.

Go to Google Maps and find directions between Ellington Field Joint Reserve Base, 11210 Blume Ave, Houston, TX 77034 (where Yeltsin's plane was) and NASA Johnson Space Center, 2101 E NASA Pkwy, Houston, TX 77058. The location of the grocery store is: Food Town, 570 El Dorado Blvd, Webster, TX 77598. It is on the second of the two routes (Hwy 3) routes and is more than likely one taken.

Drag the little yellow person to different possible routes and trace them discussing what Yeltsin might have seen on the way and what he might have been thinking. Students could also try to determine what maybe was and wasn't there in 1989.

### **Sources**

The Struggle to Save the Soviet Economy: Mikhail Gorbachev and the Collapse of the USSR by Chris Miller

<https://blog.chron.com/thetexican/2014/04/when-boris-yeltsin-went-grocery-shopping-in-clear-lake/>

<https://www.chron.com/neighborhood/article/The-Shopping-Center-9545337.php>

[http://www.nytimes.com/2007/04/23/world/europe/23cnd-yeltsin.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2007/04/23/world/europe/23cnd-yeltsin.html?pagewanted=all&_r=0)

Video: USSR: Grocery store uncut:

<https://www.youtube.com/watch?v=t8LtQhIQ2AE>

[https://ipfs.io/ipfs/QmXoypizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Agriculture\\_in\\_the\\_Soviet\\_Union.html](https://ipfs.io/ipfs/QmXoypizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Agriculture_in_the_Soviet_Union.html)

<http://www.country-data.com/cgi-bin/query/r-12746.html>

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<https://ipfs.io/ipfs/QmXoypizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Kolkhoz.html>

[http://factsanddetails.com/russia/Economics\\_Business\\_Agriculture/sub9\\_7e/entry-5179.html](http://factsanddetails.com/russia/Economics_Business_Agriculture/sub9_7e/entry-5179.html)

<https://warwick.ac.uk/fac/soc/economics/staff/mharrison/public/agriculture1996.pdf>

<https://www.economicshelp.org/blog/glossary/command-economy/>

Shorter version of same video: Soviet Grocery Store in 1986 This is what Communism looks like!

<https://www.youtube.com/watch?v=ENG7PEvByOE&t=30s>