

Cold War Reference Packet

Capitalism

- ★ Capitalism is another name for the free enterprise system.
- ★ Entrepreneurs use land, labor, brain power, and capital to produce goods and services.
- ★ Private ownership, individual initiative, profit, and competition are the fundamental elements of capitalism.
- ★ A mixed economy is one in which the government intervenes to promote and regulate the economy.
- ★ Businesses may be organized as sole proprietorships, partnerships, or corporations.

Socialism

- ★ In a socialist economy, the government strives for social and economic equality for all members of society.
- ★ Karl Marx (1818–1883) and his collaborator Frederick Engels (1820–1895) laid out the basic tenets of modern-day socialism.
- ★ The British Labour Party and other “Social Democratic Parties” in Europe believe that the ends of socialism can be gained by peaceful, democratic means.
- ★ Socialist economies feature government ownership of industry, high taxes, and generous public welfare programs.
- ★ Although socialism began in industrial countries, many developing nations were attracted to socialism by the promise of equality and economic growth.

Communism

- ★ Karl Marx predicted that the final stage in human history would be a world of peaceful, democratic communes.
- ★ No country has ever created a political/economic system that even remotely resembles Marx’s ideal.
- ★ Communist economies depend on a strong central government that owns all industry and farmland and plans all parts of the national economy.
- ★ In the Soviet Union, Lenin and Stalin created a communist dictatorship that controlled all aspects of life.
- ★ China, Cuba, North Korea, Vietnam, and other countries have also experimented with communism.

Russian Communism

The Russian Revolution brought about the first Communist government in the world. Communism was based on the writings of the 19th century German philosophers and economists Karl Marx and Friedrich Engels. They were outraged by the problems caused by the Industrial Revolution in Europe.

Marx and Engels believed that private ownership of property was the problem. They said that all people in a society should own property together. Society would distribute goods to people as they needed them. No longer would there be rich and poor. Marx and Engels described their ideal society in a book called *The Communist Manifesto* (1848). They argued that while the development of a Communist society was bound to happen, it would not happen peacefully. Instead, the workers must seize power in a revolution.

In Russia in the early 1900s, the Communists gained a great following, partly because of the poor conditions in which peasants and workers lived. Vladimir I. Lenin, a Russian who had been greatly influenced by Marx, became leader of one group of Communists, the Bolsheviks.

In 1917, during the chaos of World War I, Lenin saw a chance for the Communists to seize power. In October of that year, he led a revolution against the government of Czar Nicholas II—the leader of the Russian government. A civil war followed, which the Communists won in 1922. In 1922, the Communists renamed the country the Union of Soviet Socialist Republics (USSR). Russia became one of several communist republics in the new Soviet Union.

Once in power, the Communists made enormous changes in the country's economy. They seized land from large landholders and distributed it to peasants. They gave great control of factories to workers. Government planners decided what products a factory should produce, how the products should be made, and what prices should be charged. The government chose the workers, assigned them jobs, and decided what their working hours were.

The Soviet government was brutal in its treatment of peasants. Starting in 1928, the government seized

control of more than 25 million farms in the USSR. It combined them into collective farms.

And although communism preached equality, Soviet society was hardly equal. Members of the Communist party enjoyed privileges that others did not. The government also exercised tight control of politics and the media. People who spoke against the government could be killed or imprisoned.

The Soviet government did succeed in turning the Soviet Union into an industrial nation. The production of steel, coal, oil, and electricity all increased. But to achieve these goals, the government limited production of goods that people needed, like food, housing, and clothing.

By the 1970s and 1980s, the Russian people were becoming more dissatisfied with their lives and with their government. In 1985, a new Soviet leader, Mikhail Gorbachev, came to power. He tried to bring more freedom into the Soviet system. His reform efforts touched off a wide-spread independence movement, as the various republics under Soviet rule rose up and challenged their communist regimes. In 1991, Gorbachev resigned as head of the government, and the Soviet Union ceased to exist. The republics that had once comprised the USSR—including Russia—became free and independent nations.

Since 1991, Russia has struggled in its transition from a communist to a capitalist economy. The Russian people can now start businesses and own property. But with much of Russian society plagued by high unemployment and poverty, progress toward prosperity had been slow.

Cold War Terms and Definitions

United States

Soviet Union

<p style="text-align: center;">capitalism</p> <ul style="list-style-type: none"> • private ownership of industry • freedom of competition • survival of the fittest • <i>laissez-faire</i>: government keeps "hands off" • creates different economic classes 	<p style="text-align: center;">communism</p> <ul style="list-style-type: none"> • government ownership of industry • created as reaction to capitalism • goal is to bring economic equality to people • classless society
<p style="text-align: center;">democracy</p> <ul style="list-style-type: none"> • government by the people • two forms: <ol style="list-style-type: none"> 1. representative 2. direct 	<p style="text-align: center;">totalitarianism</p> <ul style="list-style-type: none"> • government by one or a few • total control over many aspect of people's lives • no freedom of press or speech
<p style="text-align: center;">freedom</p> <ul style="list-style-type: none"> • the condition of being free • highly valued: <ol style="list-style-type: none"> 1. freedom of the press 2. freedom of speech 3. freedom to do business 	<p style="text-align: center;">equality</p> <ul style="list-style-type: none"> • condition of being equal • highly valued: basic needs— food, housing, education, and jobs—supplied for all people
<p style="text-align: center;">individualism</p> <ul style="list-style-type: none"> • stresses the need for people to do things on their own • competition; the best individuals reach higher levels of power, status, or money 	<p style="text-align: center;">collectivism</p> <ul style="list-style-type: none"> • stresses the need for people to work together to benefit the whole • "all for one, and one for all"

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Section 1

SKILLBUILDER PRACTICE *Analyzing Motives*

How did the Cold War develop so soon after the success of the Allied victory in World War II? When you analyze the motives of the United States and the Soviet Union at the end of the war, look at the experiences, emotions, and needs that compelled each nation to act in a certain way. Read the following passage, and then complete the chart below. (See Skillbuilder Handbook, p. R6.)

U.S. and Soviet War Experiences The Soviet Union suffered more casualties in World War II than all the other Allies combined. The Soviet Red Army lost approximately 7.5 million soldiers, more than twice Germany's loss of about 3.5 million. Moreover, there were about 19 million Soviet civilians killed during the war and another 25 million refugees left homeless. Much of Russia, Poland, and the Ukraine lay in ruins, having been overrun and scorched several times during the fighting.

Although 405,000 U.S. soldiers died in the war, there were no civilian casualties, and the continental United States was never invaded or bombed. The industrial production necessitated by the war helped the country out of the Depression and revitalized its capitalist economy. By 1945, almost half of all the goods and services produced in the world came from the United States.

U.S. and Soviet Goals It was clear even before the end of the war that the United States and the Soviet Union had different goals for Europe.

The United States wanted to rebuild Europe, especially Germany, so that the burden of feeding so many refugees would not fall on American tax-

payers. It was also in U.S. interests to have economically strong European countries that were able to buy U.S. products. The Soviet Union, on the other hand, wanted to rebuild itself. Stalin thought Germany should pay \$20 million in machinery and raw material as reparations for the wrongs the Soviets had suffered during the war.

After the Soviet experience in the war, Stalin feared invasion from the West. Gaining military and political control of Eastern Europe was his way of creating a buffer from further attack. Since the Red Army occupied the countries it liberated from the Germans, Stalin quickly set up or supported similar Communist governments. According to Stalin, "In this war, each side imposes its system as far as its armies can reach. It cannot be otherwise."

For its part, the United States feared totalitarian regimes that imposed their own systems on otherwise free and independent nations. Stalin in his desire for absolute control, Truman argued, was every bit as ruthless and dangerous as Hitler. Truman's efforts to contain communism was a diplomatic compromise between going to war again and stopping the Soviets from gaining any more power in the world than they already had.

	Experiences During War	Emotions After War	Needs After War
SOVIET UNION			
UNITED STATES			

Timeline of the Early Cold War

1945: February 4-11 - Yalta Conference

1945: August 6 - United States first used atomic bomb in war

1945: August 8 - Russia enters war against Japan

1945: August 14 - Japanese surrenders, ending World War II

1946: March - Winston Churchill delivers "Iron Curtain" speech

1947: March - Truman announces Truman Doctrine

1947: June - Marshall Plan is announced

1948: February - Communist takeover in Czechoslovakia

1948: June 24 - Berlin blockade begins

1949: July - NATO treaty ratified

1949: May 12 - Berlin Blockade ends

1949: September - Mao Zedong, a communist, takes control of China

1949: September - Soviets explode first atomic bomb

1955: May – Warsaw Pact

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