

Name: _____

Lesson 7

Period: _____

Why Boris Couldn't Buy Much with His Rubles

Directions. Read the *Handy Dandy Guide* and the mystery. Read the clues. Be careful.

While all the clues are correct, only some are *useful* in solving the mystery. Decide which clues are most relevant to solving the mystery. Use the clues and one or more of the ideas from the *Handy Dandy Guide* to figure out a solution to the mystery. Write your solution.

Handy Dandy Guide

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

The Mystery

The former Soviet Union was a super power in mineral wealth, military power, and space exploration. Yet this strong and proud nation had difficulty producing simple, commonplace things—good shoes, for example, or good shirts, cars, bread, or French fries.

Why did a super power capable of producing ICBMs not produce high quality consumer products?

The Clues

1. The Soviet Union had a vast store of natural resources including timber, gold, and minerals of all sorts.
2. The Soviets strictly limited trade with the West.
3. The Soviets held several records in space exploration, including the first successful launch of an earth satellite.
4. Soviet enterprises did produce consumer products, but the products were often shoddy and in short supply.
5. The Soviets had vast reserves of oil.
6. In 1991, the Soviet Union collapsed.
7. The largest car manufacturing plant in the history of the auto industry was built in the Soviet Union.
8. The command form of economy established under Joseph Stalin offered few rewards to people who produced consumer goods.

Record your solution and explain it briefly here:
