
In Defense of Capitalism

Segment Length: 7:09 minutes

Lesson Description:

How do the rich impact the lives of those around them? What has been the fruit of capitalism? Is capitalism moral? In this segment John Stossel and Yaron Brook defend capitalism from its critics.

Objectives:

Students will be able to:

- explain various views of capitalism.
- describe how capitalism has changed the world.
- discuss the voluntary nature of capitalism vs socialism.
- evaluate the benefits and drawbacks of capitalism.

Preview Activity:

Use Think, Pair, Share to have students do one of the following, first answering in their notebooks:

1. Make a list of the good things and bad things you have heard others say about capitalism.

OR

2. Why is America so rich in contrast to most of the world?

OR

3. When you think of capitalism, what words come to mind?

Then, ask them to look for similarities and differences in their answers. After a few minutes, poll the students and ask them to explain their answers.

OR

Distribute copies of the K-W-L worksheet to the class. Have students fill in the K and W sections. After showing the video, have students complete the L section and answer the question at the bottom of the worksheet.

Viewing Guide:

We recommend that teachers show the video segment twice: once to allow students to view the video and focus on the issues presented, and once to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs sharing and verifying answers.

Answers to Viewing Guide

1. civilization
2. farmed
3. lifting
4. inequality
5. voluntary
6. need
7. virtue

In Defense of Capitalism

Viewing Guide

Name _____

Date _____

Class _____

Teacher _____

Directions: As you watch the video, fill in the blanks with the correct words.

1. They want to condemn the people that actually have moved _____ forward.
2. We have basically made about \$2 a day for 100,000 years. In other words we could eat what we _____ and that was it. And then something amazing happened about 250 years ago. A few countries tried capitalism.
3. We went from carrying bags on our backs to _____ the equivalent of two school buses with mere flicks of our wrists.
4. We got much, much, much richer and it's hard to imagine how much richer we got. Electricity, of running water, the things we all take for granted today, but we didn't have 150 years ago. And yes, some people complain about _____, but everybody got richer. Even the poor got richer.
5. Under capitalism, that applies to every transaction, because capitalism, unlike socialism, is _____.
6. The key is that somebody else's _____ is not a moral claim against your life. Your life is yours.
7. Your pursuit of your own well-being, which is a _____ in and of itself, also helps the world be a better world.

Now, take a few moments to reflect on the video and answer the question below:

In the video, Yaron Brook argued that capitalism has improved the standard of living for almost everyone. How? _____

What do you think is the main point of this video? _____

Discussion and Analysis:

1. Does it affect you how much (money, stuff) others have? Why / Why not?
2. Do you think most people see the economy similar to a pizza, where the pie is divided differently and that some gain only when others lose? Why do they see it that way?
3. If we went out for pizza, we'd expect to get the same number and size of slices. That would be considered fair. Does that pizza comparison lead people to think about economic inequality as unfair?
4. What do critics of capitalism say about economic inequality?
5. Why do you think socialism is viewed positively by so many people?
6. Based on your study of history, do you agree with Yaron Brook that almost everyone on Earth was poor hundreds of years ago? How did that change? Does your answer support or contradict Yaron Brook's statement?
7. What happened 250 years ago? How did that change the world?
8. What is division of labor? What part did it play in the Industrial Revolution?
9. How did J.K. Rowling, author of the Harry Potter series, get so wealthy? Did she take advantage of anyone? Did she force anyone to buy or read her books? What lesson does this teach us?
10. In the video, Don Boudreaux discussed the gains from the shipping container. What were some of those gains? That innovation cost many dockworkers their jobs. How might innovations that cost people jobs actually lead to increases in the total number of jobs?
11. What is charity? Is it always good? When might it be good? When might it be bad? Why does Yaron Brook imply that socialism is not charity?
12. Yaron Brook said that we should have a choice about whom we help and whom we don't. Why? Are charity and force contradictory?
13. How can one's pursuit of his own happiness benefit others?
14. Do people's intentions matter or does it matter what they do? For instance, if someone creates a product many people want to buy, did it really matter if that entrepreneur wanted to improve our lives or if he or she just wanted to become rich?
15. John Stossel said that "in the past several hundred years we've gone from a society where people hoped to get jobs that required long hours of hard manual labor to one where almost everyone has what they need to live ... and more people have leisure time to do things like watch movies." Do we also have more time and technology to see what others have and be envious of them? Does that doom capitalism? What could help people look more at how capitalism has improved their lives and less at what others have?
16. How are we better off today than our parents were? How were our parents better off than their parents were? Why? What was the role of capitalism?

17. Based on your study of history, do you agree with Yaron Brook that almost everyone on Earth was poor hundreds of years ago? How did that change? Does your answer support or contradict Yaron Brook's statement?

Discuss These Lines from the Video:

1. The super-rich: who are they and what are they doing to us?
2. They want to condemn the people that actually have moved civilization forward.
3. Today's democratic socialists say rich people got rich by taking money from others.
4. Isn't there a fixed amount of money in the world so when rich people grab a lot, there's less for everyone else? No, because wealth can be created.
5. A few countries tried capitalism. For the first time people were allowed to profit from private property. That changed everything.
6. Two hundred and fifty years ago we suddenly discovered the value...of leaving individuals free to think, to innovate, to produce, without asking for permission, without getting the state to sign off on it, and we call that the Industrial Revolution.
7. He wanted the dollar more than he wanted the pretzel. I wanted the pretzel more than the dollar. The transaction doesn't happen unless both of us think we win.
8. Someone else's need is not a moral claim against your life. Your life is yours.
9. Indeed, the weak and the poor under capitalism have done better than in any other system.
10. Capitalism is a fantastic system that is fundamentally moral because it allows individuals to pursue their own happiness.

Quotes for Discussion:

[Man] must exist for his own sake, neither sacrificing himself to others nor sacrificing others to himself. The pursuit of his own rational self-interest and of his own happiness is the highest moral purpose of his life. – Ayn Rand

Working for a just distribution of the fruits of the earth and human labor is not mere philanthropy. It is a moral obligation. For Christians, the responsibility is even greater: it is a commandment. – Pope Francis

The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries. – Winston Churchill

I was guilty of judging capitalism by its operations and socialism by its hopes and aspirations; capitalism by its works and socialism by its literature. – Sidney Hook

Either you believe in markets or you believe in government. – Lawrence Kudlow

Socialism states that you owe me something simply because I exist. Capitalism, by contrast, results in a sort of reality-forced altruism: I may not want to help you, I may dislike you, but if I don't give you a product or service you want, I will starve. Voluntary exchange is more moral than forced redistribution. – Ben Shapiro

Capitalism needs neither propaganda nor apostles. Its achievements speak for themselves. Capitalism delivers the goods. – Ludwig von Mises

I find capitalism repugnant. It is filthy, it is gross, it is alienating... because it causes war, hypocrisy and competition. – Fidel Castro

Capitalism has worked very well. Anyone who wants to move to North Korea is welcome. – Bill Gates

In the only cases in which the masses have escaped from...grinding poverty...the only cases in recorded history, are where they have had capitalism and largely free trade. If you want to know where the masses are worse off, it's exactly in the kinds of societies that depart from that. The record of history is absolutely crystal clear, that there is no alternative way so far discovered of improving the lot of the ordinary people that can hold a candle to the productive activities that are unleashed by the free-enterprise system. – Milton Friedman

Activities:

1. Show the class the Stossel video, Capitalism: Why so Unpopular, which is segment six on SITC's 2017 DVD, and can be found here:

<https://stosselintheclassroom.org/videos/capitalism/>

2. Have students complete the K-W-L worksheet in class or for homework.
3. Distribute individual quotes from the Ayn Rand Quotes Activity to pairs of students. Have them read the quotation and develop and write an explanation for the quote they are given. Quotations vary in complexity and should be assigned based on student capabilities. This activity can be used as an exit ticket.
4. Read and write a summary of one of the following articles:
 - A) "Without Question, Capitalism is Supremely Moral" by Wendy Milling
<https://www.forbes.com/sites/realspin/2013/03/21/without-question-capitalism-is-surprely-moral/#6c7eda195b4f>
 - B) "Data as History: Charting the Last 2000 Years of Human Progress" by Marian Tupy
<http://reason.com/archives/2017/04/11/data-as-history-charting-the-last-2000-y>
 - C) "It's Basically Just Immoral to be Rich" by A.Q. Smith
<https://www.currentaffairs.org/2017/06/its-basically-just-immoral-to-be-rich>

- D) “Productivity Versus Compulsion: Ayn Rand’s Case for Laissez-Faire Capitalism” by G. Stolyarov II
<https://www.wju.edu/academics/iscm/pdf/StolyrovProductivity.pdf>
- E) “Extreme Poverty Rates Plummet Under Capitalism” by Robert P. Murphy
<https://fee.org/articles/extreme-poverty-rates-plummet-under-capitalism/>
5. Write a persuasive essay in which you discuss the arguments for and against capitalism or socialism and analyze these arguments, explaining why you do or do not find them persuasive.
 6. Produce a “man-on-the-street” video in which you either ask people:
 - a. What they know about the economic growth of the last 250 years. Then, ask if capitalism is a moral system, or
 - b. What they think about capitalism and socialism and why they think that.
 7. Watch “The Division of Labor: Burgers and Ships” and “Comparative Advantage and the Tragedy of Tasmania.” Then, write a short essay explaining the division of labor, comparative advantage, and how each creates wealth.
The Division of Labor: <https://www.youtube.com/watch?v=Meo0s54s1sw>
Comparative Advantage: <https://www.youtube.com/watch?v=cwx9fZOL81c>
 8. Research and write a biography of Ayn Rand, the founder of Objectivism. In your essay, describe her idea of selfishness and evaluate its strength as a defense of capitalism.
 9. Conduct a classroom debate about what is more important, people’s intentions or the results of their actions.
 10. Conduct a classroom debate about capitalism. To get students to look at capitalism from a different perspective, consider having them argue from a view with which they disagree. Students should be given time to research their position prior to debating.
 11. Working in a group of 3-4, research and create a slideshow presentation explaining how capitalism relates to voluntary transactions, how voluntary transactions relate to wealth creation, and what this means for capitalism to an Objectivist (who sees morality in outcomes rather than intentions).
 12. Choose a lesson illustrated in the John Stossel video (economic growth in the past 250 years, division of labor, wealth creation in trading, etc.) and write a short children’s book that teaches the lesson. Draw or find pictures on the internet to accompany your story.
 13. Yaron Brook’s parents were socialists, yet he has become an ardent supporter of capitalism. Research Yaron Brook and write a biography of him.

Name _____

Date _____

Class _____ Per _____

Teacher _____

In Defense of Capitalism **K-W-L Chart**

Directions: Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the two questions below the K-W-L chart.

K	W	L
What I know about capitalism:	What I want to know about capitalism:	What I've learned about capitalism:

After watching the video and discussing it in class, did you views of capitalism stay the same or change? _____

Why? _____

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

A: In a capitalist society, all human relationships are voluntary. Men are free to cooperate or not, to deal with one another or not, as their own individual judgments, convictions and interests dictate.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

B: Capitalism is a social system based on the recognition of individual rights, including property rights, in which all property is privately owned

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

C: The issue is freedom versus dictatorship. It is only after men have chosen slavery and dictatorship that they can begin the usual gang warfare of socialized countries—today, it is called pressure-group warfare—over whose gang will rule, who will enslave whom, whose property will be plundered for whose benefit, who will be sacrificed to whose “noble” purpose.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

D: The economic value of a man's work is determined, on a free market, by a single principle: by the voluntary consent of those who are willing to trade him their work or products in return. This is the moral meaning of the law of supply and demand.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

E: Capitalism is based on self-interest and self-esteem; it holds integrity and trustworthiness as cardinal virtues and makes them pay off in the marketplace, thus demanding that men survive by means of virtues, not of vices.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

F: Capitalism has created the highest standard of living ever known on earth. The evidence is incontrovertible. The contrast between West and East Berlin [was] the latest demonstration, like a laboratory experiment for all to see. Yet those who are loudest in proclaiming their desire to eliminate poverty are loudest in denouncing capitalism. Man's well-being is not their goal.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

G: In a capitalist society, all human relationships are voluntary. Men are free to cooperate or not, to deal with one another or not, as their own individual judgments, convictions, and interests dictate. They can deal with one another only in terms of and by means of reason, i.e., by means of discussion, persuasion, and contractual agreement, by voluntary choice to mutual benefit. The right to agree with others is not a problem in any society; it is the right to disagree that is crucial. It is the institution of private property that protects and implements the right to disagree—and thus keeps the road open to man’s most valuable attribute (valuable personally, socially, and objectively): the creative mind.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

**H: Capitalism has been called a system of greed—yet it is the system that raised the standard of living of its poorest citizens to heights no collectivist system has ever begun to equal, and no tribal gang can conceive of.
Capitalism has been called nationalistic—yet it is the only system that banished ethnicity, and made it possible, in the United States, for men of various, formerly antagonistic nationalities to live together in peace.
Capitalism has been called cruel—yet it brought such hope, progress and general good will that the young people of today, who have not seen it, find it hard to believe.**

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

I: America's abundance was created not by public sacrifices to the common good, but by the productive genius of free men who pursued their own personal interests and the making of their own private fortunes. They did not starve the people to pay for America's industrialization. They gave the people better jobs, higher wages, and cheaper goods with every new machine they invented, with every scientific discovery or technological advance—and thus the whole country was moving forward and profiting, not suffering, every step of the way.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

J: The flood of misinformation, misrepresentation, distortion, and outright falsehood about capitalism is such that the young people of today have no idea (and virtually no way of discovering any idea) of its actual nature. While archeologists are rummaging through the ruins of millennia for scraps of pottery and bits of bones, from which to reconstruct some information about prehistorical existence—the events of less than a century ago are hidden under a mound more impenetrable than the geological debris of winds, floods, and earthquakes: a mound of silence.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

K: Let anyone who believes that a high standard of living is the achievement of labor unions and government controls ask himself the following question: If one had a “time machine” and transported the united labor chieftains of America, plus three million government bureaucrats, back to the tenth century—would they be able to provide the medieval serf with electric light, refrigerators, automobiles, and television sets?

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

L: Prior to the American Revolution, through centuries of feudalism and monarchy, the interests of the rich lay in the expropriation, enslavement, and misery of the rest of the people. A society, therefore, where the interests of the rich require general freedom, unrestricted productiveness, and the protection of individual rights, should have been hailed as an ideal system by anyone whose goal is man’s well-being.

Names: _____ and _____

Read the quote from Ayn Rand. Discuss the meaning of the quote with your partner, and write your explanation below.

M: Capitalism was the only system in history where wealth was not acquired by looting, but by production, not by force, but by trade, the only system that stood for man’s right to his own mind, to his work, to his life, to his happiness, to himself.
