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# Venezuela IS Socialism

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Segment Length: 5:01 minutes

## **Lesson Description:**

Most people agree that Venezuela's economy is collapsing, but why is it? Some say the country's socialist policies are the cause. Others say socialism has nothing to do with it—that poor planning is at fault. In this video, John Stossel points out that socialism *is* planning—government planning—and discusses Denmark and Sweden and their move away from socialism.

## **Concepts & Key Terms:**

*Socialism* – A political and economic theory of social organization which advocates that the means of production, distribution, and exchange should be owned or regulated by the community as a whole.

*Inflation* – An increase in the money supply that leads to a decrease in the value of money and purchasing power and a general increase in price.

*Market economy* – An economic system in which production and prices are determined by unrestricted competition between privately owned businesses.

## **Objectives:**

Students will be able to:

- discuss the differences between socialist economies and market economies.
- explain arguments for and against socialism.
- evaluate socialism's impact on Venezuela.

## **Preview Activity:**

Have students answer the following question in their notebooks:

When you think of socialism, what words come to mind?

Use Think, Pair, Share to have students answer the preview question. Ask them to look for similarities and differences in their answers and have them rate their answers as either “positive” or “negative.” After a few minutes, poll the students and ask them to explain their answers. Are there more positive or negative? Why?

**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 twice: once to allow students to view it 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. Latin America
2. socialism
3. economy
4. Sweden
5. capitalism
6. post office

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## Viewing Guide

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Teacher \_\_\_\_\_

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

1. Venezuela was once the richest country in \_\_\_\_\_  
\_\_\_\_\_.
2. And even today, as Venezuela collapses, many Americans say, “Don’t blame \_\_\_\_\_.”
3. But mismanagement is what happens under socialist governments. It always happens because no group of central planners is wise enough to manage an entire \_\_\_\_\_.
4. When I talk about democratic socialism, I’m not looking at Venezuela, I’m not looking at Cuba, I’m looking at countries like Denmark and \_\_\_\_\_.
5. The Scandinavian countries that progressives call socialist successes—not only are they not socialist, they’re moving more toward \_\_\_\_\_.
6. The champions of socialism promise the Garden of Eden, but plan to transform the world into a gigantic \_\_\_\_\_.

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

John Oliver said that socialism isn’t the problem in Venezuela, “epic mismanagement” is. Who manages the economy in a socialist country? \_\_\_\_\_

Who, if anyone, manages the economy in a free market economy? \_\_\_\_\_

What was the impact of the Venezuelan government printing more money? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

How are Denmark and Sweden different from Venezuela? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **Discussion and Analysis:**

1. Venezuelans voted to elect socialist Hugo Chavez, and many American celebrities agreed with Chavez's socialist vision. Why do some people find socialism appealing? What problems do they think socialism will solve?
2. John Oliver says Venezuela's collapse was due to mismanagement, not socialism. John Stossel argues that mismanagement is inevitable under socialism. Who's right? Explain.
3. Why is socialism unpopular among Venezuelan immigrants in the United States?
4. John Stossel says the socialist solution to running out of money is to print more, causing inflation. Why is inflation a bad thing? What problems does it cause?
5. When some Venezuelan business owners raised prices to keep up with inflation, the government took away their businesses. Was this justifiable? Why / Why not?
6. Bernie Sanders has said that Denmark has a "democratic socialist" system, but Denmark's prime minister said that they have a "market economy." What are the differences between the two types of economies?
7. Why have the Scandinavian countries moved away from socialism and closer to capitalism?
8. If the Scandinavian countries are moving towards capitalism, why do some politicians still use them as successful examples of socialism?
9. Ludwig von Mises said that socialists want to turn the world into "a gigantic post office." What did he mean by this?
10. Considering what you know about socialism and capitalism, in which system do you think people are most free? Why? Is freedom more important than being equal? Why / Why not?
11. Why do you think people in our country support socialism? Can't they see the consequences? What do they see as the benefits?
12. If capitalism is bad, why are so many people in America living better than most people in the world?
13. When we judge what people do, what they stand for, should we judge their intentions or the effects of the policies they advocate? Explain.
14. What is your opinion of socialism? Did this video change your opinion? If so, how?

## **Discuss These Lines from the Video**

1. Venezuela was once the richest country in Latin America. It still has the world's biggest oil reserve. But 20 years ago, Venezuelans voted for socialism.
2. But mismanagement is what happens under socialist governments, because no group of central planners is wise enough to manage an entire economy.
3. Even if they have good intentions, the socialists eventually run out of other people's money.

4. Socialists say government can run businesses better than greedy owners who just want profit.
5. When business owners raised prices to keep up with inflation, government often took away their businesses.
6. Denmark is far from a socialist planned economy. Denmark is a market economy.
7. [Sweden] did have a period in the 1970s and 1980s when we had something that resembled socialism—a big government that taxed and spent heavily—and that’s the period in Swedish history when our economy was going south.
8. The Scandinavian countries that progressives call “socialist success”—not only are they not socialist, they’re moving more towards capitalism.
9. The silver-lining in Venezuela’s collapse is that most Venezuelans who escape their country’s socialism do understand what went wrong.
10. The champions of socialism promise the Garden of Eden, but plan to transform the world into a gigantic post office, every man a subordinate clerk.

### **Quotes for Discussion:**

I am convinced that the way to build a new and better world is not capitalism. Capitalism leads us straight to hell. – Hugo Chavez

The strongest argument for socialism is that it sounds good. The strongest argument against socialism is that it doesn't work. – Thomas Sowell

Call it democracy, or call it democratic socialism, but there must be a better distribution of wealth within this country for all God's children. – Martin Luther King Jr.

Under capitalism man exploits man; under socialism the reverse is true. – Will Rogers

Many people consider the things which government does for them to be social progress but they regard the things government does for others as socialism. – Earl Warren

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

Socialism in general has a record of failure so blatant that only an intellectual could ignore or evade it. – Thomas Sowell

I believe that all forms of socialism have been proven over time to result in a loss of both economic and civil liberties, with increasing poverty. – John Mackey

Socialism is the philosophy of failure, the creed of ignorance, and the gospel of envy. Its inherent virtue is the equal sharing of misery. – Winston Churchill

Democratic socialism means that we must create an economy that works for all, not just the very wealthy. – Bernie Sanders

Socialism...confuses the distinction between government and society. As a result of this, every time we object to a thing being done by government, the socialists conclude that we object to its being done at all.  
– Frédéric Bastiat

If socialists understood economics, they wouldn't be socialists.  
– F.A. Hayek

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

### **Activities:**

1. Have students complete the K-W-L worksheet in class or for homework.
2. Show the class the izzit video “Too Much Money” about inflation and how it impacts people.

[https://www.izzit.org/products/detail.php?video=too\\_much\\_money](https://www.izzit.org/products/detail.php?video=too_much_money)

3. Look at the Your Life in Numbers website. Try it. Enter your country and year of birth, and then choose Venezuela as the country for comparison purposes. How have the two countries changed since you were born? In which of the two would you have been better off being born? Report your findings and the conclusions you draw from this exercise..

<http://yourlifeinnumbers.org/>

4. Conduct a classroom debate about socialism. To get students to look at socialism 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.
5. Produce a “man-on-the-street” video in which you ask people if they prefer capitalism or socialism, and why.
6. What causes poverty? Research the causes of poverty. You might find different explanations. You might present them to the class and have the class discuss which explanation(s) are more sensible or believable. How does this topic relate to the video?
7. Research Gloria Alvarez. What does she do? What are her views? How does she suggest fixing the economic and social problems in Latin America? Present your findings to the class in the form of an oral report.
8. Research and either write a biography or produce a biographical slideshow of Hugo Chavez
9. .Research and prepare a slideshow comparing life in a country with capitalism and life in a socialist country.
10. Write a persuasive essay (pro or con) about socialism. Be sure to address the opposing side of the argument in your essay.

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Per \_\_\_\_\_

Teacher \_\_\_\_\_

## Venezuela *IS* Socialism 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.

<b>K</b>	<b>W</b>	<b>L</b>
What I know about socialism:	What I want to know about socialism:	What I've learned about socialism:

After watching the video and discussing it in class, did you views of socialism stay the same or change? \_\_\_\_\_

Why? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_