
VENEZUELA VS. CHILE

Segment Length: 5:54 minutes

Lesson Description:

Does capitalism “suck”? Does socialism work better? Why do so many people support socialism? This segment looks at the effects of socialism in Venezuela and contrasts it to Chile, considered one of South America’s most prosperous countries.

Concepts and Key Terms:

Socialism – An economic system in which the production, distribution, and exchange of products and services is regulated or owned by government. Supporters argue that government control – control by “the people” – is in the best interests of the community as a whole.

Free Market – An economic system in which the provision of products and services is generally arranged by buyers and sellers without interference by government. Often used synonymously with capitalism, free enterprise, and laissez-faire.

Objectives:

Students will be able to:

- discuss political and economic changes that impacted Venezuela and Chile.
- compare and contrast conditions in Venezuela and Chile.
- weigh the effects of socialism and market reforms on a country and on the citizens of that country.

Preview Activity and Questions:

Have students answer the following question in their notebooks:

Do you ever complain about how “tough” life is for you at times? When do you tend to complain? Why then?

Use Think, Pair, Share to have students answer the preview question. 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.

Viewing Guide:

It is recommended 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. free markets
2. four times
3. everything
4. America, Chile
5. collapse

Answers to Cloze Activity:

The story of Chile's success starts in the mid-1970s, when Chile's military government abandoned socialism and started to implement economic reforms. In 2013, Chile was the world's 10th freest economy. Venezuela, in the meantime, declined from being the world's 10th freest economy in 1975 to being the world's least free economy in 2013 (Human Progress does not have data for the notoriously unfree North Korea).

1. As economic freedom increased, so did income per capita, which rose from being 31 percent of that in Venezuela to being 138 percent of that in Venezuela. Between 1975 and 2015, the Chilean economy grew by 287 percent. Venezuela's shrunk by 12 percent.

2. As the economy expanded, so did health care. In 1975, Chile's infant mortality rate was 33 percent higher than Venezuela's. In 2015, almost twice as many infants died in Venezuela as those who died in Chile.

3. With declining infant mortality and improving standard of living came a steady increase in life expectancy. In 1975, Venezuelans lived longer than Chileans. In 2014, a typical Chilean lived over 7 years longer than the average Venezuelan.

4. Moreover, more Chileans survive to old age than they do in Venezuela. As they enter their retirement, the people of Chile enjoy a private social security system that generates an average return of 10 percent per year (rather than the 2 percent generated by the government-run social security system in the United States).

5. Finally, as Chileans grew richer, they started demanding more say in running their country. Starting in the late 1980s, the military gradually and peacefully handed power over to elected representatives. In Venezuela, the opposite has happened. As failure of socialism became more apparent, the government had to resort to ever more repressive measures in order to keep itself in power.

Name _____ Date _____

Class _____ Period _____ Teacher _____

Venezuela vs. Chile Viewing Guide

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

1. As societies become prosperous, thanks to capitalism, the people enjoying that prosperity often don't realize that their lives are pretty good only because of _____.
2. Venezuela was once _____ as rich as Chile; now Chile is twice as rich as Venezuela.
3. Free trade benefits everyone, even countries which are very good at producing _____.
4. This is what drives me crazy about people in _____ and _____. They don't get it, despite how clear it is that the free market has done wonders for them.
5. People should have learned from the _____ of communism in Eastern Europe and they haven't.

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

In the video, John Stossel said, "As societies become prosperous, thanks to capitalism, the people enjoying that prosperity often don't realize that their lives are pretty good only because of free markets." Do you agree? _____

Explain. _____

Why might people in the United States and in Chile support socialism when they can see the benefit of free markets within their own countries? _____

How might that relate to you complaining at times about how tough your life is? _____

Discussion and Analysis:

1. When we judge what people do, what they stand for, should we judge their intentions or the effects of the policies they advocate? Explain.
2. What countries have tried communism or socialism? How has it worked out?
3. Why would people in America, or in Chile, support socialism?
4. If capitalism is bad, why are so many people in America living better than most people in the world?
5. John Stossel said that fifty years ago, Chile was poor. How did it turn around?
6. Venezuela turned around, too. In what ways? Why?
7. How might socialism ruin a country's economy?
8. Over the past 40 years, income in Venezuela fell by 21%, while in Chile, it rose 228%. Is this really just about economic systems? Are there any other possible explanations?
9. How does the phrase "Facts should dictate opinion, not the other way around" relate to the debate over socialism and capitalism?
10. To what does Marian Tupy attribute the decline in poverty throughout the world?
11. Is trade inconsistent with socialism? Is it inconsistent with free markets? Explain.
12. Marian Tupy said that free trade benefits everyone. Is trade a win-win deal? Doesn't someone win and someone lose in a trade? If it were win-lose, why would people voluntarily trade if they were going to lose?
13. 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?
14. We heard that life expectancy in Chile is eight years longer than in Venezuela. What impact does the type of government and the type of economic system have on how long people live? According to the World Bank, people in South Korea live 12 years longer than people in North Korea. Do you see a pattern?
15. According to Marian Tupy, "The advocates of small government have dropped the ball. They assumed that the great accomplishments of the Chilean economy would speak for themselves." Why is that? Why don't people who benefit under freedom and free markets realize how good they have it?
16. What did Marian Tupy mean when he said that people should have learned from the collapse of communism in Eastern Europe?

Discuss These Lines from the Video:

1. Capitalism sucks.
2. At a Bernie Sanders rally, notice the Soviet flag. Don't progressives know that the Soviet Union failed because it was awful for people?
3. The communists did destroy the market and ran the economy into the ground. That led to violence, much like what we see in Venezuela now.

4. With the age of globalization over the last forty years, we have seen a dramatic decline in poverty, absolute poverty across the world. When President Reagan became president of the United States in 1981, 80% of people in East Asia lived in absolute poverty, which is to say on less than \$2 a day. Today, 4% do.
5. You can see the massive difference in Chile and Venezuela over 40 years. In Venezuela, income fell by 21%. In Chile, it rose 228%.
6. With less state control, everything gets better. Life expectancy is longer in Chile, there's less crime.
7. The advocates of small government have dropped the ball.
8. Why do we have to explain it to people? It's just visible.
9. It is very fascinating that the collapse of Venezuela has not had more of an impact on the left and really destroying the mythology around socialist economics.
10. People should have learned from the collapse of communism in Eastern Europe and they haven't.

Quotes for Discussion

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

– Thomas Sowell

The reason socialism has failed around the world every time it's been tried is because people in socialist countries have looked at the United States and have said if they can have it that good, we can. It's a failed, flawed ideology, but if you ask socialists why it's always failed, it's because the United States has stood in the way.

– Brad Thor

We need to reduce extreme consumption to achieve a point of equilibrium between supply and a fair price. I trust in the hardworking majority of this country.

– Nicolas Maduro

Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy, its inherent virtue is the equal sharing of misery.

– Winston Churchill

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 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

The reason this country continues its drift toward socialism and big nanny government is because too many people vote in the expectation of getting something for nothing, not because they have a concern for what is good for the country.

– Lyn Nofziger

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

– **Bill Gates**

I have said it already, I am convinced that the way to build a new and better world is not capitalism. Capitalism leads us straight to hell.

– **Hugo Chavez**

Activities:

1. Have students complete the Cloze activity (page 61) in class or for homework.
2. Show the class the Death by Socialism video segment on this DVD to give students a better understanding on the problems in Venezuela.
3. Distribute individual quotes from the Quotes for Discussion section to pairs of students. Have the students discuss the meaning of the quote, and write the meaning on the back of the quote. Collect the quotes and the students' explanations as an exit ticket.
4. Conduct a classroom debate on the topic, Venezuela vs. Chile. 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. Students should research the government economic system, freedom, and economy of each country, (See link in the Resources section for a guide to conducting classroom debates.)
5. Produce a “man-on-the-street” video in which you ask people if they would prefer to live in Venezuela or Chile, and why. (See links in the Resources section for help in producing man-on-the-street videos.)
6. Research and write a biography of Salvador Allende, the Marxist president of Chile from 1970 to 1973, or Augusto Pinochet, the Chilean general who ousted Allende and took control of the government in a coup d'état. (See links in the Resources section for a guide to writing biographies.)
7. Research the group of free market Chilean economists known as the Chicago Boys, and write a report about them and the influence they had in Chile and elsewhere in Latin America.
8. Marian Tupy is editor of HumanProgress.org. What information is available? What can we learn from it? What is their goal in publishing the information on the website? Research the humanprogress.org website and show the class some of the more interesting information available on the site.
<http://humanprogress.org>
9. Milton Friedman won a Nobel Prize in economics in 1976. His ideas are credited with Augusto Pinochet's economic reforms in Chile. Research and write a biography of Milton Friedman, or research his involvement in those economic reforms. (See links in the Resources section for a guide to writing biographies.) As an alternative, produce a biographical slideshow. (See links in the Resources section for help in preparing a slideshow.)
10. José Piñera was one of the Chicago Boys. He went on to serve in various positions in the government under Augusto Pinochet. He is best known as the architect of Chile's private pension system. Research and write a biography of José Piñera, with emphasis

on the reforms he carried out in Chile. (See links in the Resources section for a guide to writing biographies.)

11. Your Life in Numbers is a website by Marian Tupy and HumanProgress.org. Try it. Enter your information and choose a second country for comparison purposes. Then, enter your birth year and select Venezuela and Chile. How have the two countries changed since you were born? Which of those countries would you have rather been born in? Write a persuasive essay explaining your choice.
<http://yourlifeinnumbers.org/>
12. Read and summarize the paper, "Friedman's two visits to Chile in context," by Leonidas Montes. The paper explores Milton Friedman's visits to Chile in March 1975 and November 1981.
13. Research and write a biography of Fidel Castro, Hugo Chavez, or Nicolas Maduro. (See links in the Resources section for a guide to writing biographies.) As an alternative, produce a biographical slideshow. (See links in the Resources section for help in preparing a slideshow.)
14. Research and prepare a slideshow comparing life in Chile with life Venezuela. (See links in the Resources section for help in preparing a slideshow.)
15. Read one of the articles in the Resources section and either write a summary of it or take Cornell Notes as you read the article or watch the video. (See links in the Resources section for help in taking Cornell Notes.)
16. Read one of the books in the Resources section and write a book report. (See link in the Resources section for help in writing a book report.)

Resources:

Guides

A good explanation of K-W-L, with a sample chart, and a chart for downloading:

<http://www.readingquest.org/strat/kwl.html>

Also helpful for K-W-L:

<https://www.teachingchannel.org/videos/structured-learning-teaching-tip>

Think, Pair, Share

A brief explanation of the Think, Pair, Share instructional strategy, with examples:

<http://www.readingquest.org/strat/tps.html>

A video explanation of Think, Pair, Share:

<https://www.teachingchannel.org/videos/think-pair-share-lesson-idea>

Conducting classroom debates:

<http://712educators.about.com/cs/lessonsss/ht/htdebate.htm>

http://www.edu.gov.mb.ca/k12/cur/socstud/frame_found_sr2/tns/tn-13.pdf

<http://busyteacher.org/7245-conducting-class-debate-essential-tips.html>

How to write a biography:

<http://www.infoplease.com/homework/wsbiography.html>

<http://homeworktips.about.com/od/biography/a/bio.htm>

How to write a book report:

<http://www.infoplease.com/homework/wsbookreporths.html>

How to write a persuasive essay:

https://www.scribendi.com/advice/how_to_write_a_persuasive_essay.en.html

<http://www.infoplease.com/homework/writingskills7.html>

How to produce a man-on-the-street interview:

<http://onemarketmedia.com/2009/02/16/seven-ideas-to-help-get-the-most-out-of-a-man-on-the-street-interview/>

<http://www.wikihow.com/Make-a-Man-on-the-Street-Interview>

http://www.ehow.com/how_2283844_do-man-street-interviews.html

For a clear, simple explanation of the Cornell note-taking system:

<http://coe.jmu.edu/learningtoolbox/cornellnotes.html>

<http://www.bucks.edu/~specpop/Cornl-ex.htm>

For help in speaking to a class:

<https://www.hamilton.edu/oralcommunication/tips-for-effective-delivery>

Preparing effective slideshow presentations:

http://www.ehow.com/how_5032561_prepare-effective-powerpoint-presentation.html

<http://www.microsoft.com/en-us/showcase/details.aspx?uuid=22f09a63-cecb-4260-a44f-8223d07dd031>

<http://blog.synapsiscreative.com/the-info/7-big-powerpoint-mistakes-you-just-cant-afford-to-make>

Articles

“5 Ways Capitalist Chile is Much Better Than Socialist Venezuela” by Marian Tupy

<http://reason.com/archives/2016/05/24/5-ways-capitalist-chile-is-much-better-t>

“40 Years Later: Milton Friedman’s Legacy in Chile” by José Niño

<https://panampost.com/jose-nino/2015/04/22/40-years-later-milton-friedmans-legacy-in-chile/>

“The Antidote to Castro Apologists” by Fergus Hodgson

<http://impunityobserver.com/2015/12/07/the-antidote-to-castro-apologists/>

“The Boys Who Got to Remake an Economy” by Tania Opazo

They embraced free-market economics in America. Then Chile’s dictator let them transform an entire society.

http://www.slate.com/articles/business/moneybox/2016/01/in_chicago_boys_the_story_of_chilean_economists_who_studied_in_america_and.html

“Chile Is Thriving – So Why Is Socialism Rising?” by Marian L. Tupy

<https://fee.org/articles/chile-is-thriving-so-why-is-socialism-rising/>

“Chile’s Capitalist Oppression Versus Venezuela’s Socialist Incompetence: Toilet Paper Edition” by Tim Worstall

<https://www.forbes.com/sites/timworstall/2015/10/30/chiles-capitalist-oppression-v-venezuelas-socialist-incompetence-toilet-paper-edition/#696a883717b9>

“The Experiment: Capitalism versus Socialism” by David R. Legates

What if we could have an experiment to compare the two systems? Wait – we already did.

<https://wattsupwiththat.com/2016/09/23/the-experiment-capitalism-versus-socialism/>

- “How Bitcoin Is Undermining Socialism in Latin America” by Rodrigo Souza
<http://reason.com/blog/2016/11/30/rodrigo-souza-bitcoin-venezuela-brazil>
- “The Jury Is In: Latin America’s 21st Century Socialism Has Failed” by Rafael Ruiz Velasco
<https://panampost.com/rafael-ruiz-velasco/2016/05/19/21st-century-socialism-has-failed/>
- “Latin America’s Right Turn” by Devon Haynie
<https://www.usnews.com/news/best-countries/articles/2017-01-09/the-consequences-of-latin-americas-move-to-the-right>
- “The Other September 11: The Legacy of Chilean Socialism and Salvador Allende”
 by Roger Burbach
<http://nacla.org/blog/2013/9/11/other-september-11-legacy-chilean-socialism-and-salvador-allende>
- “Socialism Is Dying Everywhere from Europe to South America – Except in the US”
 by Jim Hoft
<http://www.thegatewaypundit.com/2016/05/socialism-dying-failing-everywhere-except-us/>
- “Socialist Policies Undoing Success of South America’s Strongest Economy”
 by Richard W. Rahn
<https://www.cato.org/publications/commentary/socialist-policies-undoing-success-south-americas-strongest-economy>
- “South America’s Last Bastion Of Socialism Is Falling To Pieces” by Kenneth Rapoza
<https://www.forbes.com/sites/kenrapoza/2017/03/02/south-americas-last-bastion-of-socialism-is-falling-to-pieces/#7732a0db2fd8>
- “It was once the richest country in Latin America. Now it’s falling apart” by Ioan Grillo
<http://time.com/venezuela-brink/>
- “What Pinochet Did for Chile” by Robert A. Packenham, William Ratliff
<http://www.hoover.org/research/what-pinochet-did-chile>
- “What can Hispanics learn from socialism’s demise in Latin America?” by Israel Ortega
<http://thehill.com/blogs/pundits-blog/international/263217-what-can-hispanics-learn-from-socialisms-demise-in-latin>

Books

- Capitalism, Socialism, and Democracy* by Joseph A. Schumpeter
 Downloadable PDF version:
<http://cnqzu.com/library/Economics/marxian%20economics/Schumpeter,%20Joseph-Capitalism,%20Socialism%20and%20Democracy.pdf>
- Challenging Neoliberalism: Globalization and the Economic Miracles in Chile and Taiwan*
 by Cal Clark and Evelyn A. Clark
- Chile: Underside of Economic Miracle* by Ovide Bastien
- The Communist Manifesto* by Friedrich Engels and Karl Marx
 Downloadable versions:
<http://www.gutenberg.org/ebooks/61>
- Democracy and Revolution: Latin America and Socialism Today* by D.L Raby
- Latin America’s Turbulent Transitions: The Future of Twenty-First Century Socialism*
 by Roger Burbach, Michael Fox, Federico Fuentes
- The Problem with Socialism* by Thomas DiLorenzo

The Road to Serfdom by Friedrich A. Hayek

http://cnqzu.com/library/Philosophy/neoreaction/Friedrich%20August%20Hayek/Friedrich_Hayek%20-%20The_road_to_serfdom.pdf

Socialism: An Economic and Sociological Analysis by Ludwig von Mises

Downloadable PDF version:

https://mises.org/sites/default/files/Socialism%20An%20Economic%20and%20Sociological%20Analysis_3.pdf

Socialism: Utopian and Scientific by Friedrich Engels

Video

“Chomsky: Latin American Socialists In Venezuela, Cuba, Brazil Have Failed To Build Sustainable Economies”

<https://www.youtube.com/watch?v=maHgtLp21Iw>

Websites

HumanProgress.org

<http://humanprogress.org>

Unbiased America

<http://www.unbiasedamerica.com/media/capitalism-vs-socialism-chile-vs-venezuela>

Your Life in Numbers

<http://yourlifeinnumbers.org/>

The North American Congress on Latin America (NACLA)

<http://nacla.org/>

Name _____ Date _____

Class _____ Period _____ Teacher _____

Venezuela vs. Chile Cloze Activity

Directions: Read the entire passage first. Then fill in the blanks with words from the box.

mortality	economy	retirement	least
income	expectancy	socialism	military
twice	opposite	freest	representatives

The story of Chile's success starts in the mid-1970s, when Chile's _____ government abandoned _____ and started to implement economic reforms. In 2013, Chile was the world's 10th freest economy. Venezuela, in the meantime, declined from being the world's 10th _____ economy in 1975 to being the world's _____ free economy in 2013 (Human Progress does not have data for the notoriously unfree North Korea).

1. As economic freedom increased, so did _____ per capita, which rose from being 31 percent of that in Venezuela to being 138 percent of that in Venezuela. Between 1975 and 2015, the Chilean _____ grew by 287 percent. Venezuela's shrunk by 12 percent.

2. As the economy expanded, so did health care. In 1975, Chile's infant _____ rate was 33 percent higher than Venezuela's. In 2015, almost _____ as many infants died in Venezuela as those who died in Chile.

3. With declining infant mortality and improving standard of living came a steady increase in life _____. In 1975, Venezuelans lived longer than Chileans. In 2014, a typical Chilean lived over 7 years longer than the average Venezuelan.

4. Moreover, more Chileans survive to old age than they do in Venezuela. As they enter their _____, the people of Chile enjoy a private social security system that generates an average return of 10 percent per year (rather than the 2 percent generated by the government-run social security system in the United States).

5. Finally, as Chileans grew richer, they started demanding more say in running their country. Starting in the late 1980s, the military gradually and peacefully handed power over to elected _____. In Venezuela, the _____ has happened. As failure of socialism became more apparent, the government had to resort to ever more repressive measures in order to keep itself in power.

This Cloze Activity is adapted from "5 Ways Capitalist Chile is Much Better Than Socialist Venezuela" by Marian Tupy

<http://reason.com/archives/2016/05/24/5-ways-capitalist-chile-is-much-better-t>

