
Debunking Incorrect Economic Ideas

Video Length: 7:22

Lesson Description:

Is capitalism unfair? Do billionaires deserve their wealth? John Stossel debates common myths spread by former Labor Secretary Robert Reich, challenging ideas around inequality, trade, and inflation. With input from actual economists, Stossel explains how capitalism works, why trade benefits everyone, and how government actions – not corporate greed – can inflate prices.

Objectives:

Students will be able to:

- identify key economic arguments presented by both Robert Reich and John Stossel in the video.
- analyze the perspectives of capitalism's role in wealth inequality as discussed in the video.
- differentiate between equality of opportunity and equality of outcome.
- evaluate the validity of the claims made by Reich and Stossel using external economic data and theories.

Concepts & Key Terms:

Capitalism: an economic system where private individuals or businesses own and operate the means of production and trade goods and services for profit.

Comparative Advantage: the ability of an individual or country to produce a good or service at a lower opportunity cost than others.

Equality of Opportunity: everyone has the same chances to succeed, regardless of their background. It means no one is unfairly held back or given special treatment at the start.

Equality of Outcome: everyone ends up with the same results, regardless of the different choices or efforts they made. It focuses on making sure everyone has an equal share.

Inflation: the rise of prices over time, which decreases the purchasing power of money.

Monopoly: a market condition where one company or group controls all (or nearly all) of a particular good or service.

Preview Activity:

Use Think, Pair, Share to have students answer and discuss these preview questions: Do billionaires deserve to keep their wealth? How does capitalism affect income inequality in society? Does global trade benefit people in both wealthy and poor countries? Why or why not?

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 questions at the bottom of the worksheet.

Viewing Guide:

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

Answers to Viewing Guide

- | | |
|--------------|----------------|
| 1. inflation | 4. comparative |
| 2. investors | 5. more |
| 3. better | 6. cash |

Debunking Incorrect Economic Ideas

Viewing Guide

Name _____

Date _____

Class _____ Period _____

Teacher _____

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

1. Amazon is wonderful. Its innovations lowered prices so much that Amazon cut _____.
2. Bezos did get some money from his parents, but he grew Amazon with money from _____.
3. When hated billionaires like Larry Ellison, Mark Zuckerberg, Jeff Bezos, and Elon Musk get rich, they can only do it by making all of us _____ off.
4. Trade lets people specialize in what we do best. It's called _____ advantage.
5. Yes, trade does take away some American jobs, but it creates _____ jobs.
6. When politicians hand out big amounts of _____, it does cause inflation.

Take a few moments to reflect on the video and answer these questions.

Is it fair to take something from one person and give it to another? Why/why not?

What is the difference between equality of opportunity and equality of outcome?

Discussion and Analysis

1. What economic problems did Argentina face before Javier Milei became president?
2. What is Robert Reich's main argument about billionaires? Do you agree or disagree that billionaires' wealth should be taken from them? Why or why not?
3. How do financial rewards for billionaires influence their decision-making in terms of investment and job creation?
4. How does John Stossel describe the impact of Amazon on the economy? Do you agree or disagree with his stance? Why?
5. What is the concept of "comparative advantage" and how does it relate to trade?
6. How might different economic philosophies interpret the data presented in this video?
7. Do you agree or disagree with the idea that distribution of wealth in a capitalist system is not inherently negative if it coincides with overall economic improvement for the poor? Why?
8. How does the video explain the relationship between trade and job creation in the U.S.?
9. Why does Milton Friedman say that inflation is caused by the government?
10. In what scenarios might government spending influence inflation more significantly than corporate pricing strategies?
11. In what ways does the video encourage critical thinking about the complexities of economic policies and their outcomes for different demographics?
12. What role does competition play in ensuring that consumers benefit from lower prices and better products?
13. What do you think of the idea that if greed causes rising prices and inflation, prices would never go down since people wouldn't suddenly become less greedy? Do you agree or disagree? Explain your reasoning.
14. How can billionaires' innovations positively impact the broader economy and consumer choices?
15. Do you think it's fair to take from one person to give to someone else? Explain.
16. What is the difference between equality of opportunity and equality of outcome?
17. In the interest of equality of outcome, *should* the government force people to listen to John Stossel sing instead of Taylor Swift? Moreover, should John Stossel make the same amount of money for his singing as Taylor Swift does for hers? Why or why not?
18. What would *complete* equality of outcome look like in a society?

Discuss These Lines from the Video:

Do billionaires have a right to exist?

If capitalism were working properly, billionaires would have gone the way of the dodo.

Capitalism working properly creates some absurdly rich people.

Global trade is good for everyone.

What if a country's comparative advantage comes from people working under dangerous or exploitative conditions?

Inflation is made in Washington because only Washington can create money, and any other attribution to other groups of inflation is wrong.

Inequality is not a conspiracy. It's simply what happens when people are free.

Quotes for Discussion:

Inflation is made in Washington because only Washington can create money, and any other attribution to other groups of inflation is wrong.

– Milton Friedman

Inflation is caused by too much money chasing after too few goods.

– Milton Friedman

If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it off them with some part of the produce of our own industry, employed in a way in which we have some advantage.

– Adam Smith

Globalization and free trade do spur economic growth, and they lead to lower prices on many goods.

– Robert Reich

By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate arbitrarily; and, while the process impoverishes many, it actually enriches some.

– John Maynard Keynes

Our freedom of choice in a competitive society rests on the fact that, if one person refuses to satisfy our wishes, we can turn to another. But if we face a monopolist we are at his absolute mercy. And an authority directing the whole economic system of the country would be the most powerful monopolist conceivable...it would have complete power to decide what we are to be given and on what terms.

– Friedrich Hayek

While an equality of rights under a limited government is possible and an essential condition of individual freedom, a claim for equality of material position can be met only by a government with totalitarian powers.

– Friedrich Hayek

Activities:

1. Have students complete the K-W-L chart in class or for homework. (Recall that the K and W sections are to be completed before watching the video and the L section after watching the video.)
2. Have students complete the political cartoon activity in class or for homework.
3. Have students complete the PMI chart in class or for homework.
4. Have students complete the CER (Claim, Evidence, Response) graphic organizer in class or for homework.
5. Have students complete and submit the Exit Ticket as they leave class.
6. Split the class into two groups to debate Reich's and Stossel's views on billionaires and wealth inequality. Ensure they prepare for the debate by doing more research on each economic concept from different perspectives.
7. In pairs, students research and verify claims made in the video about billionaires' backgrounds.
8. Students will compose a 500-word essay analyzing the video's claims about inflation causes.
9. Individually, students write a short essay, fact-checking one of the myths discussed in the video using at least two credible sources.
10. Students will pair up to conduct mock interviews, with one playing a journalist and the other a billionaire defending their wealth. Consider having students video their interviews and then share them with the class or another audience.
11. In small groups, students produce a short podcast episode discussing one economic concept from the video.
12. Individually, students examine real economic data related to trade and job creation, then present their findings to the class.
13. Have students work in pairs or small groups to imagine what a society where "everyone is totally equal" (equality of outcome) looks like. What are sporting teams like? What might a concert be like? (A wonderful tie-in with the short story "Harrison Bergeron" by Kurt Vonnegut.) Have students create a presentation (slide show, video, poster, comic strip, etc.) on what their society looks like. Is it utopia or dystopia? How would people be made equal? (Force? Coercion?) Here's a powerful video called *2081*, an adaptation of "Harrison Bergeron" that you can share with your students after this exercise:

<https://youtu.be/dEgOuZzjI8o?si=NenLGwbp5QK8Uedu>
14. Students individually create a four-panel comic strip illustrating one of Reich's "five ways to become a billionaire." Then they create another strip that debunks

his claims. If you prefer, team students in pairs, with one creating the debunking comic and the other creating the comic that supports Reich's claim.

15. In teams, students research and present about a successful company mentioned in the video, focusing on its economic impact.
16. Individually, students create a short video rebutting or supporting one of Reich's or Stossel's arguments.

Name _____
Class _____ Period _____

Date _____
Teacher _____

Debunking Incorrect Economic Ideas 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 questions below the K-W-L chart.

K	W	L
What I know about how billionaires benefit society...	What I want to know about how billionaires benefit society...	What I've learned about how billionaires benefit society...

What incentives drive entrepreneurs to innovate and create new products in a capitalist economy? _____

How do financial rewards for billionaires influence their decision-making in terms of investment and job creation? _____

Name _____

Date _____

Class _____ Period _____

Teacher _____

Debunking Incorrect Economic Ideas PMI Chart

- P = Plus:** What might be some positive effects of capitalism/free market economies?
- M = Minus:** What might be some negative effects of capitalism/free market economies?
- I = Interesting:** What is interesting about capitalism/free market economies?

+ Pluses +	- Minuses -	I

What advantages do consumers experience from competition among companies in a free market? _____

What are the benefits of allowing billionaires to innovate and create wealth in a capitalist system? _____

Name _____

Date _____

Class _____ Period ____

Teacher _____

Debunking Incorrect Economic Ideas

Claim Evidence Reasoning Activity

Claim: What is the claim from this video that you are evaluating?

Evidence: What evidence is presented (or can you find) in support of the claim?

Reasoning: How does the evidence support (or dispute) the claim?

5 Steps to Verify Information

1. Evaluate the Source

- Check the credibility of the source. Is it a well-known and respected outlet? Look for information about the author and the organization's reputation.



2. Cross-Check Information

- Verify the facts by comparing them with multiple reputable sources. See if other reliable sources are reporting the same information.



3. Check for Bias

- Assess the content for any potential bias. Look for loaded language or one-sided arguments. Consider the source's potential motives or interests.



4. Examine the Evidence

- Look for supporting evidence, such as data, expert quotes, and references. Reliable information will be backed by verifiable facts and sources.



5. Verify Dates and Context

- Ensure the information is current and relevant. Check the publication date and consider the context in which the information was presented.

Name _____

Date _____

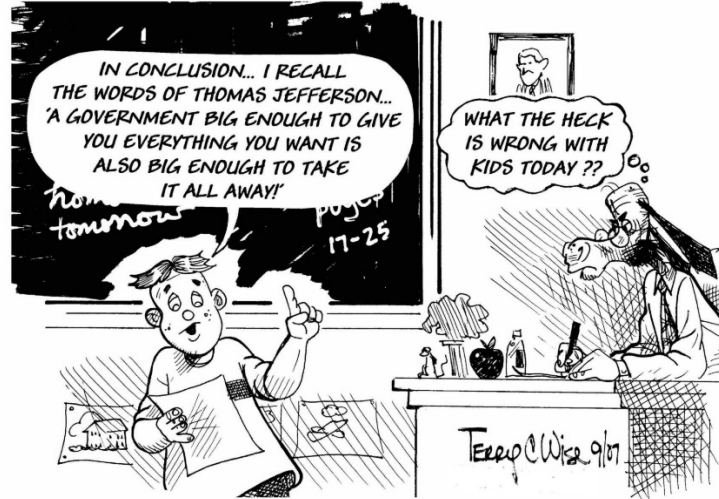
Class _____ Period ____

Teacher _____

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Political Cartoon Activity

Directions: Use the political cartoon to answer the questions.



CartoonStock.com

What message is this cartoon trying to convey about the size of the government?

Do you agree with the statement about the size of government? Why or why not?

How does the cartoon reflect ideas about individual freedom and government influence discussed in the video, particularly about equality of outcome? _____

How does the cartoon's view of government power compare to the video's discussion of government's role in trade and inflation? _____

Name

Admit One

Explain what "capitalism rewards risk-taking" means.

Admit One

EXIT TICKET

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