

Government in the Boardroom



LithiumAmericas



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Government in the Boardroom

Video Length: 6:16

Lesson Description

What happens when politicians who oppose socialism start taking ownership stakes in struggling companies? In this video, John Stossel explores how government bailouts and subsidies blur the line between capitalism and socialism. Featuring economist Dan Mitchell, it raises a key question for taxpayers: if government is going to spend billions rescuing companies, is partial ownership better than giving the money away, or should government stay out of business altogether and let the market decide winners and losers?

Objectives

Students will be able to:

- **define** socialism and explain how it differs from capitalism.
- **identify** examples of government involvement in private business discussed in the video.
- **analyze** arguments for and against government taking ownership stakes in private companies.
- **evaluate** whether bailouts and subsidies help or harm the overall economy.
- **formulate** their own reasoned opinion on whether government should intervene in markets or let competition determine winners and losers.

Concepts & Key Terms

Bailout: financial assistance given by the government to a company or industry in danger of collapse.

Capitalism: an economic system based on private ownership, voluntary exchange, and competition in the marketplace.

Creative Destruction: the economic process by which new innovations replace outdated industries, driving progress and growth.

Crony Capitalism: an economic system in which business success depends on close relationships with government officials.

Means of Production: the resources, tools, and facilities used to produce goods and services.

Socialism: a system in which the government owns or controls the means of production, such as factories or resources.

Stake: ownership, interest, or a share in a company or investment.

Subsidy: financial support given by the government to a business or industry, often to encourage certain activities or prevent failure.

Preview Activity

Use Think, Pair, Share to have students answer and discuss these preview questions: Should the government ever step in to help struggling companies? What

might happen to the economy if government stayed completely out of business decisions? Is there a difference between helping a company with taxpayer money and owning part of that company?

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 Instructions

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. government
2. security
3. taxpayer
4. zombie
5. intelligently

Government in the Boardroom

Viewing Guide

Name _____

Date _____

Class _____ Period _____

Teacher _____

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

1. He probably thinks socialism just means a big welfare state. When, of course, socialism, technically, is _____ ownership or partial ownership of the means of production.
2. If a company is important to America's _____, make it easy for them to operate in the US.
3. They're taking our money, _____ money, and in effect, putting their thumb on the scale, giving out subsidies.
4. Well, it turns out, they suffered several lost decades, largely as a consequence of trying to prop up _____ companies.
5. There's a bottom-line incentive to use resources _____ and efficiently.

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

If government picks which companies survive, is that "fair" to taxpayers and competitors? Why or why not? _____

What happens to the economy when government keeps weak companies alive instead of letting new ones grow? Explain your answer. _____

Discussion & Analysis

1. What does *socialism* mean?
2. What does it mean when the government owns or controls part of a business?
3. What examples of government involvement in business were shown in the video?
4. Why do some politicians say these investments are needed for national security?
5. How do bailouts and subsidies affect competition between companies?
6. What does Dan Mitchell mean when he says politicians “pick winners and losers?”
7. Why do some people call this “crony capitalism?”
8. What is meant by “creative destruction,” and why do economists think it matters?
9. What are possible benefits to taxpayers if the government owns a stake in a company it helps? What are possible risks or downsides of government ownership?
10. How might government control change how a company makes business decisions?
11. Do you think bailouts and subsidies help or harm the economy overall? Explain your view.
12. Why might both political parties support these kinds of policies, even if they oppose socialism?
13. If you were in charge, what rules or limits would you set for when government can aid companies?
14. Should government stay out of business altogether and let the market decide winners and losers? Why or why not?
15. How can we tell when government help becomes government control?
16. What message does it send to other businesses when some companies get special treatment?
17. If taxpayers fund bailouts, should they have any say in how those companies are run?

18. Does saving a failing company protect jobs, or does it delay needed change in the economy?
19. If both parties use government power in business, what does that say about how Americans understand socialism today?
20. How might political donations or elections influence which companies get government help?
21. Can prosperity last if companies depend on government help to survive? Where does "government help" come from?
22. If people and companies were free to rise or fall on their own, what benefits might society see?

Discuss These Lines from the Video

Trump says he's against socialism, but he's having the government get involved in owning companies and directing companies.

It's not socialism. This is capitalism.

All of a sudden, you've created this precedent of government being a senior partner sitting in the boardroom with some of these major companies.

If a company is important to America's security, make it easy for them to operate in the U.S. Fix the regulatory process instead of giving out handouts.

Government handouts often prop up what investors call zombie companies.

Let the weak companies go away so the resources can go to the young new companies that are actually creating wealth.

No country has ever prospered with that kind of system.

The Babylon Bee came out with a good headline to describe what's happened: Trump vows to nationalize as many private companies as it takes to defeat socialism.

Quotes for Discussion

...I should put an even stronger emphasis on the desirability of the largest possible independence between government and business. Each ought to be sovereign in its own sphere.
– Calvin Coolidge

A major source of objection to a free economy is precisely that it gives people what they want instead of what a particular group thinks they ought to want.
– Milton Friedman

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

The more the state 'plans,' the more difficult planning becomes for the individual.
– Friedrich A. Hayek

The third way is the fastest way to the Third World.
– Václav Havel

If a private enterprise is a failure, it closes down—unless it can get a government subsidy to keep it going; if a government enterprise fails, it is expanded.
– Milton Friedman

Part of the reason for this is that much of America's inequality is the result of market distortions, with incentives directed not at creating new wealth but at taking it from others.
– Joseph E. Stiglitz

The theory of the Communists may be summed up in the single sentence: Abolition of private property.
– Karl Marx

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 and submit the Exit Ticket as they leave class.
5. Have students watch the "Creative Destruction" ***Lessons in Lyrics*** videos. <https://stosselintheclassroom.org/lyrics/creative-destruction/>. In small groups, have them compare how "creative destruction" is explained in the songs with how Dan Mitchell describes it in Government in the Boardroom. Have each group identify an example of creative destruction in real life (past or present) and explain how government intervention would have changed the results.
6. Divide the class into two sides—one arguing that government bailouts help the economy, and the other that they harm it. Each side uses examples from the video and outside research to support their case.
7. Students write a short opinion piece explaining whether government ownership in private companies is a smart investment or a step toward socialism. They should include at least one point from Dan Mitchell's comments.
8. Students create a T-chart showing arguments *for* and *against* government involvement in business, citing examples from the video for each side.
9. In pairs, students match each vocabulary term to a real-world example they can find in current news or history. They share their examples with the class.

10. Groups research a past government bailout, such as Solyndra or the auto industry, and decide whether it helped or hurt the economy in the long run.
11. At the end of class, students write one paragraph answering this question: *Should the government ever act like an investor?* They must support their answer with reasoning from the video.
12. One student plays a company CEO, another a government official, and others act as reporters. Reporters ask questions about why the government got involved and whether it was the right move.
13. Students draw a chart showing how government subsidies affect taxpayers, businesses, workers, and competitors. They discuss the chain reaction.
14. Students write a short essay comparing capitalism and socialism using definitions, examples from the video, and their own analysis of which system encourages innovation.
15. In groups of four, students discuss the question, "Can a country support both capitalism and socialism at the same time?" Each group shares a summary of its discussion.
16. Students write a brief policy paper outlining how the government should handle struggling companies during economic downturns. They must include a clear thesis, economic reasoning, and possible unintended consequences.
17. Students research one socialist-leaning and one capitalist-leaning country, then compare how each handles business failures. They present findings in a short slideshow or infographic with data to support conclusions.
18. Students write a short essay analyzing the credibility and bias of different sources discussing bailouts—Stossel's video, a mainstream news article, and an academic paper. They assess how framing influences public opinion.

Name _____

Date _____

Class _____ Period _____

Teacher _____

Quiz: Government in the Boardroom

Directions: Select the answer that best completes the sentence.

1. When the government gains part ownership of a company it helps, this is an example of _____.
 - A. free trade
 - B. nationalization
 - C. deregulation
 - D. privatization
2. Economist Dan Mitchell argues that bailouts _____.
 - A. reward failure and stop creative destruction
 - B. protect taxpayers and create fairness
 - C. increase innovation through investment
 - D. strengthen the free market
3. The phrase "*picking winners and losers*" means the government _____.
 - A. funds all small businesses equally
 - B. decides which companies succeed or fail
 - C. leaves markets to sort out competition
 - D. rewards only companies that pay taxes
4. When companies depend on government aid instead of the market, the result is often _____.
 - A. lower debt and stronger trade
 - B. faster innovation
 - C. reduced efficiency and corruption
 - D. less regulation and higher profits
5. The main idea of the video is that _____.
 - A. government ownership creates long-term prosperity
 - B. bailouts are rare and usually successful
 - C. capitalism always fails without regulation
 - D. both parties use socialism to control markets while claiming to oppose it

Answer Key:

1. B
2. A
3. B
4. C
5. D

Name _____

Date _____

Class _____ Period _____

Teacher _____

Government in the Boardroom

Political Cartoon Activity

Directions: Use the political cartoon to answer the questions.

What message does the cartoon send about government bailouts? _____

How does the cartoon show the trade-off between old companies and new companies? _____

What does the small "New Business" sprout represent in the larger economy? _____

Do you think taxpayer money should support failing companies? Why or why not? _____

How does this cartoon connect to the video's idea that government picks winners and losers? _____



Name _____

Date _____

Class _____ Period _____

Teacher _____

Government in the Boardroom
PMI Chart

P = Plus: What might be some positive effects of government involvement in business?

M = Minus: What might be some negative effects of government involvement in business?

I = Interesting: What is interesting or surprising about government involvement in business?

+ Plusses +	- Minuses -	I

What reasons do some people give for government helping or owning part of a company? _____

Do you think the overall effect of government involvement is good, bad, or mixed? Explain your reasoning. _____

Date _____

Teacher _____

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 government and business...	What I want to know about government and business...	What I've learned about government and business...

Exit Ticket

Name _____

Admit One

Should the government pick winners and losers in business, or should the market decide? Explain your reasoning.

Admit One

EXIT TICKET

Name _____

Admit One

Should the government pick winners and losers in business, or should the market decide? Explain your reasoning.

Admit One

EXIT TICKET

Name _____

Admit One

Should the government pick winners and losers in business, or should the market decide? Explain your reasoning.



Admit One

EXIT TICKET

Name _____

Date _____

Class _____ Period _____

Teacher _____

Government in the Boardroom

Claim Evidence Reasoning Activity

Claim: What is the claim from this video 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?

Transcript

Donald Trump

America will never be a socialist country.

John Stossel

I'm glad that President Trump tells people he opposes—

Donald Trump

—vile creeds such as socialism, Marxism, and straight-up communism.

John Stossel

He rightly calls socialism:

Donald Trump

The wrecker of nations and destroyer of societies.

John Stossel

But as Inigo Montoya said,

Inigo Montoya

You keep using the word. I do not think it means what you think it means.

John Stossel

Trump complains about:

Donald Trump

...tyrannical socialist government.

John Stossel

But he's acting like a socialist.

CNBC Reporter

The United States is going to take a 5% stake in Lithium Americas.

Reporter

White House taking a 10% stake in Trilogy Metals.

CNBC Reporter

15% stake in MP.

Dan Mitchell

Trump says he's against socialism, but he's having the government get involved in owning companies and directing companies.

John Stossel

Economist Dan Mitchell says Trump, like many Americans, doesn't understand what socialism is.

Dan Mitchell

He probably thinks socialism just means a big welfare state. When, of course, socialism, technically, is government ownership or partial ownership of the means of production. And Trump is doing that.

Donald Trump

I think the United States should be given 10% of intel.

John Stossel

When Trump got 10% of Intel, his commerce secretary said,

Howard Lutnick

It's not socialism. This is capitalism.

John Stossel

It's not socialism. This is capitalism.

Dan Mitchell

Socialism is government ownership of the means of production.

John Stossel

But they just own 10%.

Dan Mitchell

Well, it doesn't have to be 100%. If you're Intel, there's no way you're going to antagonize the Trump administration or some future AOC administration by doing something that the government doesn't like.

John Stossel

And even Trump worries about that.

Donald Trump

Now, I'm a little concerned whoever the president might be.

Dan Mitchell

I don't trust Donald Trump to control his share correctly, but I definitely don't trust some of the folks on the left. And all of a sudden, you've created this precedent of government being a senior partner sitting in the boardroom with some of these major companies. It's going to be a disaster for the US economy.

Dan Meuser

The biggest national security concern should be if this deal didn't happen.

John Stossel

Some Republicans argue such deals are needed to keep us safe. It's important for national security.

Dan Mitchell

If a company is important to America's security, make it easy for them to operate in the US. Fix the regulatory process that makes it very difficult to organize and build new factories, dig new mines, that's a much better approach than government handouts.

Barack Obama

The true engine of economic growth will always be companies like Solyndra.

John Stossel

Trump's not the first President to make deals with companies. When Democrats did it, Republicans were right to object.

Fred Upton

I question whether the government is qualified to act as a venture capitalist, picking winners and losers, shelling out billions of taxpayer dollars to keep them afloat.

Dan Mitchell

You had all these supposed green energy companies, and, oh, we were going to do smart investment by Washington and become a world leader.

John Stossel

The opposite happened.

CBS News Anchor

The collapse of Solyndra after running through more than half a billion dollars of taxpayer stimulus money.

Dan Mitchell

We wound up losing, not winning.

John Stossel

Now, Trump's doing it.

Donald Trump

We do a lot of deals like that. I'll do more of them.

Dan Mitchell

They're taking our money, taxpayer money, and in effect, putting their thumb on the scale, giving out subsidies. That's where the economic harm comes.

John Stossel

Government handouts often prop up what investors call zombie companies.

Dan Mitchell

A zombie company is a company that is on the verge of bankruptcy, that's in trouble.

John Stossel

Chipmaker Intel was struggling. Then...

Scripps News Anchor

President Biden announced an \$8 billion grant to Intel.

John Stossel

But the handout didn't stop Intel's decline. So what should be done?

Dan Mitchell

Let the weak companies go away so the resources, the labor and the capital, can go to the young new companies that are actually creating wealth. We need to allow

creative destruction to operate. But politicians, they look at the seen, and they ignore the unseen. The seen is, oh, a company in my district is closing and factory jobs will be lost. They're not paying attention to the new companies, the new entrepreneurship that makes us much richer in the long run.

John Stossel

And the unseen is also all the companies that might have started, that would be better, if we hadn't been throwing taxpayer money at the zombies.

Dan Mitchell

If we tried to stop the progress of creative destruction, you wind up freezing your economy in place.

John Stossel

Japan did that.

Dan Mitchell

Japan was one of the richest, most prosperous countries in the world, at least on paper.

Speaker

The island nation was the most innovative and productive country in the world.

John Stossel

They were the role model for America.

Dan Mitchell

We needed to copy Japan. Oh, they this great industrial policy. Well, it turns out, they suffered several lost decades, largely as a consequence of trying to prop up zombie companies.

Speaker

Millions of people lost their savings and their jobs. 'Til this day, Japan's economy has never truly recovered.

Dan Mitchell

No country has ever prospered with that kind of system.

John Stossel

One reason is that when governments take ownership or hand out loans and grants, company executives start chasing political favors instead of innovating. When Intel got your money, its executive spent lots of time doing photo ops with politicians. Intel workers didn't do as well.

News Reporter

Intel plans to cut more than 20% of its workforce.

John Stossel

After Trump gave Pfizer a tariff exemption, its CEO groveled before him.

Albert Bourla

Mr. President, I want to thank you for your leadership and frankly, for your friendship.

Dan Mitchell

The market will be much better than the government at delivering the things that we need.

John Stossel

Why is the market better?

Dan Mitchell

There's a bottom-line incentive to use resources intelligently and efficiently. With politicians, it's all about, oh, does a factory have a certain number of jobs in a key state? Are the executives donors to my campaign? This is going to be a recipe for just rampant cronyism.

Gavin Newsome

This guy has completely perverted capitalism, Donald Trump. It's crony capitalism.

John Stossel

Now, Democrats say we'll defend free markets from Donald Trump.

Elizabeth Warren

That's just becoming a partner with a corporation. That's just Donald Trump doing another shakedown.

John Stossel

Both parties should butt out, let free markets work. The Babylon Bee came out with a good headline to describe what's happened. "Trump vows to nationalize as many private companies as it takes to defeat socialism."

Dan Mitchell

I don't know whether to laugh or cry. (6:16)