WORLD OF BUSINESS

Capitalism vs. Socialism: What's Truly Fair?

What should our economy look like?

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Introduction

It seems we've come to the conclusion that property is best transferred in a market with limited control and unlimited information. But if that's the case, why do people still advocate for more regulation of our economy? Better yet, why are there any restrictions at all?

Well, let's move from game theory to the game itself. Let's move beyond abstract notions of "transferring property" and "information" and dive into what an economy actually can—a should—look like in the real world. One first things we'll see is that our vision of a ee and unrestricted marketplace is more di achieve than we may have thou

Just think about all the dan be done in an economy with ule ions. What happens if a comp lie its mers? What if the their empl s? at about monop at about poll ybe this game ds mo an w ught.

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So, if the rul need to than just guarante ights roperty transfer, how mu d they do? Some believe the hould ittle as possible to restrict acti e oth lieve more control over activity essential.

ur tw ontestants in the game of ic the italism and socialism.

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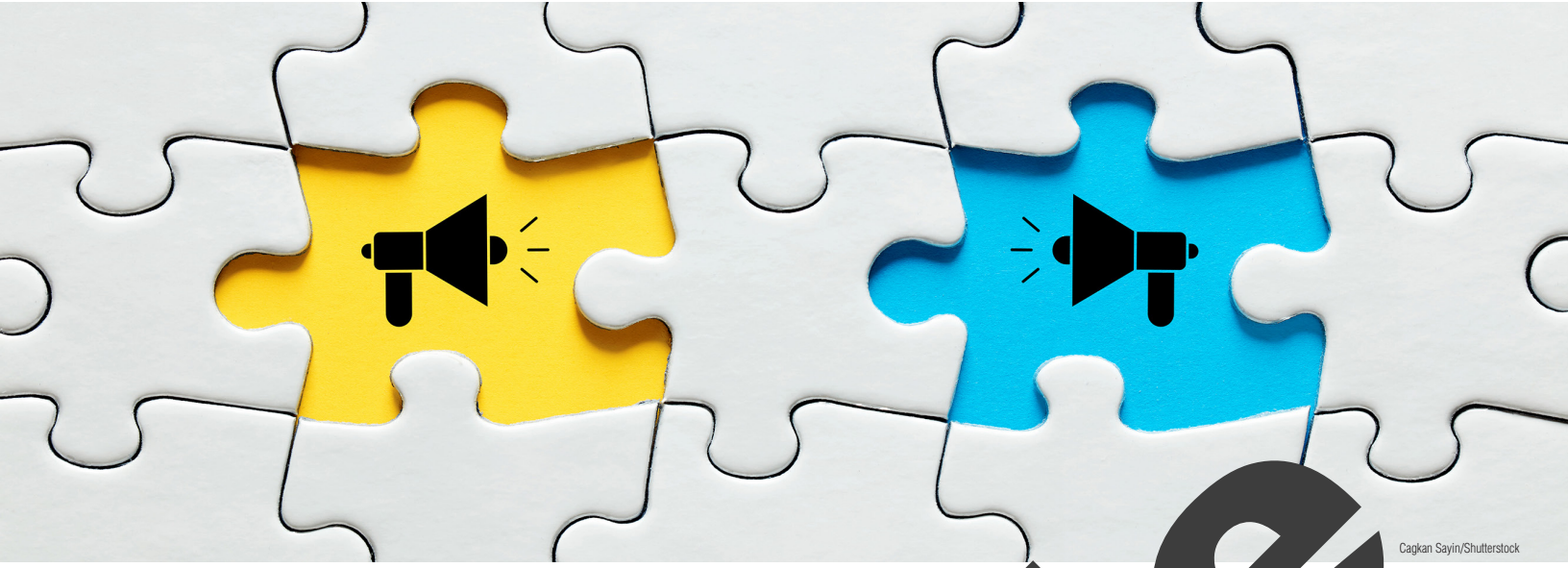
Let's interrogate both of these systems fairly. We'll evaluate the rationale behind each, their benefits and challenges, and the numerous factors that go into balancing economic freedom with fairness and **equality**.

So, let's keep minds open and opinions informed as we explore the ongoing rivalry that permeates not just economics, but politics and culture as well.



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Part 2: The Debate Goes On

Our experience with capitalism and socialism in the real world has given us a good picture of the strengths and weaknesses of each.

The strengths of capitalism tie back to Friedrich Hayek's assertion that free markets convey the most accurate and timely information. The collective knowledge, actions, and perspectives of each person in society perfectly represent the demand within an economy, far better than a small group could.

Capitalism is a system based on competiti
which pushes individuals and businesse
innovate. It is also a system based on
and private ownership where everyone
devote their own energy, skills, and resou
however they wish.

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Seems like the perfect system, right? But don't forget, there is still a cost to this freedom. When there's no oversight and no guardrails, people are also free to abuse or exploit the free market for their own gain and at the expense of others.

From the 1800s "
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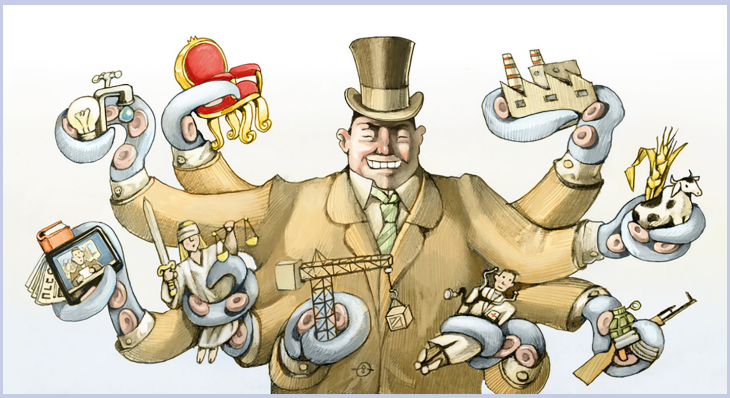
Maksym Drozd/Shutterstock

xplore More: In the late
th century, a small number
of businessmen controlled key American industries, which generated them unprecedented wealth. However, these titans of industry were also nicknamed "Robber Barons" due to their unethical business practices. Read "Robber Barons? Then and Now" by Bill Spitz to learn more about these powerful tycoons and the modern entrepreneurs that many see as the Robber Barons' spiritual successors.



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Game: Cookieopoly

Mission: Determine optimal cookie market structure

Key Considerations:

- Competition
- Efficiency
- Employment
- Prices
- Trade-offs
- Collusion

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Can you think of any products that have fallen victim to creative destruction?

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Glossary

1. **Capitalism:** An economic system based on competition, division of labor, and free markets
2. **Capitalism and Freedom:** 1962 book by Milton Friedman that advocates for free market capitalism with as little government intervention as possible
3. **Cohen, G.A.:** Renowned academic in the field of Marxism and political philosophy
4. **Equality:** Treating everyone consistently regardless of their individual characteristics, traits, and circumstances
5. **Equity:** Accounting for specific needs to ensure an equality of outcome
6. **Fairness:** Acting without bias or prejudice; promoting fair comp and fo equal opportunities
7. **Friedman, Milton:** Nobel prize-winning economist known for his staun port of free market capitalism
8. **Marxism:** A philosophy that frames human history and soc prim influenced by social and economic class struggles
9. **Mixed economy:** An economic system that combines e of b arket and command economies
10. **Socialism:** An economic system based on c ing w oal of promoting equality of outcome
11. **The Wealth of Nations:** 1776 book mith th opularized key capitalist principles such as free markets an labor
12. **Why Not Socialism?:** 2009 boo A. Co at lays out an argument for socialism and a critique of capitalism

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Instructional Tools

- Keeping Up With the Capitalists (Required)
- Fishbowl Discussion on Tariffs
- The Amazing Trade Race
- Trade Alliance Presentation
- Key Figure Feature

Keeping Up With the Capitalists **(Required)**

1. Divide the class into groups of three to five students. Instruct each group to create a short skit (2–3 minutes) about international trade in the style of a reality TV show.
2. The "characters" of the reality show should be different countries (played by the students), and the narrative of the skit should be centered around a particular attribute or challenge of international trade.
    a. Some possible topics include:
        i. Different nations specializing in specific products
        ii. Countries forming new trade partnerships
        iii. Nations receiving access to resources and technology through global trade
        iv. The consequences of a trade war
        v. Countries selling black market counterfeit versions of another nation's products for profit
        vi. Nations trading with other nations that allow unfair labor practices (e.g., sweatshops, child labor, discrimination)
    b. Students are encouraged to parody the features and tropes of the reality TV genre (such as dramatic music, commercial breaks, talking heads, and, of course, interpersonal drama), but they are also welcome to spoof other reality-based media genres such as documentaries, talk shows, courtroom shows, or vlogging.
    c. No matter the genre being parodied, it is recommended that the central characters remain nations of the world.
3. After filming and editing their skit, groups should present their video to the class.

Fishbowl Discussion on Tariffs

1. Inform students they will participate in a fishbowl discussion on tariffs.

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Project Title	Patent Shark Tank
Driving Question	How can we protect and promote innovation?
Project Description	In this project, students will assume the role of entrepreneurs tasked with designing a product and vying for patent approval. Working in g[illegible]e or four, students will first conduct individual research on rea[illegible]ld pr[illegible]ms, unmet needs, and potential gaps in the market t[illegible] find oppo[illegible]tie[illegible] innovation. After developing and reviewing p[illegible] produ[illegible]each team will settle on one and create a rough prott[illegible]their p[illegible] Each team will then conduct patent research, analyzi[illegible]velty and patentability of their product idea and n[illegible]feature[illegible]stinguish it from others. Teams will also research v[illegible]patent[illegible] and select the one that best suits their product. T[illegible] descri[illegible]overall patentability of their product and provide justifi[illegible]their[illegible]ted patent in a short report. Finally, each team will s[illegible]r resea[illegible]eate a product pitch, which they will pr[illegible]a grou[illegible]arks" (i[illegible]ers, community members, local[illegible]rs, etc.) to attain patent approval for their product. To [illegible]cessf[illegible] must clearly articulate the solution their product p[illegible]describe[illegible]roduct's novelty and patentability, present a compelling ca[illegible]ir selected patent, and include a visual aid to support t[illegible]ntation.
Timeframe	[illegible] w[illegible]s

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The Basics

Links

1. Watch *What Is Globalization? Understand Our Interconnected World* to learn about globalization and understand its benefits and drawbacks.
2. Read this Investopedia article to understand the basics of globalization, its history, pros and cons, and its importance today.
3. How are globalization and poverty related? Watch this Crash Course video to learn more.
4. Learn about five factors that influence exchange rates in this Investopedia article.

LAP List

Performance Indicator #	LAP #*	Level	LAP Title
EC:045	LAP-EC-045	SP	On Top of the World (Impact of Culture on Global Trade)
EC:100	LAP-EC-100	SP	Get Your Foreign Exchange Math (Exchange Rates)
EC:104	LAP-EC-104	SP	Boundaries (The Global Business Environment)

* LAP #s subject to change

Sample

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