

Capitalism vs. Socialism

A Classroom Simulation

Created by Mr. Jeff Stephenson, Parkway Central Middle

Materials Needed:

“Play” or “Fake” cash – typically printed on green card stock paper

Groups need some sort of paper—notebook paper works, but plain white (un-ruled) paper would be better

Groups need some sort of colored pencils or crayons. Markers will work in a pinch, but should not be used often

A relatively large area of floor space where the “car models” may be presented to the “market”

Procedure:

1. Explain that students will be playing six rounds of a simulation game. There will be three rounds in the first part. We will change a couple rules and complete three more rounds in the second half.
2. Explain that students represent car companies that are designing and building a car which they hope to take to a market and sell. The teacher will play the role of the market—either the general public in a free enterprise system or as the government in a socialist economic system. The car companies want to do whatever they can do to get the most money out of the market (i.e. from the teacher). Each car company starts with 6 play dollars. It costs one play dollar to submit a design to the market and car companies can submit as many designs per round as they want to submit as long as they pay one dollar per design. This stresses that there are expenses to designing and building the prototype models which will eventually come to the market.
3. Begin Round 1: Tell the car companies (i.e. students) that they have 2 minutes in which to design (on paper at least) a car that they will bring to the market. Give students time to work on their designs. At the end of two minutes, have the “car companies” turn in their designs. Remember to collect one play dollar for each design they wish to submit that round. Place the designs on the floor in a row so that all students may view each of the designs and to see how each design gets “rewarded.” The market (i.e. teacher) then “rewards” the car designs by placing some play money on each car design. The amounts should be different depending on how creative students were with their design. More creative car designs should be rewarded with more money. For example, a colorful design should earn lots of play money while a simple design should earn very little if any at all. It is okay to “reward” some car companies with absolutely no play money at all. Will the market buy something it does not like?
4. Based on their new knowledge and how the market responded to this first round of car designs, students should be allowed two more minutes to create a second design. No, they may NOT modify their first design. This second design should be a new creation made from scratch. At the end of two minutes, once again have students submit their design by placing it in a row next to their first design and by paying a dollar per design. The market (i.e. teacher) should then reward the second round of car designs again based on innovation and creativity. (E.g. what? A flying car? Here is a gazillion play dollars. This car barely looks like a car? Here is 50 play cents-by cutting one play dollar in half! Again reward creativity and innovation!)
5. Continue with a third round. Shorten the time allowed if needed. Again, reward innovation and creativity!
6. After three rounds, explain that the market (i.e. the teacher) is now changing. Explain Henry Ford’s principle of car building: you can have it in any color—as long as it is black! State the market’s new requirements: 4 wheels, a steering wheel, and black—leave it at that! Car companies (i.e. students) have two minutes to design a new car which meets those new requirements. At the end of the two minutes, have car companies submit their new designs along with one dollar. IF, and only if, the car company’s new design meets the basic requirements

should they be rewarded. If the design does not meet the requirements, it should get nothing. If rewarded, the car company should get a set, and only a set, amount of play dollars. Perhaps they get either one and a half or two play dollars. It should be a set amount and no more than two dollars. Perhaps they should get only a dollar back (i.e. they simply break even).

7. After the first round under the new requirements is complete, play a second and third round with the new requirements. Remember, the reward for these car companies should be a set price and they only receive the set reward if they met the requirements.
8. Debrief with students: What were the first three rounds like? (Answer: capitalism—free market. Free enterprise type economic systems. Innovation and creativity are rewarded—sometimes with unbelievable riches.) What were the last three rounds like? (Answer: socialism—government controlled type economic systems. Innovation and creativity die because those qualities are NOT rewarded. No one becomes rich because everyone gets the same as long as they meet the minimum requirements.)
9. Ask students in which type of economic system would they rather live? Have students explain their answers with evidence. Most students choose the capitalistic type of economic system and will mention the fact that they can earn more wealth and money—they could become very rich indeed!