

Capitalism¹

Economy Studies Essential Lecture

Instructor's Guide

Economy Studies Essential Lectures

These teaching packs are designed for 90-minute (online or offline) sessions that can be added to existing courses. They help students become familiar with an important topic that is often neglected. At some universities lectures and sessions are typically longer than 90 minutes and at others shorter. Feel free to adjust the material to make it fit with your context and purpose.

Capitalism

Political-economic systems define the ways in which the production and distribution of goods and services are organised that shape people's lives. We live in capitalism, but what does that mean? This essential lecture helps students develop an understanding of it on the basis of the book *Capitalism* by Geoffrey Ingham. Learning the basics of how our economies are organised helps economists do their work better as they can place current issues and policy debates in context. This will also help them think systematically about how economies as a whole might function, what dynamics they might have and how the different parts operate and interact with one another.

If you are an educator and you are interested in receiving possible exam questions and the answers to the quiz questions, send us an email at economy.studies@ourneweconomy.nl and we will send them to you.

¹ We want to thank Alfred Kleinknecht, Henri de Groot, Irene van Staveren, Jack Reardon, Maarten Pieter Schinkel, and Tim Thornton for their advice and feedback. The remaining mistakes and inconsistencies are, of course, our own.

Lesson plan

Learning Objectives		
<ul style="list-style-type: none"> Understanding capitalism's basic institutions. Being aware of different ideas and views on capitalism by key thinkers and citizens. 		
Transferable Skills Developed		
<ul style="list-style-type: none"> Explaining and discussing complex ideas verbally with others. Conducting and analysing interviews. 		
Prior to session		
Reading: Capitalism - A Summary Friends and family on capitalism: Students conduct two interviews about capitalism with friends and/or family members and fill in the homework sheet .		
Plan of Activities		
Duration	Instructor Activity	Student Activity
5 min	Introduction: Present the topic and learning objectives	
10 min	Capitalism Quiz: Let students do the quiz independently online or collectively offline	Answer the quiz questions.
20 min	Exercise 1: Explaining capitalism's basic institutions	In duos: Take turns to explain the institutions (4 minutes each).
20 min	Lecture: Explain the insights on capitalism to students	Take notes and ask questions if possible.
15 min	Exercise 2: Conversations between key thinkers	In duos: Choose two key thinkers and each pick one to enact and discuss a point the two thinkers disagree on and one they agree on (5 minutes for each point).
15 min	Discuss homework: Friends and family on capitalism	Take notes and ask questions if possible during the presentation of the public opinion data. In duos: compare and discuss the interviews (with homework sheet).
5 min	Wrap up	
Total: 90 min		

Student preparation work

Before the lecture, students should read the [28-page summary](#) of the book Capitalism by Geoffrey Ingham. If one wants to reduce the amount of reading, one could also only ask the students to read the first 7 pages of the summary.

Friends and family on capitalism: Students conduct two interviews about capitalism with friends and/or family members and fill in the [homework sheet](#) afterwards. If students have not yet learned how to conduct an interview, one can assign this video as homework to help them prepare for the interviews: [A Practical Guide to Qualitative Interviewing](#).

One could advise students to use a semi-structured interview approach with a few standard questions but also allowing them to ask follow up questions based on the replies they get from the respondents. Five potential standard questions are:

- How would you describe the economy you live in?
- What are the most important actors in the economy in your perspective?
- What is capitalism for you?
- What is your role within capitalism and how does it influence your life?
- What is your opinion on capitalism?

After having conducted the two interviews, students fill in the homework sheet based on the responses and notes or recordings of them.

Introduction: Present the topic and learning objectives

The lecture opens with briefly introducing the topic, its relevance, and learning objectives ([slides 2-3](#)).

Capitalism Quiz

The goal of the quiz is to recap the material from the reading in an interactive and engaging manner. The questions focus mainly on the core insights from key thinkers on capitalism, complemented by one question on their personal lives and the two last questions on quotes that illustrate they were nuanced and complex thinkers.

The quiz can be done making use of the online tool we prepared, but it can also be done offline making use of the PowerPoint slides. When using the online tool, ask if there is anyone without a smartphone or laptop to check if someone will be excluded from participating.

Exercise 1: Explaining capitalism's basic institutions

Let the students form duos, if needed one group of 3 (when in person in class with the student sitting next to them and when online in breakout rooms).

This exercise focuses on the basic institutions of capitalism that form the core of this teaching pack. Students are asked to try to explain the importance of these institutions for how capitalism works so that they can practise explaining complex concepts to others in their own words. This is a crucial skill for a professional economist as their work often revolves around helping others understand complex economic issues and processes.

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The students take turns explaining to each other the importance of the basic institutions for how capitalism works. For each institution, they have 4 minutes. So first, one student explains the importance of the state in 4 minutes. After this the other student takes 4 minutes to explain the importance of markets. Then the first student explains firms, and finally the second student explains money. One could encourage students to support and/or challenge each other by helping answer the questions or asking further clarifying questions. The questions to answer are:

- State: Why is it important for capitalism that the state enforces private property rights and legal contracts?
- Markets: Why is it important for capitalism that not only final products but also factors of production are sold on markets?
- Firms: Why is it important for capitalism that capital owners control firms and employ workers to make profit?
- Money: Why is it important for capitalism that commercial banks create money through credit?

There are 20 minutes in total divided up into 4 minutes for exercise explanation and set-up and 16 minutes (4x4) for the explanation of capitalism's basic institutions.

Lecture: Explain the insights on capitalism to students

Slides 13-21 recap the summary on capitalism. Based on the level and time available one can go in more or less detail. To activate and help students better understand the material, one can let students ask questions. As always, feel free to add, remove or adjust slides to tailor to your students and context.

Exercise 2: Conversations between key thinkers

For this exercise students go into the same duos as exercise 1.

The students choose two of the key thinkers and each student plays one of them, so that the students can enact what a conversation between the two thinkers could have looked like. The goal of this exercise is for the students to better understand the key thinkers and how their ideas relate to each other. And like in exercise 1, it also allows students to practise to explain their ideas verbally, this time however in an interactive conversational format.

Students take 5 minutes to discuss a point the two thinkers disagree on and another 5 minutes on a point the two thinkers agree on. To help students one could advise them to look at the summary again to find out points of (dis)agreement. Additionally, one could instruct students to create mind maps to guide their discussion.

There are 20 minutes in total divided up into 5 minutes for exercise explanation and set-up and 10 minutes (2x5) for the conversation between the key thinkers.

Discuss homework: Friends and family on capitalism

First, the educator presents survey data on popular opinion on capitalism to provide context and comparisons to the interviews conducted by the students. If available, one could add (additional) data on your own country.

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The first [figure](#) shows the general support for a “free market economy” based on the Pew Research Center’s Global Attitudes Project which surveyed 26,210 respondents in 21 countries in 2012. In 13 of the 21 nations surveyed, half or more of the respondents agree with the statement that people are better off in a “free market economy” even though some people are rich and some are poor. One could ask students to reflect upon the choice of the term “free market economy”, how people in the different countries might interpret this term, and how results might have been different if a different term like capitalism might have been used. This can help students learn to think critically about how data is collected and how that might shape the results of studies.

One could tell students about additional findings of the study. For example, for 9 of the 16 countries with trend data, support for a “free market economy” has declined since the financial crisis in 2007-8, with the greatest declines in Italy (down 23 percentage points) and Spain (down 20 points). Additionally, they found that people’s personal economic positions are related to their views. For example, survey respondents who indicate that their personal economic situation is good tend to be more supportive of the “free market economy”. Men are more likely than women to think people are better off in a free market economy. Similarly, people with a college education are more likely than those without to believe in the “free market economy”.

The following [table](#) indicates which actors people tend to blame for current economic problems, based on the same surveys as the figure before. In most countries, most respondents believe the government plays the most important role in causing economic problems. In western Europe, banks and financial institutions, however, receive a larger part of the blame. In many countries around the world, particularly outside of rich countries, a substantial proportion of the blame also goes to the US. And within Europe, many respondents see the European Union as responsible for current economic problems. Interestingly, respondents in Tunisia, India, Brazil, Japan and Greece seem most self-critical by taking responsibility themselves for current economic problems. Again, one could ask students to reflect upon the set up of the survey, for example the options that were given and those that were not like international organisations like the IMF, migrants, or economic elites.

The final [figure](#) shows what US respondents thought about capitalism and socialism in 2022. It shows that more respondents believe capitalism gives all people an equal opportunity to be successful than socialism does. On the other hand, more Americans thought socialism ensures everyone’s basic needs are met than capitalism does. When it comes to individual freedom, most Americans rank capitalism over socialism. Those respondents with a negative view of socialism tend to cite countries like Venezuela as an example, while those with a positive view tend to mention countries like Finland and Denmark as examples.

Again, people’s personal situation is found to be related to their views. Older respondents are found to be more supportive of capitalism. White Americans are more negative about socialism than ethnic and racial minorities, in particular black Americans. And again men and those with higher incomes are found to be more supportive of capitalism than women and those with lower incomes.

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Second, the students go again into the same duos as exercise 1. Here, they compare and discuss their interviews (with the help of the homework sheets) with each other as well as the public opinion data.

Wrap up

One can decide to ask a few students to report back to the group one interesting finding they had during their homework or the discussion of it. Alternatively, one could ask students to reflect upon how their thinking about capitalism has changed since this lecture and its homework.