

## ***Civics: A Christian Worldview.***

### **Short Film: “Mises’s Main Argument Against Socialism” (20-25 minutes)**

#### **TEACHER INSTRUCTIONS/KEY**

##### **Instructions**

1. **Objective:** This short film and discussion helps student understand why socialism fails (and always will fail) to efficiently plan an economy.
2. Play “Mises’s Main Argument Against Socialism,” an excerpt from a lecture by Joseph Salerno. (The video may be found [here](https://www.youtube.com/watch?v=nUCnyqInyjQ). The link is [www.youtube.com/watch?v=nUCnyqInyjQ](https://www.youtube.com/watch?v=nUCnyqInyjQ))
3. **NOTE:** You can play this at 1.25 speed and still easily follow the speaker’s main points!
4. **Tell students:** “Take notes on this short film.”
5. Allow students 5 minutes to compare notes in pairs/groups.
6. Discuss together as a class when finished. (Ask for volunteers!)

##### **Main Points:**

- The **distinguishing characteristic** of socialism is that **ONE WILL guides economic decisions** (a dictator, or a group of planners), **instead of individuals** making their own decisions in their own best interests.
- The **car example** shows that **costs involved** in building cars include involves paint, metal, labor, engineering, etc. Socialist economic **planners can’t figure this out**—and this is only ONE product among MILLIONS!
- If a company messes up, it loses money, and the company tries as hard as possible to fix it. But **economic planners don’t know when they’re making mistakes**, so they do the same thing over and over.
- The **home in Montana** (moving the house from Nebraska 687 miles to Montana was cheaper/more efficient than building it in Montana, because in Montana there are few house builders, and they are therefore much more expensive to hire). **Lesson:** Private companies figured this out, customers rewarded their efforts. Socialist planners could never solve these types of problems.
- Mises says the **biggest problem with socialism** is that it **gets rid of the market prices** for things like land, machines, buildings, and tools (what economists call “capital goods”).
- In socialism, the government owns the means of production, so **people don’t buy and sell these things in a market** anymore.
- When people stop buying and selling these goods, **real market prices disappear**.
- Prices are important because they **tell us how valuable or scarce something is**. They send signals about what people want and how hard something is to produce.

Without these price signals, government planners **have no reliable way to decide:**

- What to produce
- How much to produce
- The most efficient way to produce it

**Remember:** The Bible limits the government’s legitimate purposes to threatening and punishing those who harm others and/or steal from them. The Bible gives governments **NO AUTHORITY WHATSOEVER TO RUN ECONOMIES**. God knew this would never work, and Mises’s 1920 book on why socialism will fail (*Economic Calculation in the Socialist Commonwealth*, referred to by the speaker) simply echoed this concept.