

## FREE MARKETS:

## HOW FREE MARKETS WORK AND DOES THE U.S. HAVE ONE?

### LESSON PLAN

#### Objectives

- Students will be able to describe how the free market is applied in the U.S.
- Students will be able to explain the advantages and disadvantages of free markets.
- Students will be able to debate/discuss what aspects of American society use free markets and which don't.

#### Materials:

ARTICLE: [America's Economy: How It Works](#) discusses the American economic system, which parts are more socialized, and which rely on free markets.

VIDEO: [Why Do Free Markets Work?](#) – this video discusses three reasons why the free market system is successful. Related worksheets include:

- a) Debate [information sheet](#) describing three arguments for free markets and three against.
- b) Video [comprehension quiz](#).
- c) Video [discussion questions](#).

#### Suggested Procedure:

1. Ask for any information/knowledge the students may have about free markets. Where have they heard the term? What was the circumstance? Was the concept presented in a positive or negative light? Ask what other market or economic systems they are familiar with.
2. Present the article [America's Economy: How It Works](#). This may be read from the internet or printed so that students can read a copy individually or in groups.
3. Ask students to fill in the attached Venn diagram. Have them work as a group to name aspects of government and American life that fit into the two categories, "free market" and "socialized." Are there any that cross the divide? Students can debate with each other regarding which elements belong where.
4. Ask students why they think the U.S. has by and large chosen to adopt free markets as opposed to another system.
5. Show video [Why Do Free Markets Work?](#)  
Suggested places to stop and ask questions:

- 1:00 – How do the students feel free markets might promote wealth?
  - 1:15 – Can students provide a definition of wealth that remains relevant across different countries and cultures?
  - 1:32 – Can students give a real-life example of a consensual and voluntary trade?
  - 2:05 – What markets or companies can students think of that may have an unfair advantage?
  - 2:17 - How do free markets promote innovation?
  - 2:47 - Can the students give examples of social media companies that have created jobs? How does this tie in with free markets?
  - 3:11 – Discuss the Milton Friedman quote.
6. Discuss how an entrepreneur could start a company in a system where there was no free market. What problems might they encounter?
  7. Hand out debate [information sheet](#) and allow students to read individually or as a group.
  8. Have students complete the [comprehension quiz](#).
  9. Have students complete the [discussion worksheet](#) individually or in groups.

*Extension:* Research project. Students choose a country and write a report on what system it uses. Does it have mostly free markets, mostly socialized companies, a mix of the two? Follow up with students presenting the findings with an analysis of their own thoughts on the research.

*Extension:* Read the article [Capitalism vs. Socialism: Who controls the market?](#) Related discussion questions could include...

- Are free markets and capitalism the same thing?
- How do Republican and Democrat approaches to the economy differ? Can you cite any real-life examples?
- Socialist economics typically involve greater government intervention – what other areas of life could this affect?
- Does all capitalism involve less government intervention in the economy?
- What differentiates left-wing and right-wing ideas?

## The Free Market & American Life

Classify aspects of American society into each of these categories – is there any crossover? Some things to think about are: health care, trade, banking, transport, the economy, government, local services (garbage collection, etc), the postal service, energy & utilities, natural resources, food, water, land...

