



VIDEO CASE

IS AMERICA #1?

It is one thing to talk about capitalism and socialism in the abstract. It is quite another to visit various countries with different economic and political systems and see what the consequences really are. That's what this video is all about.

There are about 2.8 billion people in the world who make \$2.00 a day or less. That's nearly half of all the people in the world. They live in poverty. Why? Why do the people in the United States have so much more than people in Haiti, Mexico, or North Korea?

This video tries to answer such questions by looking in depth at three countries: the United States, Hong Kong, and India. In India, many people live in what we might call a slum. Some 300 million don't have running water in their homes, if they have homes. Some believe that the answer to wealth is democracy, but India has a democracy and it is still very poor. India is an example of socialism. The government wants to keep control over everything, so it is very hard to start a business. There are many forms to fill out and the government may take years to give you an answer. Indians who come to the United States quickly earn as much as anyone, proving they are quite capable. It is the form of government (socialism) that keeps the country from prospering, the video says.

Hong Kong, on the other hand, is quite prosperous. Some may think that natural resources make a country rich, but Hong Kong has very few natural resources. Basically, it is a rock in the middle of water. So, how did it get so rich over the last 20 years? Freedom! The government does very little regulation in Hong Kong. Taxes are just 15 percent. There is no minimum wage, OSHA, or labor laws. The government has some laws to protect businesses from other businesses, but the country prospers because of freedom: low taxes, few regulations, and many opportunities. It is very, very easy to start a business in Hong Kong, so there are many entrepreneurs, and entrepreneurs, as you read in the chapter, create jobs and wealth. You can see for yourself in the video, Hong Kong is more capitalistic than the United States in that there are fewer government programs.

The United States is even wealthier than Hong Kong, but not much. People from all over the world flock to the United States seeking opportu-

nity and wealth. Many, if not most, find it. Silicon Valleys in California, Virginia, and Massachusetts are full of immigrants from other countries. In California, one-fifth of the companies were started by immigrants. Immigrants make up one-third of the engineers and one-third of the scientists. Why don't they stay home in their own countries and become entrepreneurs? Because it is simply too hard. The video shows several examples of people from France, Germany, and Sweden (mostly socialist countries) who have come to the United States and prospered because of the freedom. The United States is known as a capitalist country, even though it is really a mixed economy. But people are able to compete freely. They can make decisions and move quickly without any permission from the government. They cannot operate so freely in France or Germany or Sweden. Thus there is higher unemployment in those countries and fewer innovations.

People who come to this country believe that, as one woman says in the video, "If you want it, you can get it" in the United States. That isn't as true in other countries, such as Jamaica, where she is from. One can't appreciate fully the benefits of living in the United States without traveling to other countries to see how people there live.

On the other hand, there are many things wrong with the United States. There is lots of crime, drug use is rampant, and the moral base has eroded tremendously. Other countries do better in taking care of the poor and offer more comprehensive health care for all. Socialist countries have more equality. The governments appear to be more compassionate and socially minded. There is much the United States could learn from other countries. But there is also much other countries could learn from the United States. You can't end poverty, hunger, and disease without the freedoms and incentives available in the United States. That is the foundation of capitalism. But you can't have peace of mind and enjoy the good life without having fairness, compassion, low crime, and moral standards. Some socialist countries have done better in those areas. Thus a mixed economy is best, one that has both capitalism as its economic base and some social programs to take care of the sick and poor and aged.

The question in the United States today is: How much money should the government get and how

much should go to businesses and the people? That is, how much freedom is too much freedom and how much government involvement is too much involvement? That will be the issue throughout the millennium, but we can begin today to explore the answers.

Discussion Questions

1. If freedom is the answer to much of the hunger and poverty in the world, why don't countries give their people more freedom?
2. What can other countries teach the United States that would make it a better place in which to live, work, and raise families?
3. What countries, other than Hong Kong, are rich but have few natural resources? What countries are rich and overcrowded? How would you explain how such countries have become rich?
4. If you had a couple trillion extra dollars to spend, as the government anticipated in 2001, what would be your priorities for using that money?