

Lesson Ten

Free Enterprise

LESSON IDEA

The American free enterprise economic system, while admittedly imperfect, provides a greater abundance of high-quality goods than does communism, socialism, fascism, or other collectivist systems, including government-run enterprises within our own country.

VISUAL AID

None recommended for this lesson.

THE ECONOMIC SYSTEM of the United States is usually called free enterprise.

Tonight, let's discuss what that means, and how free enterprise compares with other economic systems. Let's see if we can determine why free enterprise can only flourish under freedom, and why it surpasses such collectivist alternatives as communism, socialism, and fascism in providing an abundance of high-quality goods and services.

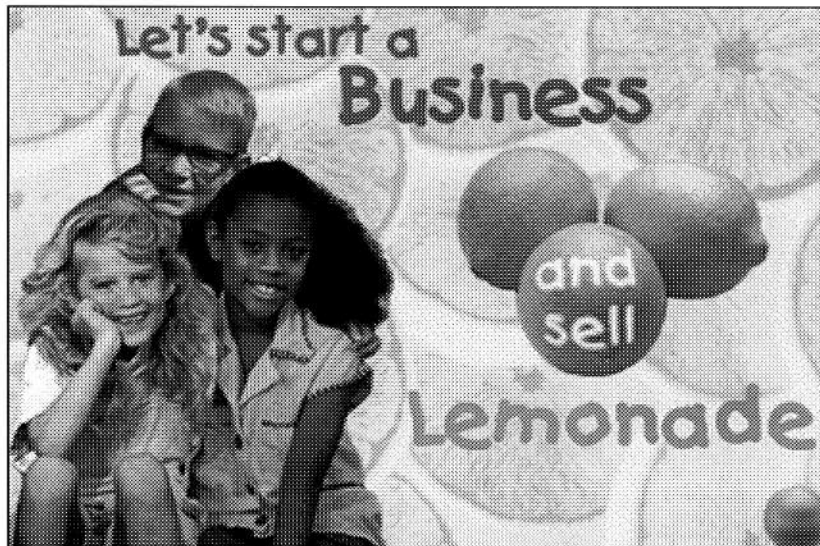
"Free enterprise" is sometimes confused with "private enterprise"; the two terms do not necessarily mean the same thing. Piracy, for instance, is a private enterprise, but it is not a free enterprise, since its success depends on violating the property rights of others. Likewise, the Mafia is a private enterprise, but since it relies on murder, coercion, and theft, it can hardly be considered a free enterprise.

All free enterprises are private enterprises, but not all private enterprises are free enterprises.

Free enterprise entails men and women working voluntarily at whatever tasks they do. They

must also be free to exchange the fruits of their labor with each other. Under free enterprise, we can choose to be an engineer, architect, doctor, bricklayer, truck driver — the choice of professions is virtually unlimited. We can build a factory and make television sets, safety pins, computers, or model racers. We can decide where to buy materials and how much to charge for the products we make or services we offer. In other words, free enterprise means being free to make economic decisions, so long as we do not interfere with the rights of others to do likewise.

Free enterprise made it possible for the United States to have more material necessities and comforts of life than any other nation in history. Whereas communist countries had to erect barriers (such as the Berlin Wall) to keep their people from leaving, we had to pass immigration laws to limit the number of people com-



U.S. Govt. (STANIS) graphic

Every business, from lemonade stand to large company, benefits from our free enterprise system!

ing here from other countries, because so many desired to do so.

Not everyone in our country favors free enterprise, however. Some even urge that it be replaced by some type of socialistic system. It is important to note, however, that many of those most actively engaged in criticizing free enterprise depend on its fruits to wage their assault. Their food, clothing, shelter, books, cars, telephones, television sets, radios, musical instruments, microphones, printing presses, computers, and many other items are readily available only because the free enterprise system has worked so well. In many of

the socialist countries they admire, such items would only be available, if at all, at prohibitive prices.

SOMEONE ONCE calculated what the United States would have had to do to match the economic status of the former Soviet Union (which was later recast as Russia and several other socialist countries that are still struggling economically). It was discovered that we would have had to:

- Reduce our steel production by 60 percent.
- Reduce our output of electricity by 66 percent

FOR YOUNGER AMERICANS

The concluding segment of this lesson, dealing with the "paper blizzard" and other examples of government interference with the economy, may be omitted for younger children. Instead, focus on the startling difference in results between free enterprise and socialism. Cite such additional comparisons between the old Soviet Union and the United States as the following:

1. The average American worked for only 57 hours to earn enough to purchase a television set, and then had a large variety of stations and programs to choose from. In the Soviet Union, a worker labored for 695 hours to buy a T.V., and the government controlled the programming.

2. An American worked about 4½ hours to buy a pair of shoes, with a plethora of styles and sizes to choose from. In the Soviet Union, it required an average of 49 hours to earn enough to buy shoes, and even then the selection was limited and the quality inferior.

3. An American earned a pound of butter in less than 30 minutes, while a Soviet citizen was forced to labor for more than two hours, and then might not be able to purchase butter due to shortages.

4. An American worked about one week to earn enough to buy a washing machine; in the Soviet Union, it required a month's wages.

Based on such comparisons, ask your children which system they would prefer. Why did free enterprise in the United States accomplish so much more than did socialism in the Soviet Union? What did one United States Senator mean when he said that "if a communist regime were to take over in the Sahara, there would in time be a shortage of sand"? Which principles discussed in earlier lessons are not being followed in socialist countries today? Which of those principles, if any, are eroding here in the U.S.?

- Reduce our petroleum production by 66 percent.
- Reduce our construction of hydroelectric plants by 95 percent.
- Reduce our consumption of natural gas by 90 percent.

In addition, it would have been necessary to destroy:

- Fourteen out of every 15 miles of pavement.
- Two out of three miles of railroad track.
- Eight out of ten ships.
- Nineteen out of 20 cars and trucks.
- Forty million T.V. sets.
- Nine out of ten telephones.
- Seven out of ten homes.

In all, it was determined that we could match the Soviet system by reducing our standard of living by 75 percent. And while we would have had to send some 60 million of our citizens back to the farm, they would not have produced enough to feed the rest of the nation.

Despite such impressive evidence, some would have us exchange a proven economic system that has generated more abundance for more people than any other in history, for a collectivist alternative that has floundered everywhere it has been tried.

Some additional revealing comparisons can be made between free enterprise and government control here at home. Suppose that you were living, say, about 150 years ago, and were faced with solving the following problems:

1. How to carry the human voice instantly from an American city to a foreign country;
2. How to transport over three hundred people from New York to Los Angeles in less than five hours;
3. How to build and maintain roads adequate for the vehicles that travel on them;
4. How to convey the sight and sound of a football game in California to homes throughout the country and elsewhere in the world, while the game is in progress.

Which of the four tasks would have seemed easiest to achieve in the mid-1800's? [Give everyone an opportunity to choose, and ask each to explain their choice.]

Clearly, the third problem (building and maintaining adequate roads) would have seemed easiest at the time, since many roads already existed

