

## CONVERSATIONS WITH KARL MARX AND ADAM SMITH I



*Should An Economy Produce Designer Jeans?\**

### SCENE I

MODERATOR: Good evening. Tonight we will meet two important economic thinkers. Adam Smith, the father of capitalism and Karl Marx, the spokesman for communism.

Gentlemen, what is your opinion? Should an economy produce designer jeans?

SMITH: If consumers want designer jeans, they should have them. In a capitalist economy, businesses know what people *want* by what they *buy*. When sales rise, many brands and styles are produced to meet demand. I myself am wearing Sergio Valenti jeans!

MARX: In a communist economy, we plan to meet the needs of all the people. If jeans are needed, we will produce a pair for everyone. I am wearing such a jean — it is plain pocket.

SMITH: How dull! You would have the government decide what people need. But I say, people know what they want, and what they like *and* they have a right to choose for themselves!

MARX: You capitalists are so proud of your choices. I see you chose a shirt with a little crocodile on it . . .

SMITH: It's an alligator.

MARX: I don't care if it's a glockenspiel! What happens to people who can't afford fancy clothes? Or medical care either! A society should provide for everyone. That's plain-pocket good sense!

SMITH: Sounds like *empty-pocket* nonsense to me!



# Economics Action Pac

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## SCENE II

Moderator: Moving on to the next issue, gentlemen, how will the jeans be produced?

MARX: Communist factories are owned and run by the workers themselves. Our jeans will be cheaper because there is no profit for the capitalist boss.

SMITH: Wrong again! Without the profit motive, your workers will waste time and materials. Your workmanship will be poor. Whereas, in my capitalist economy, competition will keep prices down and quality up!

(Ripp! The moderator looks below his podium and cries!)

MODERATOR: My jeans tore!

SMITH: (Aside, to the audience) They probably came from a Marxist factory!

MARX: The point is, you capitalists care more about profits than people! You send jeans to Taiwan to be sewn and leave your workers unemployed. Or worse, replace workers with robots!

SMITH: Absolutely! If the robot is more efficient than a worker, he should get the job. Efficiency means more products at lower prices and that means a better standard of living for everyone.

(A robot enters — with the name Adam Smith on chest — approaches Smith).

SMITH: Back, boy! You can't take my place. I am a great economist! I'm the father of capitalism! I'm the author of the *Wealth of Nations*! I'm . . . (Robot has Smith pinned).

## SCENE III

MODERATOR: Finally, gentlemen. Who gets the jeans in your ideal economies?

SMITH: Whoever *wants* designer jeans will pay the price for them. I myself freely chose to spend my money on Sergio Valenti jeans. I could have bought, say, a designer tie or put my money in the bank.

MARX: In a pure communist society, all those who *need* jeans will have them. As I always say, "From each according to their abilities, to each according to his need!"

SMITH: Hogwash! There is no pure communist society!

MARX: There is no pure capitalism, either!

MODERATOR: And there is no more time, gentlemen. Thank you.

(Marx and Smith turn around and their backsides read "The End.")



## CONVERSATIONS WITH KARL MARX AND ADAM SMITH II



*Who Should Own McDonald's?\**

### SCENE I

MODERATOR: Good morning. Here we are at McDonald's with Adam Smith — father of capitalism and Karl Marx, the spokesperson for communism. Gentlemen, who should own McDonald's?

SMITH: Why that's simple. Businesses should be owned by private individuals who want to earn a profit. They will produce what people want. Look at all the goodies capitalism cooks up — Whoppers, Big Macs, Bell Burgers and Chicken Nuggets . . . (Smith is munching away). Here, try one. (Smith puts a hamburger in front of Marx.)

MARX: I prefer weiner schnitzel, thank you. Besides it's *not* that simple. Private ownership creates classes. The boss gets rich while the workers who made the burgers stay poor. Those are rip-off burgers!

SMITH: Now hold on! It was the owner who came up with the idea and risked the money. Someone had to invent chicken nuggets, you know.

MARX: Why wait for the capitalist to invent chicken? It doesn't take a lot of brains to know that people need food. We will collectively provide food for everyone. Maybe even burgers! We can call them the Big Marx!

SMITH: You can't call them the Big Marx. That's copying!

MARX: Karl's Jr.?



## SCENE II

Moderator: Gentlemen, what should the workers be paid?

MARX: At McMarx burgers, workers will be paid a maximum wage and not a minimum one because the profits of the business go to the workers who produce the product.

SMITH: You mean you're going to pay them all the same wage? I believe that people should be paid on the basis of their effort, skills and training.

MARX: I agree.

SMITH: (Choking on his Pepsi) You do?

MODERATOR: (As if just waking up) Did you *agree* on something?

MARX: Well, in the first stages of socialism, people should be paid on the basis of their abilities. Later, they will be paid what they need.

SMITH: Who is to say what people *need*? Don't you understand human nature? People will always want more. That's why, in my economy, the market decides wages.

MARX: You mean the boss decides.

SMITH: No — it works like this — see, if fast food workers are in demand, their wages will rise. If there are too many workers in the burger business — wages will fall and they'll look for other work. It happens naturally.

MARX: What is *natural* about unemployment? In a communist society, we guarantee a job and a decent income for everyone! We plan it that way.

SMITH: That's the problem. You'll be planning everything. People won't be free to choose their jobs!

MARX: In your economy, people are free to starve!

SMITH: Who's starving? I just ate four burgers (still munching).

## DID YOU GET IT?



Label the following: Adam Smith (capitalism) or Karl Marx (communism).

1. \_\_\_\_\_ Economic need should determine what is produced.
2. \_\_\_\_\_ Consumer preference should determine what is produced.
3. \_\_\_\_\_ No one knows better than they do what they need or want.
4. \_\_\_\_\_ An economy based on consumer choice puts it in the hands of those with money to buy.
5. \_\_\_\_\_ An economy based on consumer choice may produce videos but not housing.
6. \_\_\_\_\_ Economic freedom for consumers is important.
7. \_\_\_\_\_ Private property creates classes.
8. \_\_\_\_\_ Private property and profits promote incentive and hard work.
9. \_\_\_\_\_ Profit, rather than human concerns, becomes the focus under capitalism.
10. \_\_\_\_\_ Without profit, factories would be inefficient and wasteful.
11. \_\_\_\_\_ Consumer goods should go to those who can afford them.
12. \_\_\_\_\_ Consumer goods should go to those who need them.
13. \_\_\_\_\_ If someone is willing to pay the price for a good, it shows they value it highly.
14. \_\_\_\_\_ If someone is able to pay the price, it shows that they have more money than others.

### FILL IN THE CORRECT WORD:

- (Marx) 1. The profits of a firm should go to the \_\_\_\_\_ who produced the product.
- (Smith) 2. Private ownership promotes \_\_\_\_\_.
- (Smith) 3. Supply and demand should determine the worker's \_\_\_\_\_.
- (Marx) 4. A capitalist economy does not guarantee worker's \_\_\_\_\_.
- (Smith) 5. If wages \_\_\_\_\_, workers look elsewhere for work.
- (Smith) 6. Rising prices serve as a signal to produce \_\_\_\_\_ more of a product.
- (Marx) 7. The \_\_\_\_\_ will be able to afford more goods under capitalism.
- (Marx) 8. Capitalism distributes goods to the \_\_\_\_\_.
- (Smith) 9. Capitalism distributes goods to those that \_\_\_\_\_ them.