

What is Capitalism?

Grade Levels: 9-12

Time Commitment: 40 Minutes

Subject(s): U.S. History, Civics/Government, Economics

Overview: Students will work in small groups to explore six primary sources to create their own definition of Capitalism. The sources include excerpts from Article I, Section 8 of the U.S. Constitution, The Wealth of Nations, the Second Treatise of Government, Hamilton's Report on Manufactures, and more.

Materials: • Student Handouts • Printer
• Smartboard or Projector (Optional) • Whiteboard/Chalkboard

Opener (10 Minutes):

1. Hand out the Activity Handout (Page 3). Have students individually write down their own definition of Capitalism on the sheet.
2. When everyone has finished their definitions, tell the students: The United States is founded on the principles of Capitalism.
3. Ask:
 - a. What do you think Capitalism means? (Students should share what they originally wrote down).
 - b. What words come to mind when you hear "Capitalism"?
4. Write key responses on a board or giant sticky note. Tell students to take notes of responses in their Activity Handout (Page 3).

Activity (15 Minutes)

1. Divide the students into six different groups.
2. Assign each group one of six primary sources (Pages 4-9), and provide about five minutes for the groups to read and annotate their assigned primary source.
3. Provide five minutes for the students use their primary source to revise their answer to the opener question ("What does Capitalism mean?") in the Activity Handout (Page 3) and discuss as a group.
4. Students should select one spokesperson to share on behalf of the group during the closer.

Closer (15 Minutes)

1. Call on the spokesperson from each of the six groups, and ask: "What does Capitalism mean according to your assigned document?" Add onto the key answers on the whiteboard.
2. Use the key answers to create a concise definition of Capitalism as a class, which the students can reference back to throughout future lessons.
3. As an exit ticket, ask students to write one "Pro" and one "Con" of capitalism on a notecard to submit on their way out the door.

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Tips & Tricks for the Activity

- Some students likely need more guiding questions to fully understand these documents. In the opener, briefly introduce each of the six sources by reviewing contextual information (Pages 10-11) to help students better understand the speaker's point of view.
- If this is done with multiple classes, write each definition from each class onto giant sticky notes to post around the room, demonstrating each class's own definition of capitalism.
 - From these class definitions, create a uniform definition that bridges common themes seen throughout the day.
- After the class discussion about each document in the closer, if time permits, send students back into small-group discussion to create a clear, concise definition of capitalism. Then, ask students to share and combine this work into a whole-class definition.

Extension Activity Ideas

- In the closing, ask students what they see as the “pros” and “cons” of capitalism, and pose the following questions in class discussion:
 - How does Capitalism help make America great?
 - What are some limitations to pure Capitalism?
 - Can you think of any ways that the U.S. has tried to address these limitations over time?
- Have students find one more primary source (not one of the six handed out) that helps further their definition of capitalism.

Modified Activity Ideas

- Higher-level students can read entire key documents, such as the Northwest Ordinance, rather than short excerpts.
- If possible, group students who are new to the country together to read the United States Constitution as their assigned document.
 - High school students who attended U.S. elementary and middle schools have likely read these documents previously and could explore new sources.
- Provide the contextual information (Pages 10- 11) to students if they need it.

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Activity Handout

Name: _____

Block: _____

What do you think Capitalism means? Reflect and answer in one or two complete sentences in the box below.

What words come to mind when you hear “Capitalism?” List at least three in the box below.

My group’s primary source is: _____

According to your primary source, what does Capitalism mean?

After reading your primary source, rewrite and revise your answer to “What does Capitalism mean“ in the box below.

As a class, come up with a definition of Capitalism. Write that final definition here.

What is Capitalism?

Primary Source Readings

READING #1: Article I, Section 8 of the United States Constitution

“The Congress shall have Power:

To lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

To borrow money on the credit of the United States.

To regulate Commerce with foreign nations.”

What is Capitalism?

Primary Source Readings

READING #2: The Wealth of Nations

“The greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgement with which it is anywhere directed, or applied, seem to have been the effects of the division of labour...

The whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator.”

What is Capitalism?

Primary Source Readings

READING #3: The Second Treatise of Government

“He hath mixed his labour with, and joyned to it something that is his own, and thereby makes it his property.

It being by him removed from the common state Nature placed it in, hath by his labour something annexed to it, that excludes the common right of other Men.

For this labour being unquestionable property of the labourer, no man but he can have a right to what that is once joyned to.”

What is Capitalism?

Primary Source Readings

READING #4: Hamilton's Report on Manufactures

“Manufacturing institutions contribute to augment the general stock of industry and production.

In places where those institutions prevail, besides the persons regularly engaged in them, they afford occasional and extra employment to industrious individuals and families, who are willing to devote the leisure resulting from the intermissions of their ordinary pursuits to collateral labours, as a resource of multiplying their acquisitions.”

What is Capitalism?

Primary Source Readings

READING #5: Jefferson's Notes on the State of Virginia

“The poor who have neither property, friends, nor strength to labour, are boarded in the houses of good farmers, to whom a stipulated sum is annually paid.

To those who are able to help themselves a little, or have friends from whom they derive some succours, inadequate however to their full maintenance, supplementary aids are given, which enable them to live comfortably in their own houses, or in the houses of their friends.”

What is Capitalism?

Primary Source Readings

READING #6: Northwest Ordinance

“No man shall be deprived of his liberty or property...

And, in the just preservation of rights and property, it is understood and declared, that no law ought ever to be made, or have force in the said territory, that shall, in any manner whatever, interfere with or affect private contracts or engagements, bona fide, and without fraud, previously formed.”

What is Capitalism?

Primary Source Readings Context

READING #1: Article I, Section 8 of the United States Constitution, Explained

- The U.S. Constitution outlines the provisions of the U.S. federal government.
- Article I, Section 8 is known as the Commerce Clause.
- Commerce means trade.
- Access to trade is essential to capitalism.

READING #2: The Wealth of Nations, Explained

- In The Wealth of Nations, Adam Smith explains how a free market creates a productive society.
- He argues that a strong economy should have the freedom to prioritize efficient manufacturing.
- He believes self-interest motivates great inventions and productivity.

READING #3: The Second Treatise of Government, Explained

- One of John Locke's points in this document is to communicate that all humans have a right to property, and government should protect that natural right.
- The ability to own private property is a cornerstone of capitalism.

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Primary Source Readings Context

READING #4: Hamilton's Report on Manufactures, Explained

- Hamilton believes hard work should lead to higher wages and wealth.
- He believes the average American will be motivated to work, especially in manufacturing, to provide for their families and “multiply their acquisitions.”
- He thinks that capitalism and private property are essential to propel the American economy.

READING #5: Jefferson's Notes on the State of Virginia, Explained

- Jefferson believes that in a capitalistic society, the rich will support the poor so that they do not suffer from homelessness.
- He thinks class differences will inevitably exist in a capitalist economy, but he believes the lower class can still find support and satisfaction in life.

READING #6: Northwest Ordinance, Explained

- Liberty and property are listed together, suggesting they are equally important in this ordinance.
- Remember, private property is essential to capitalism.
- As outlined in John Locke's Second Treatise of Government, the U.S. government here is promising to protect Americans' right to private property and land ownership.

This Lesson Plan was:

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