

Learn about economics and finance by building a company

Previous compulsory steps / Prior students' knowledge	None
Learning objectives	Learning some economics principles. Learning some features of the banking/economic system. Discussing democracy and economics.
Subjects	Economics, Social sciences, Citizenship, Political Sciences
Skills developed	Critical thinking
Recommended Age	15 - 18
Material needed	<p>Operating System: Microsoft® Windows® Windows 7/Windows 8/Windows 10/Windows 11</p> <p>Processor: 1 GHz CPU or above</p> <p>Memory: 2 GB RAM</p> <p>Hard Disk Space: 700 MB</p> <p>Display: DirectX compatible, supporting at least 1024 x 768 resolution, up to 1920x1080</p> <p>DirectX® Version: DirectX® 9.0c</p> <p>An Internet connection</p>
Sequence duration	120 minutes
Individual or group activity	Group activity or Individual

<p>Tips for a shorter duration</p>	<p>All tutorials set goals after teaching their content. You can ask your students to reach these goals if they have the time or to skip straight to the next tutorial to learn more concepts in a shorter time frame.</p> <p>To shorten the sequence, you can limit yourself to certain tutorials. You should at least do the first one to get to the game interface.</p>
<p>Tips for inclusion</p>	<p>The game is only available in English but there are some community-created translations available. Use this page to help you install them: https://www.capitalismlab.com/resources/download-user-translated-game-text/</p> <p>The game interface can be challenging for students with low vision. Make sure to help them navigate the game or have a teammate help them perform the tasks they want to do.</p>



(Source: www.capitalismlab.com/)

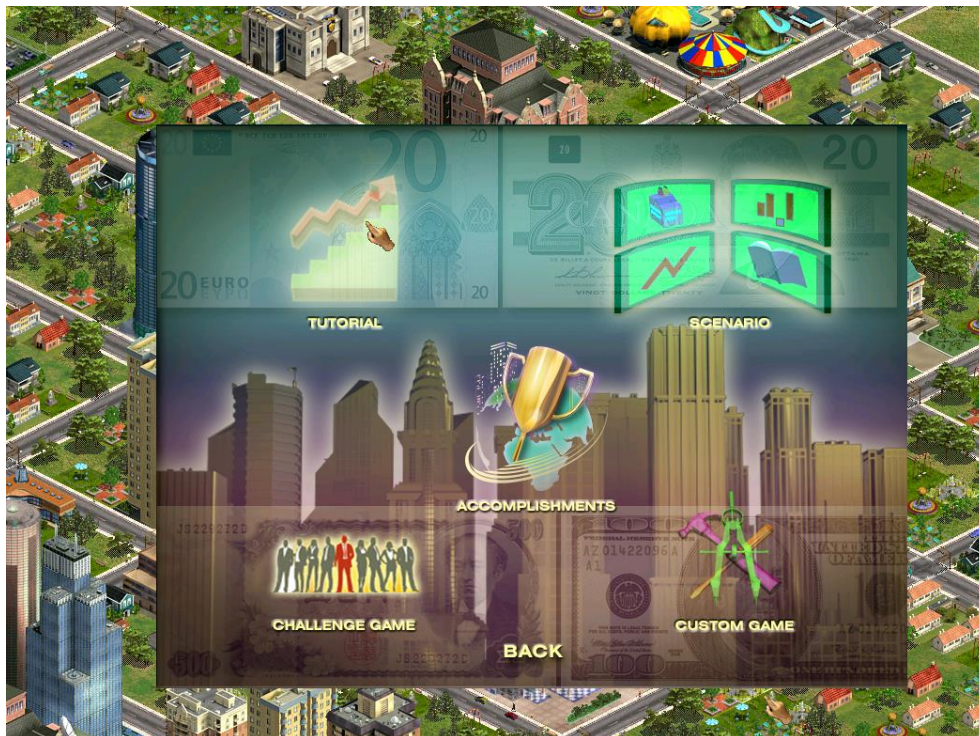
Capitalism Lab is not very fancy graphically, but it is probably the most realistic economics simulation game on the market.

We provide some ideas of debate and debrief topics for each completed tutorial.

Step by step: how to implement the sequence

For each step, just let students go through the tutorial.

To find tutorials go to New Game > Tutorials. Then select the one you want and click start. It is better to perform them in order as they build on previous knowledge.



- **Step 1: Tutorial 1, learning the interface (20 minutes)**

The first tutorial will have the player learn the basic game interface.

Debrief topics:

Supply and demand

To explain the law of supply and demand you can use this video:

💡 [“Supply and demand: Crash Course Economics #4”](#) by CrashCourse.

Revenue vs profit vs cash

To help you explain those concepts you can use the following resource:

<https://www.rewardsnetwork.com/blog/money-matters-the-difference-between-sales-revenue-profit-and-cash-flow/>

- **Step 2: Tutorial 2, retail management (20 minutes)**

In this tutorial, players will learn how to set up sales and purchasing units in a department store.

Debrief topics:

Brand and quality

The game shows that we set our objectives based on consumer demand and concerns (price, brand, quality). It is the occasion to talk about the impact of consumer choice and price signals.

You can use this video to illustrate:

💡 [“Markets, Efficiency, and Price signals: Crash Course Economics #9”](#) by CrashCourse.

- **Step 3: Tutorial 3, manufacturing (20 minutes)**

In this tutorial players will have to contract a loan with a bank to start up their factory.

Debrief topics:

Ex-nihilo money creation

Since players contracted a loan during the tutorial, you can explain ex-nihilo creation of money.

The number on your bank account is not money, it's a promise of the bank to make that money available to you if required.

Banks create money by making loans. To illustrate and back up this information, you can use [this resource](#).

- **Step 4: Tutorial 4, stock exchange (20 minutes)**

In this tutorial, players learn the basics of financial actions and stock exchange.

The game mentions that to attract buyers, the cash generated by selling stocks should be used to invest in the business to generate more profits for shareholders.

The game also sets a goal of reaching 100\$ stock price to satisfy investors who expect a good ROI.

This is an opportunity to debate the shortcomings of this system (positive feedback loop toward investors) which can lead to squeezing product quality, workers or clients to satisfy shareholders and puts companies under pressure to satisfy them.



- **Step 6: General debrief (20 minutes)**

Economics are fundamentally political: normative vs. positive approaches.

The positive approach is when we use economics to help us understand the impacts that the addition of a rule would have (objective).

The normative approach is when we blend the role of the economist and the politician: we justify and defend a certain vision of society through the adoption of certain rules (subjective).

The subjects of interest, parameters and indicators we choose to prioritize are of political matter. For example, an economist interested in maximizing the wealth of the country instead of maximizing its distribution has a political approach that privileges the priority given to this specific parameter (over others).

Economics and democracy

To keep a positive approach of economics, an economic policy should be set as follows in a democracy:

- People vote about what they think an “ideal” society should look like: which indicators and parameters to maximize
- Economists try several combinations of rules so that the organization of society gets closer to the set objective

But how can we make sure economists do things right?

When we ask them something, how can we make sure their answers are positive and not normative? How can we know the real constraints of the system?

The answer is daunting, but all citizens should have basic notions of economics in order to be able to untangle positive and normative declarations from the experts. It can also ease anger toward political decisions when we understand why they were taken.

References:

All images are screenshot from Capitalism Lab (Trevor Chan, 2012)

Heu?rêka. (Payot). (2008). Tout sur l'économie, ou presque: Pour comprendre vraiment ce qui cloche dans le système (1st ed.)

[CrashCourse]. (2016, January 6). 'Markets, Efficiency, and Price signals: Crash Course Economics #9' [Video File]. Retrieved from <https://www.youtube.com/watch?v=eNxx5-EJFrY>

[CrashCourse]. (2015, August 14). 'Supply and demand: Crash Course Economics #4' [Video File]. Retrieved from https://www.youtube.com/watch?v=g9aDizJpd_s

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