

ECONOMICS IN THE REAL WORLD

TEACHER RESOURCES

A-LEVEL



ADAM SMITH
INSTITUTE

Zero-Sum Fallacy

Objective: By the end of the lesson, students should be able to define the zero-sum fallacy, identify examples of it in real life situations, and understand its implications on decision-making.

Starter activity—present the class with the quote below, giving them 5 minute to discuss in groups of 3 what the point Marx is trying to portray.

"Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil slavery, ignorance, brutality, mental degradation, at the opposite pole."

- Karl Marx, Capital: A Critique of Political Economy, Volume 1'

If students are struggling in their groups, allow the discussion to open up to the whole class, if they continue to struggle, guide them to the conclusion that Marx was getting at, the concept of one person becoming rich at the expense of another.

Ask the class if they think this is a fair conclusion and if they agree with Marx. If students do, ask them if they then think wealth is fixed? Allow them to realise by themselves that Marx was wrong and that wealth grows and so is not zero-sum.

Introduce the zero-sum fallacy and explain that wealth is an example of the zero-sum fallacy, where Marx has wrongfully assumed something to be finite. Clarify to students that decisions based on this fallacy can lead to inaccurate conclusions and often people overestimate the opportunity cost of their decisions when believing the zero-sum fallacy.

Give students Activity 2 and allow them to discuss in pairs what they think. Ask them what the consequences are of believing immigration is zero-sum and ask if students can think of any other examples where the zero-sum fallacy plays a role.

If there is time, conclude the lesson with Ted-Ed video 'The Zero Sum Fallacy' (4 minutes) to conclude the lessons findings.