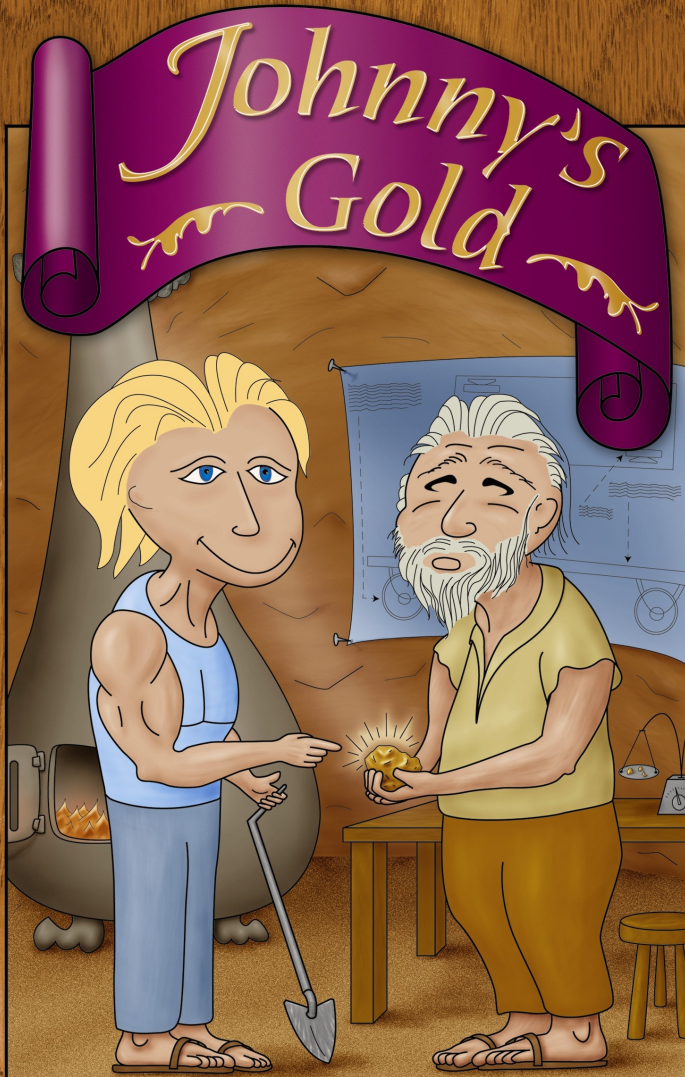


Instructor's Guide

# Johnny's Gold



Written by Michael A. Malgeri Illustrated by Michael W. Schultz

“Michael Malgeri has created a series of small books that could change the way an entire generation views individualism, profit-making, and capitalism. The books are easy to read and fun to discuss with children of all ages. They capture the imagination and explain the moral foundations of a free society with just a few words and pictures. Adam Smith and Milton Friedman would have approved!”

**Joseph Bast, President, The Heartland Institute**

“Kids will learn from these. But adults would, too! Should be mandatory reading in Washington.”

**Steve Forbes, Forbes Magazine, on the “Johnny Profit” series**

“**Johnny’s Gold** continues the bold and unconventional theme found in the world of “Johnny Profit.” It shows kids that money, rather than being the root of all evil, is a tool of progress and justice. Parents will also learn and enjoy.”

**Larry Kudlow, host of CNBC's "The Kudlow Report"**



**INSTRUCTOR'S GUIDE Version 1, September 2011**

**Written by Michael A. Malgeri**  
Layout and illustrations by Michael W. Schultz

**Copyright**  
**2011 Michael A. Malgeri**

**To Mikey and Dominique  
My priceless nuggets!**



## Table of Contents

Introduction.....	8
Question List.....	10
Questions and Answers .....	12
1. Why was Ben so happy to hear that Johnny had a new idea?.....	12
2. Why was Tom eager to trade his wheelbarrow for 20 gold coins? .....	12
3. In Kimor, what is worth more, a wheelbarrow or a pair of shoes? .....	12
4. How does gold money make it easy to trade things in Kimor? ..	13
5. Why would people prefer to use gold as money (Divided, Transported, Durable)?.....	13
6. Who determines how many gold coins should be traded for something else? .....	13
7. What do you call it when people become experts in making one thing very well, like shirts or shoes, to trade for money or other things? .....	14
8. What is of life called where people become experts in making one thing very well, where they are free to trade or not to trade, where trading is done honestly, where individuals own the products of their work, where people use gold as money for trades, and where trading makes everyone's lives better?.....	14
9. Do rich people take advantage of the non-rich in Capitalism? ..	15
10. Is the freedom to do as one pleases good?.....	15
11. When someone creates or buys something, who owns what is created or bought?.....	16
12. Is it right for a society like Kimor to protect the freedom and property rights of the citizens?.....	16
13. How did the Wizard keep the people of Kimor as his slaves? ..	16
14. Why did the Wizard want to kill Johnny?.....	17
15. What were the Wizards methods for dealing with people?.....	17
16. What were the methods of Johnny, Ben and the other citizens of Kimor for dealing with each other?.....	17
17. Why did the Wizard kill himself?.....	17
18. Are rich people good or evil?.....	18
19. Is money good or evil?.....	18
20. Is Capitalism good?.....	18

## Introduction

Thanks for considering the “Johnny Profit” series as part of your school curriculum. The central themes of “Johnny's Gold” are to continue the ideas of honest profit-making and honest deals developed in “Johnny Profit” by presenting the basic concepts of Capitalism. As with “Johnny Profit”, “Johnny's Gold” makes a moral statement, which in this case is “Capitalism is GOOD!” It does not subscribe to the notion of Capitalism as a necessary evil, or only an efficient way to create wealth.

While it is not covered explicitly in the story, it implicitly rejects the phrase “Crony Capitalism”. “Crony Capitalism” is an oxymoron used by enemies of Capitalism to instill guilt and hatred by association. Unfortunately, it is too often wielded by defenders of Capitalism and this author respectfully counsels pro-Capitalists to consider otherwise.

The purpose of this guide is simple. It's to offer a set of questions about key concepts in the story, which an instructor can ask students.

The intent of each question is to determine if the story ideas are properly understood by readers and to stimulate additional thought and discussion around the various concepts.

The answers are presented in a format in which I first assume, some might say guess, a possible correct answer from a student. The answers are then followed by a **NOTE**, which is intended to coach the instructor in discussing the topic.

The answers provided are based on my opinions, which in turn are driven by personal experience and study. While that may be an obvious disclosure, it's worthy of mention because the ideas presented are not of the “cut and dry” mathematic type. Don't get me wrong. I believe the true answers, particularly in the realm of morality, are objective in nature and I've done my best to convey objective truth. However, objective propositions should undergo the rigors of peer review not in the quest for consensus but for truth. Instructors are encouraged to vet the answers, compare them with how they might answer, and construct their lessons accordingly.

The format of the guide is intended to make it easy for instructors to print out a page of “questions only” using the first section titled

“Question List”. The next section titled “Questions and Answers” is for the instructor's use.

A final point to make is to disclose plans for future versions of the instructor's guides of the series. At this moment in time, the plan is to continue adding questions and answers, on an ad-hoc basis, based on my own musings and feedback from the community at large. The plan is also to continue offering the guides as downloads, tacking a version number somewhere near the beginning of the guide. So I hope you'll check back from time to time for updates.

All the Best!

Michael Malgeri

## Question List

1. Why was Ben so happy to hear that Johnny had a new idea?
2. Why was Tom eager to trade his wheelbarrow for 20 gold coins?
3. In Kimor, what is worth more, a wheelbarrow or a pair of shoes?
4. How does gold money make it easy to trade things in Kimor?
5. Why would people prefer to use gold as money(Divided, Transported, Durable)?
6. Who determines how many gold coins should be traded for something else?
7. What do you call it when people become experts in making one thing very well, like shirts or shoes, to trade for money or other things?
8. What do you call a way of life where people where people become experts in making one thing very well, where they are free to trade or not to trade, where trading is done honestly, where people use gold as money for trades, and where trading makes everyone's lives better?
9. Do rich people take advantage of the non-rich in Capitalism?
10. Is the freedom to do as one pleases good?
11. When someone creates or buys something, who owns the thing that is created or bought?
12. Is it right for a society like Kimor to protect the freedom and property rights of the citizens?
13. How did the Wizard keep the people of Kimor as his slaves?
14. Why did the Wizard want to kill Johnny?
15. What were the Wizards methods for dealing with people? (fear, theft)
16. What were the methods of Johnny, Ben and the other citizens of Kimor for dealing with each other?
17. Why did the Wizard kill himself?

18. Are rich people good or evil?
19. Is money good or evil?
20. Is Capitalism good?

# Questions and Answers

## **1. Why was Ben so happy to hear that Johnny had a new idea?**

He remembers how Johnny's first idea made life so much better in Kimor.

**NOTE:** The purpose of this question is to encourage an attitude of respect and excitement for innovation. The relentless pursuit of originality as well as improvements on originality is an essential part of human progress. It should be taught and accepted as being “good”.

## **2. Why was Tom eager to trade his wheelbarrow for 20 gold coins?**

He understood that the gold coins would make it easier for him to trade for other things he needed.

**NOTE:** This question is the beginning of helping students understand the mechanisms of a gold standard. The instructor should consider using the simple trades and traders in the story to talk about how gold coins facilitate commerce.

Johnny needed a wheelbarrow for his gold mine and Tom wanted a shirt. By trading a wheelbarrow for 20 gold coins, Tom was now able to trade six of them for a shirt and had 14 coins left over for other things. Without the gold coins, if Tom wanted shirts he'd have to trade for 5 pairs of shoes first. Then he could trade 3 pairs of shoes for 2 shirts, but he's still have 2 pairs of shoes left over and may have only wanted one shirt to begin with. With gold coins, he can trade for whatever he wants, when ever he wants.

## **3. In Kimor, what is worth more, a wheelbarrow or a pair of shoes?**

A wheelbarrow.

**NOTE:** As shown above, a wheelbarrow is worth 5 pairs of shoes. That fact can also be seen by expressing the worth, or “value”, of something in terms of gold coins. So by showing that a wheelbarrow is worth 20 gold coins and a pair of shoes is worth 4 gold coins, a

student can see that a wheelbarrow is valued higher than a pair of shoes.

#### ***4. How does gold money make it easy to trade things in Kimor?***

Everyone accepts gold because they know they can trade it for something else.

**NOTE:** This is the main idea to convey about the value of gold. The instructor should introduce the word “standard” and define gold as a standard for expressing the value of all things people want to trade. There are other reasons why gold is a good standard of value and they will be explored by other questions.

#### ***5. Why would people prefer to use gold as money(Divided, Transported, Durable)?***

It makes it easy to compare the values of things. It's easy to carry. It can buy things of low or high value. It won't lose its value and you can use it whenever you want.

**NOTE:** The instructor should be happy to get even one of the answers above, especially from young students. However, divisibility, transportability and durability are key attributes of gold that cause people to prefer to use it as money.

The ability to divide gold into small and large pieces of different but standard values help traders exchange gold coins for anything anyone produces.

Gold coins are easy to transport(carry), much more so than wheelbarrows, shirts or shoes.

Gold is a metal, so it will retain its value because it will always be gold. It's weight and composition (purity), can always verified against the label on each coin.

#### ***6. Who determines how many gold coins should be traded for something else?***

The traders.

**NOTE:** The answer above is a guess as to what most young people will say. However, the recommended answer is that sellers list a price and the buyers decide if they want to pay it.

This is also an opportunity to introduce concepts such as supply and demand and how they effect prices. In other words, if there is a huge supply of something (like a LOT of wheelbarrows) the price will probably go down because the seller of wheelbarrows wants to get rid of all of them.

If the demand for wheelbarrow is high (a LOT of people want wheelbarrows) then the price of wheelbarrows will go up.

***7. What do you call it when people become experts in making one thing very well, like shirts or shoes, to trade for money or other things?***

Division of labor.

**NOTE:** Division of labor is one of the foundational principles of Capitalism. It is the phrase used to describe the practice of individuals becoming experts in making one thing very well and trading the expertise for other things the person needs. The student should understand that this promotes better products through focus and innovation.

***8. What is of life called where people become experts in making one thing very well, where they are free to trade or not to trade, where trading is done honestly, where individuals own the products of their work, where people use gold as money for trades, and where trading makes everyone's lives better?***

Capitalism.

**NOTE:** These are the basic principles of Capitalism.

“**Division of labor**” was described above and can be repeated to reinforce the concept.

“**Freedom**” to trade or not to trade is not only a basic right but it also is a key contributor in setting prices for goods and services.

“**Honesty**” is a behavior that helps to increase the number and quality of trades. It should be encouraged and rewarded.

“**Property Rights**” mean that individuals own the products of their innovation and labor. Those products can not be taken by force either from other individuals or from the government.

“**Gold as money**” accelerates trading through the mechanisms described in other questions. It also helps keep prices stable, which also helps businessmen confident in making investments and helps the economy to grow.

“**Mutually Beneficial Exchanges**” are common in a Capitalistic society because no one makes a trade unless they believe it will benefit their lives. The more this occurs the more people are encouraged to make honest and frequent trades and this helps the economy grow.

### ***9. Do rich people take advantage of the non-rich in Capitalism?***

No. When people practice the principles of Capitalism, everyone benefits. Rich people who made their money honestly have provided valuable goods and services to society.

**NOTE:** In addition to the basic answer, instructors should convey the idea that much of the wealth of rich is invested in things that benefit everyone. Office buildings and factories are great examples of things that contribute to the wealth of rich individuals but are used almost entirely for the benefit of those who work in the office buildings and factories and those that receive the goods and services produced by the office buildings and factories.

### ***10. Is the freedom to do as one pleases good?***

Yes.

**NOTE:** “Yes” is the likely answer and in general it is correct when applied to the freedom to trade or not to trade. However this is an opportunity to discuss responsibility as a necessary quality of those that want to freedom “do as they please” in all walks of life.

It's important to convey that freedom is always practiced in the context of considering the rights of others. This concept is best

expressed by countless examples, a common one being that a person is free to drive a car but not on the sidewalk.

***11. When someone creates or buys something, who owns what is created or bought?***

The person who creates it or the person who buys it.

**NOTE:** This is an opportunity to discuss “property rights”. Individuals create and purchase things to make life better for themselves, their families and others.

What individuals create and purchase is considered their property. The decisions they make about how they use their property is up to them and is basic right to be protected by the government.

***12. Is it right for a society like Kimor to protect the freedom and property rights of the citizens?***

Yes.

**NOTE:** This is an opportunity to convey one of the most important and basic functions of government. Societies give governments the power to protect the freedom and property rights of citizens. This allows individuals to deal with each other as traders, exchanging value for value towards their mutual benefit, without being forced to do so. A government that protects the freedom and property rights of its citizens is a requirement for a society to grow and prosper.

***13. How did the Wizard keep the people of Kimor as his slaves?***

He tricked them into thinking that he had special powers.

**NOTE:** The answer above is the most direct but the real answer is that he made them dependent on him. Before Johnny taught them the power of innovation, honest profit making and Capitalism, they were dependent on the Wizard for a false sense of security. They obeyed him because of the slim hope they had that he could help them. They did not have the tools or the courage to THINK and to be independent of the whims of the Wizard.

#### ***14. Why did the Wizard want to kill Johnny?***

Johnny was teaching the citizens of Kimor how to be free and independent of the Wizard. The Wizard was losing his power.

**NOTE:** The Wizard ruled by fear and had no other way of staying in power. He hated individuals of ability who were independent of him.

#### ***15. What were the Wizards methods for dealing with people?***

He made them fear him and then he stole the things they worked so hard to produce.

**NOTE:** Wizard ruled by fear and by keeping the citizens of Kimor ignorant. Instructors should consider making students aware that these types of people and governments exist. In addition, it's important to convey that the United States is the most successful government in history because its Constitution was created to prevent governments from gaining too much power.

#### ***16. What were the methods of Johnny, Ben and the other citizens of Kimor for dealing with each other?***

They invented things and practiced honest profit-making and made honest deals. They practiced the principles of Capitalism.

**NOTE:** Instructors can take the opportunity to review the fundamental principles of Capitalism when discussing the answer to this question.

#### ***17. Why did the Wizard kill himself?***

He lost all his power over the people of Kimor.

**NOTE:**

He was evil and did not know how to live without power. He derived his power from the fact that people depended on him. Once they learned how to be independent, his power was gone. The Wizard was a person who lived for power and not for the reward of dealing honestly with other individuals in a productive society.

## **18. Are rich people good or evil?**

Honest rich people are good, dishonest rich people are evil.

**NOTE:** Students should be encouraged to make this distinction. They should not succumb to stereotypes and rumors. They should inquire how a rich person made money and judge goodness and evil based on an objective code of morality. Instructors should also point out that people can make mistakes. A person that behaves dishonestly can make amends and commit to goodness.

## **19. Is money good or evil?**

When it's earned honestly it's good.

**NOTE:** It's important to reiterate the fundamental concepts learned in “Johnny Profit”. Gold and money, when earned honestly within the principles of Capitalism, have the power to transform a society and help its citizens achieve boundless progress. Students should be encouraged to be skeptical of those that promote the idea that money and profit-making are evil and to THINK for themselves.

## **20. Is Capitalism good?**

Yes.

**NOTE:** For all the reasons described above and combined with the ideas developed in “Johnny Profit”, students should be taught that Capitalism is “good” in the moral sense of the word. Humans want to be good by their very nature. Promoting the idea that Capitalism isn't good or is a necessary evil instills unearned guilt and conflict in people. People become unwilling or passive when it's time to defend Capitalism against insidious charges of greed, materialism and exploitation.

