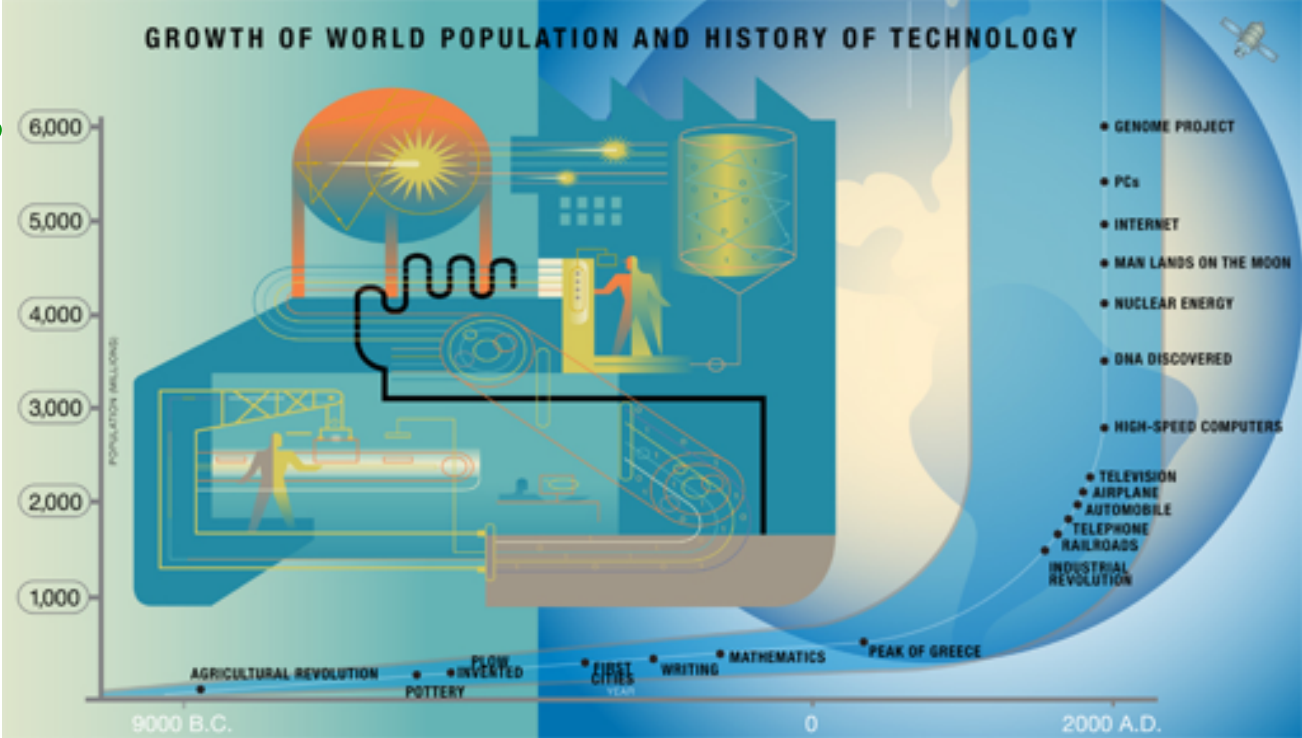


Economics is the study of:

How people interact with strangers and acquaintances through commerce and government to create a more prosperous and meaningful life, with a particular interest in making self-interest and social interest harmonious.



The failures of Communist economic policy had the most tragic consequences in agriculture, the basis of the economy of nearly all countries subjected to Communist rule. The confiscation of private property in land and the collectivization that ensued disrupted traditional rural routines, causing famines of unprecedented dimensions. This happened in the Soviet Union, China, Cambodia, Ethiopia, and North Korea; in each country millions died from man-made starvation. In Communist North Korea as late as the 1990s, a large proportion of children suffered from physical disabilities caused by malnutrition; in the second half of the 1990s, up to 2 million people are estimated to have died of starvation there. Its infant mortality rate is 88 per 1,000 live births, compared to South Korea's 8, and the life expectancy for males 48.9 years, compared to South Korea's 70.4. The GDP per capita in the north is \$900; in the south, \$13,700

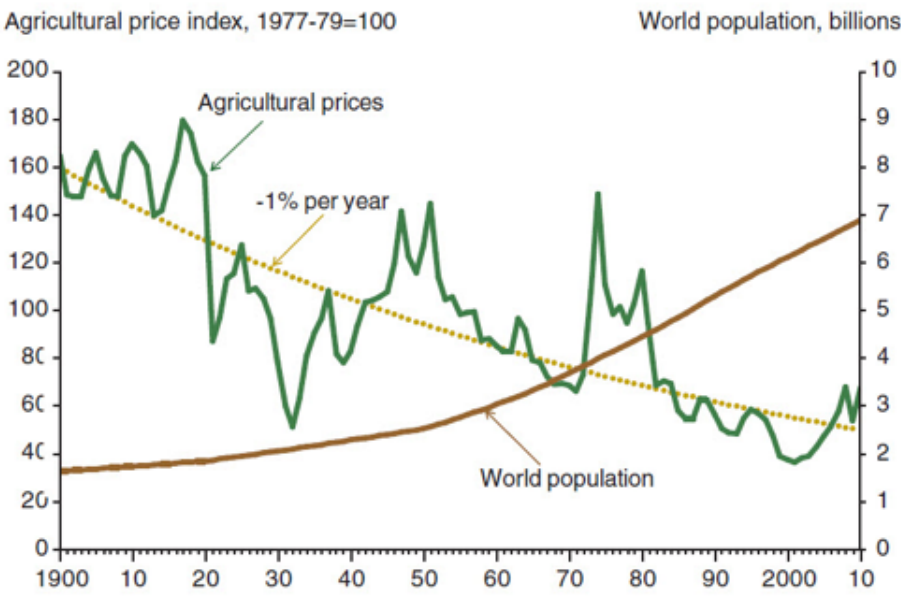
—Pipes, Richard. 2001. Communism: A History. Modern Library.



2010 GDP Per Capita In U.S. Dollars



Real agricultural prices have fallen since 1900, even as world population growth accelerated



Source: USDA, Economic Research Service using Fuglie, Wang, and Ball (2012). Depicted in the chart is the Grilii-Yang agricultural price index adjusted for inflation by the U.S. Gross Domestic Product implicit price index. The Grilii-Yang price index is a composite of 18 crop and livestock prices, each weighted by its share of global agricultural trade (Plaffenzeller et al., 2007). World population estimates are from the United Nations.

Thirsty work

Minutes of work needed to buy 500ml of beer 2011

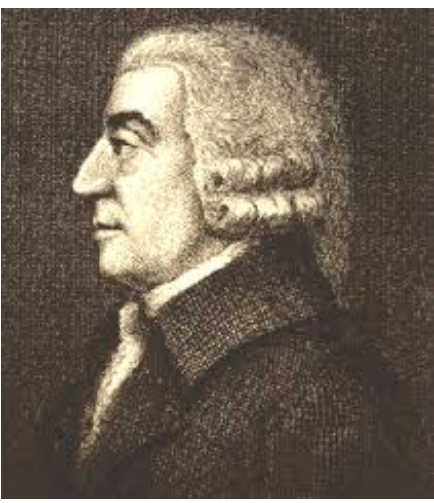


Source: UBS



Harmonizing individual and social incentives (the economists' obsession)

...man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only...It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest.
—Adam Smith. 1776. The Wealth of Nations. Chapter 2.



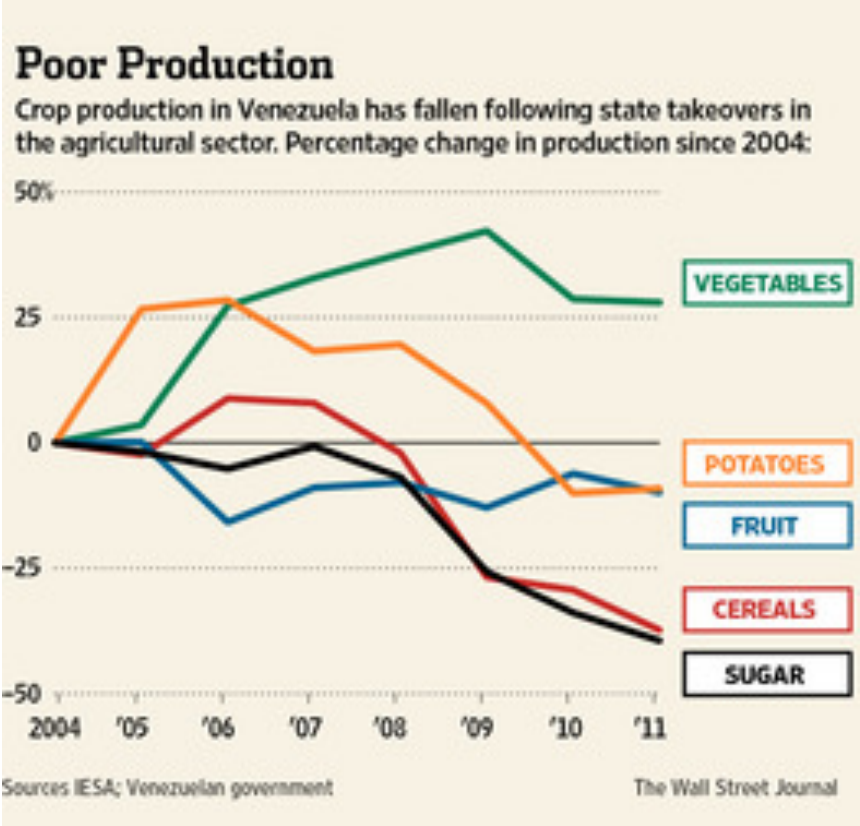
Adam Smith is the father of economics.



Why was the buffalo almost driven to extinction but not the cow?



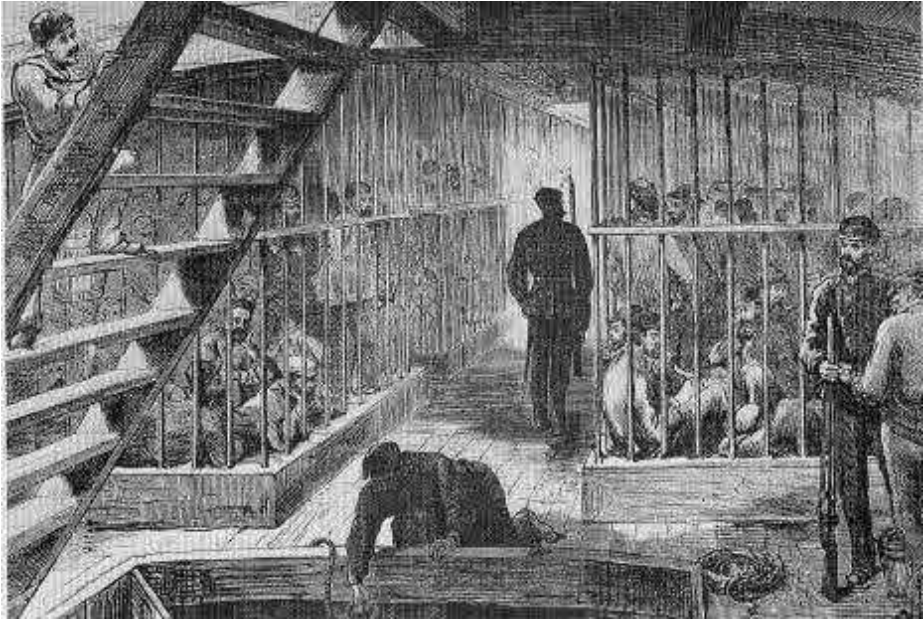
Farmers have greater incentives to produce food efficiently than government-owned farms.



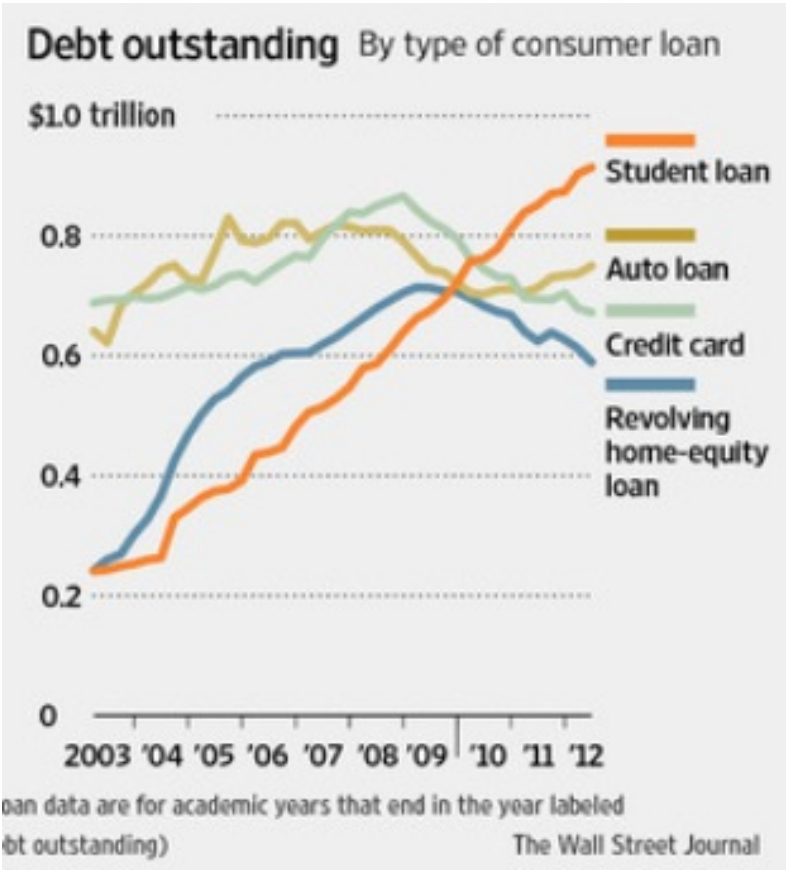
What happens when natural gas is free but matches are rationed?



Shipping English convicts to Australia. How to compensate the transporters?



Should student loans be forgiven in bankruptcy?



Videos at seedsppt.blogspot.com/2012/12/critical-commons-video-library.html
(P.1) Who is Adam Smith, (PI.1) America's socialist roots, (PI.2) East Germany before and after communism, (PI.3) The Secret..., (PI.4) Saving endangered..., (OC.1) Homer..., (PC.1) Price controls...

Questions Regarding (1.a) What is economics?

Article available at: <http://seedsppp.blogspot.com/2013/08/1a-what-is-economics.html>

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Enter your CWID below

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Indicate whether each statement below is True or False.

All questions refer to the material in the article (1.a) What is economics, available at: <http://seedsppp.blogspot.com/2013/08/1a-what-is-economics.html>

1. True or False? Economics is largely than the study of how people cooperate with friends, acquaintances, and family to create wealth.

- ☐ True
- ☐ False

2. True or False? Economics is largely concerned with the creation of wealth, and does not concern things like a meaningful life.

- ☐ True
- ☐ False

3. True or False? Economic is particularly concerned with making what is in the self-interest of the person also in the interest of society.

- ☐ True

☐ False

4. True or False? The agricultural revolution occurred long before the industrial revolution.

☐ True

☐ False

5. True or False? In the modern world of agriculture, the agricultural revolution and the industrial revolution are now combined such that ag could be considered an industry.

☐ True

☐ False

6. True or False? If economics could be described in one picture (according to Dr. Norwood), it would be the picture of North and South Korea at night because that picture illustrates the difference between communist dictatorship in North Korea and market-oriented nation like South Korea.

☐ True

☐ False

7. True or False? The recent famines that have occurred in the last 200 years in the Soviet Union, China, Cambodia, Ethiopia, and North Korea were not the result of government, but were the results of natural disasters such as droughts and floods.

☐ True

☐ False

8. True or False? The infant mortality rate is lower, the life expectancy is higher, and the GDP per capita is higher in South Korea than in North Korea.

☐ True

☐ False

9. True or False? The United States had the highest GDP per capita in 2010 than any other country in the world.

☐ True

☐ False

10. True or False? In the last 110 years, as the world population has grown larger and larger, the real price of agricultural commodities has steadily declined.

☐ True

☐ False

11. True or False? Workers in the U.S. have to work fewer minutes to buy a given amount of beer than most other countries due to our democratic government and our market-oriented, free enterprise capitalistic system.

- ☐ True
- ☐ False

12. True or False? Commerce refers to the buying and selling of goods. Free commerce tends to work well because people can only make money for themselves when they produce things of value for others. So, self-interest is aligned with social interest.

- ☐ True
- ☐ False

13. True or False? An effective system of commerce that benefits all of society requires an effective government that protects property rights and views everyone as equal before law.

- ☐ True
- ☐ False

14. True or False? The video from The Onion suggests that once people acquire a certain amount of wealth they have little desire for more wealth.

- ☐ True
- ☐ False

15. True or False? The video from The Onion suggests that once people generally want material possessions out of life, not anything deeper.

- ☐ True
- ☐ False

16. True or False? The video from The Onion suggests that people want almost every good thing they can imagine, but they want to work for those goods, not just receive them for free.

- ☐ True
- ☐ False

100%: You made it.

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Questions Regarding (1.b) Harmonizing Individual and Social Interests

Article available at: <http://seedsppp.blogspot.com/2013/08/1b-harmonizing-individual-and-social.html>

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Indicate whether each statement below is True or False.

All questions refer to the material in the article (1.b) Harmonizing Individual and Social Interests at: <http://seedsppp.blogspot.com/2013/08/1b-harmonizing-individual-and-social.html>

(1) True or False? Adam Smith is the father of modern economics, and he became so in 1776 when he published his book "The Wealth of Nations."

- ☐ True
- ☐ False

(2) True or False? It was the economist Bastiat who remarked in his book, the Wealth of Nations, that we get our dinner not from the benevolence of the butchers, brewers, and bakers; but from their regard to their own self-interests.

- ☐ True
- ☐ False

(3) True or False? In the 19th century the buffalo almost went extinct whereas cattle have never

come close to extinction, and the reason is that cattle are private property while the buffalo belonged to no one.

- ☐ True
- ☐ False

(4) True or False? A buffalo hunter is unlikely to let a buffalo live so that the buffalo can breed offspring because that hunter is unlikely to be the person who gets to sell or consume that offspring.

- ☐ True
- ☐ False

(5) True or False? The typical farmer is unlikely sell and slaughter all of their cows in the same year. They will always reserve some cows for breeding because they will own the offspring and can profit from them.

- ☐ True
- ☐ False

6. True or False? When resources are owned by everyone people tend to over-use it.

- ☐ True
- ☐ False

7. True or False? In Venezuela, when Hugo Chavez nationalized farms, making the farms government-run instead of privately-run, output increased significantly because the government could force people to work longer hours than they would normally choose to.

- ☐ True
- ☐ False

8. True or False? In the 1980s in Uzbekistan, natural gas was free but matches were rationed and scarce. Because matches were scarce people rarely lit their stoves, and very little natural gas was used, making it difficult for people to cook their food.

- ☐ True
- ☐ False

9. True or False? When a resource or good is costly to produce but provided to consumers for free, people tend to over consume the goods, consuming some units that they value less than it actually costs them.

- ☐ True
- ☐ False

10. True or False? In 18th and 19th century, the English sent many convicts to Australia, and because the ship captains were paid according to how many people were transported (regardless of whether or not the convicts were alive when they got to Australia) the prisoners

were treated very poorly and many died in transit.

- ☐ True
- ☐ False

11. True or False? In the past, when the English exiled convicts to Australia, the government found that it had to pay for each convict that made it to Australia alive, otherwise the ship captains would take poor care of the prisoners.

- ☐ True
- ☐ False

12. True or False? Student debt differs from other types of debt because the debt does not go away when the person goes bankrupt.

- ☐ True
- ☐ False

13. True or False? If the U.S. government made student loans forgivable upon bankruptcy, there is no doubt that this would benefit students.

- ☐ True
- ☐ False

14. True or False? If the U.S. government made student loans forgivable upon bankruptcy, this could harm students as the people who loan the students money may be less likely to loan money, and students would have less access to student loans.

- ☐ True
- ☐ False

15. Background: In the African nation of Tanzania it is impossible for a bank or anyone else to repossess land that contains graves. For this reason, many parents make sure they are buried on their family's land to ensure it will always remain within the family. (Given this background information, is the following statement true or false?) This also makes it easier for people to use their family land as collateral when applying to a bank for a loan.

- ☐ True
- ☐ False

16. True or False? This is what Adam Smith looks like (below).

- ☐ True
- ☐ False

Is this Adam Smith?



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(1.c) When markets defeated Malthus

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Enter your CWID below.

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1. True or False? Thomas Malthus wrote an essay arguing that population tended to grow at a faster rate than the food supply, and the imbalance would eventually be corrected by famine.

- ☐ True
- ☐ False

2. True or False? Thomas Malthus wrote his essay on population and food supply at the end of the fifteenth century, during England's Glorious Revolution.

- ☐ True
- ☐ False

3. True or False? This is a picture of Thomas Malthus.

- ☐ True
- ☐ False

Is this Thomas Malthus?



4. True or False? Historically, Malthus was correct. Many times population grew faster than the food supply, leading Aristotle to remark, “It is even more necessary to take care that the increase of the people should not exceed a certain number ...to neglect this is to bring certain poverty upon the citizens.”

- ☐ True
- ☐ False

5. True or False? The ancient Greeks gladly accepted immigrants from other countries, as its food supply exceeded its population.

- ☐ True
- ☐ False

6. True or False? The ancient Greeks dealt with food scarcity by forcing some of its members to emigrate and allowing many infant daughters to die by exposure.

- ☐ True
- ☐ False

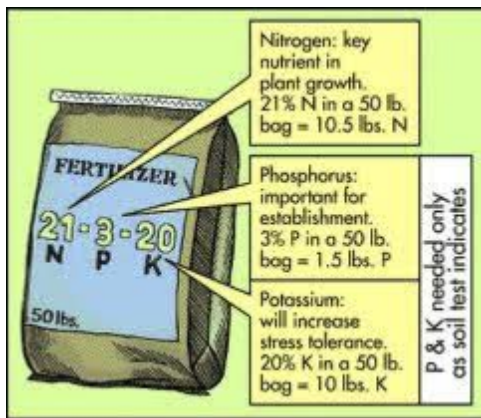
7. True or False? Crops' most important nutrient needs are nitrogen (N), phosphorus (P), and potassium (K).

- ☐ True
- ☐ False

8. True or False? This bag of fertilizer is 18% nitrogen (N), 24% potassium (K), and 12% phosphorus (P).

- ☐ True
- ☐ False

Bag of Fertilizer



9. True or False? Before chemical fertilizers farmers kept feeds fertile by applying manure, using crop rotations, and leaving fields fallow.

- ☐ True
- ☐ False

10. True or False? The price of nitrogen is 25% lower than it was in 1900.

- ☐ True
- ☐ False

11. True or False? Without chemical nitrogen produced in fertilizer plants we would be unable to feed 35% of today's population.

- ☐ True
- ☐ False

12. True or False? Half of all the nitrogen in our bodies can be traced back to fertilizer produced in factories.

- ☐ True
- ☐ False

13. True or False? We are in a second agricultural revolution, combining the first Agricultural Revolution around 9,000 B.C. and the Industrial Revolution of the 19th century such that we farm using inputs created through large machines, giant factories, and advanced science.

- ☐ True
- ☐ False

14. True or False? Chemical fertilizer is so productive that Guatemalans recently mistook its effect on crop productivity for a divine miracle, brought about by their conversion from Catholicism to Evangelical Protestants.

- ☐ True

☐ False

15. True or False? In the last 100 years about half of famines were due to political factors and the other half attributable to insufficient harvests.

☐ True

☐ False

16. True or False? The number of people living in extreme poverty has fallen from 43% to 21% since 1990.

☐ True

☐ False

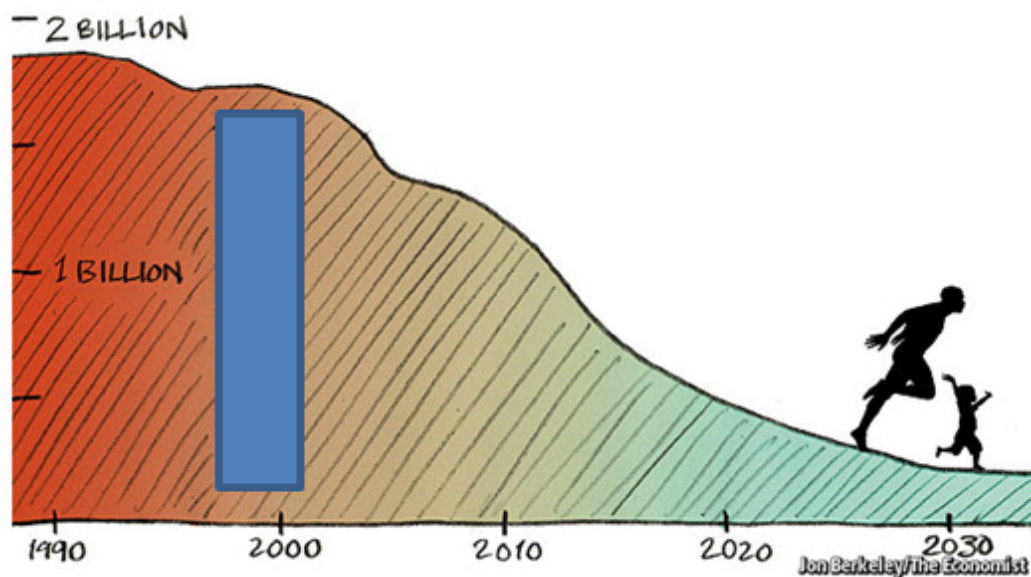
☐ True

☐ False

17. True or False? Below is Figure 2 from the article. The y-axis is the number of people living on \$5.00 or less each day.

☐ True

☐ False



18. True or False? North Korea is poor relative to South Korea not because it lacks markets and trade, but because it cannot use the same technologies as the modern world.

☐ True

☐ False

19. True or False? The North Korean government allows its citizens to read Gone With The Wind

to inspire them to persevere through the famines the country still experiences.

- ☐ True
- ☐ False

20. True or False? In *The Rebels of Ireland*, a character argues that because the population in Ireland is so large, Irish labor is cheap, and that will induce enterprising manufacturers to employ them, and in the process the problem of a large population is resolved.

- ☐ True
- ☐ False

21. True or False? In *The Rebels of Ireland*, a character argues that although there are so many starving people located in one area they will be induced to seek work in more distant places, thereby resolving the hunger problem.

- ☐ True
- ☐ False

22. True or False? In *The Rebels of Ireland*, the reader learns that many people fled to America in response to the lack of food and good paying jobs in Ireland.

- ☐ True
- ☐ False

23. True or False? In *The Rebels of Ireland*, a character states that to a Whig (a British political party) distorting the market through subsidies is a crime.

- ☐ True
- ☐ False

24. True or False? What Norwood calls the second agricultural revolution most others call the Orange Revolution.

- ☐ True
- ☐ False

25. True or False? The Green Revolution improved agricultural productivity through better irrigation, crop varieties, pesticides, and chemical fertilizers.

- ☐ True
- ☐ False

26. True or False? The leader of the Green Revolution was Norman Borlaug.

- ☐ True
- ☐ False

27. True or False? Borlaug insisted that population control was not necessary to prevent a Malthusian collapse, where population exceeds the food supply.

- ☐ True
- ☐ False

28. True or False? Borlaug insisted that societies should work to improve agricultural productivity and population control simultaneously.

- ☐ True
- ☐ False

29. True or False? Bastiat won the 1970 Peace Prize for his leadership in the Orange Revolution.

- ☐ True
- ☐ False

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(1.d) The story of the pessimistic Edward Ruffin

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(1) Why did Edmund Ruffin commit suicide after the Civil War ended?

- ☐ a. In fear his former slaves would exact vengeance
- ☐ b. In belief Virginia soils would become infertile without slave labor
- ☐ c. In belief cotton could not be profitably raised without slave labor
- ☐ d. Because the Confederate government, being dissolved, would not be able to repay Ruffin the money he lent it to fight the war
- ☐ e. a and d

(2) As the soils in nineteenth century Virginia were drained of nutrients due to repeated harvests with little fertilizer,

- ☐ a. Farmers began to leave their old farms behind, seeking virgin lands elsewhere
- ☐ b. Farmers refused to leave their land, becoming impoverished and even starving
- ☐ c. Farmers began to sell their slaves, no longer able to feed them
- ☐ d. Farmers resorted to a hunter-gatherer lifestyle
- ☐ e. b and c

(3) Why didn't manure solve the soil infertility problem in 19th century Virginia?

- a. There wasn't enough manure to go around
- b. Virginia grass produced a type of manure that poisoned crops
- c. It wasn't nutrients that was the problem, but the acidity of the soil
- d. The manure decomposed too fast in the humid summers for plants to extract its nutrients
- e. a and d

(4) What is marl and how did it restore soil fertility?

- a. Marl is a mixture of clay and lime, which reduced soil acidity
- b. Marl is a mixture of clay and lime, which stores water in the soil for use in dry periods
- c. Marl is a mixture of pig and cow manure, providing the exact ratio of plant nutrients needed
- d. Marl is a mixture of pig and cow manure, which increases the acidity of the soil
- e. a and b

5. Excavating marl was labor-intensive, and Ruffin thought it was impossible to do profitably without exploiting slave labor. Yet, even if labor was costly, why would soil fertility likely be restored?

- a. Because if food became scarce then food prices would rise, giving farmers extra money to pay laborers
- b. As part of Reconstruction, the North agreed to subsidize labor to convince the South to surrender
- c. Slave labor was no less costly than unskilled, free labor, so it's not like slaves saved the farmer money
- d. If food became scarce food prices would rise, encouraging entrepreneurs to discover new ways of fertilizing soils other than using marl
- e. a and d

6. A good economist...

- a. Can predict the future technologies that will solve social problems
- b. Can predict when new, problem-solving technologies will be developed
- c. Cannot predict what new technologies will emerge or when
- d. Doesn't concern herself with the future, but only thinks about the past
- e. a and b

7. A good economist...

- a. Understands the environment in which problem-solving technologies might be developed
- b. Understands the environment in which problem-solving technologies will be developed with certainty
- c. Can predict which technologies will be developed, but not the environment which encourages it
- d. Can predict when new, problem-solving technologies will be developed, but not the environment which encourages it

- o e. a and b

8. Which of the following environmental attributes lead to innovation and prosperity?

- o a. Protection of private property
- o b. Government subsidies for of research and education
- o c. Social norms that consider the pursuit of honest profits a dignified endeavor
- o d. none of the above
- o e. a, b, and c

9. Which of the following environmental attributes lead to innovation and prosperity?

- o a. Redistribution of wealth and property on a regular basis
- o b. Not wasting money on public education
- o c. few or no trade barriers
- o d. none of the above
- o e. a, b, and c

10. Economics teaches us that

- o a. Life is not a zero-sum game. Everyone can prosper at the same time.
- o b. Life is a zero-sum game. For some to be prosperous others must be exploited.
- o c. Life is not a zero-sum game, but some must surely be exploited for most of the world to be rich
- o d. Life is not a zero-sum game, but a nation must exploit one class of workers in its youth, or it will not develop.
- o e. all of the above

11. The Russian novelist Yevgeny Zamyatin, writing in 1924, imagined that food of the future might be produced from

- o a. algae in the ocean
- o b. bacteria molds on leaf piles
- o c. petroleum
- o d. corn ethanol
- o e. meat grown in the laboratory

12. Cornell has a 3-D printer designed to print what?

- o a. food
- o b. robot insects to control pests on organic farms

- c. special containers for storing food for years
- d. dinner plates designed specifically for the food to be eaten
- e. vitamin pills

13. Billard's 1970 National Geographic article predicted beef would be produced by ...?

- a. using meat "cultures" grown in a lab, without the actual animal
- b. in multi-story buildings
- c. in pastures, watched and managed by drones
- d. underground, in abandoned coal mine shafts

14. The farm of the future depicted in Billard's 1970 National Geographic article did NOT contain what?

- a. pneumatic tubes for transporting grain from the field to the city
- b. tomato vines growing on the sides of skyscrapers
- c. greenhouses in transparent domes
- d. drone helicopters for spraying of pesticides

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(1.e) Videos

Watch the three videos in section (1.e) to answer the following questions.

1. True or False? In The Increasingly Poor Decisions of Todd Margaret a character is surprised to see Adam Smith on British currency.
 - ☐ True
 - ☐ False

2. True or False? In Capitalism: A Love Story the documentary attempts to persuade viewers that people should be able to live in a home even if they do not pay their rent/mortgage.
 - ☐ True
 - ☐ False

3. True or False? Letting people stay in their home regardless of whether they pay their rent / mortgage is much like confiscation of homes, something depicted in Doctor Zhivago as a common occurrence in the Soviet Union.
 - ☐ True
 - ☐ False

4. True or False? In the movie Harvest Time, the hardest working farmers were rewarded by monetary bonuses at each harvest.
 - ☐ True
 - ☐ False

5. True or False? In the movie Harvest Time, the hardest working farmers were rewarded with awards and distinction, not extra money.
 - ☐ True
 - ☐ False

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