

ENRICHMENT Chapter 1

A HUNGER FOR ECONOMIC KNOWLEDGE

Economics is the study of the most basic forces in people's lives—their efforts to satisfy their unlimited wants and needs through the use of limited resources. Some people, however, think of economics as “too theoretical” to be useful in everyday life. This is not true. In fact, nearly everyone thinks like an economist on most days.

Directions: In the excerpt below, economics professor Steven Landsburg explains how everyday choices are based in economics. Read the passage and then answer the questions that follow.

Economics is about facing difficult choices: earning income versus enjoying leisure, splurging today versus saving for tomorrow; developing new skills versus exploiting the skills you've got; searching for the perfect job (or the perfect marriage partner) versus settling for the one that's available. . . .

One of the great lessons of economics is that there is no single best way to resolve such choices; everything depends on circumstances; what's right for you can be wrong for your neighbor. Economics is the science of tolerance. Good economics professors teach their students that people can live very differently than you do without being either foolish or evil. . . .

Economics breeds not just tolerance but compassion. The economist's method is to observe behavior closely, the better to understand other people's goals and other people's difficulties. That kind of understanding is the basis of all compassion. . . .

Economics is about more than just individual choices. It's also about social choices: rewarding initiative versus promoting equality; preserving freedom versus preserving order; providing opportunities for the masses versus providing a safety net for the least fortunate. In other words, we want to ask: What is right? What is just? What is fair? My daughter is keenly interested in the same questions, more concretely posed: Is her allowance an entitlement or a reward for a clean room? Should she be free to ignore her parents' advice and wear a summer jacket on a winter day? Should she and her friends choose a video that most of them love or a video that none of them hates? Every time a child cries “That's not fair!”, a parent is forced to confront some issue of economic justice.

Source: *Fair Play: What Your Child Can Teach You About Economics, Values, and the Meaning of Life* by Steven E. Landsburg. New York: The Free Press, 1997

1. Summarize Professor Landsburg's definition of economics.

2. How does Landsburg believe economics teaches compassion?

3. List two specific examples of the social choices Landsburg identifies. (For example, welfare programs are an example of the choice between providing opportunities for the masses and providing a safety net for the least fortunate.)

4. What are some economic choices that you have recently faced?
