Nolan Anderson

ECN 142 – Richard White

Reading Assignment Submission

<http://bastiat.org/en/petition.html>

**A PETITION From the Manufacturers of Candles, Tapers, Lanterns, sticks, Street Lamps, Snuffers, and Extinguishers, and from Producers of Tallow, Oil, Resin, Alcohol, and Generally of Everything Connected with Lighting.**

1. Who or What was the rival mentioned in the sentence below?

“We are suffering from the ruinous competition of a rival who apparently works under conditions so far superior to our own for the production of light that he is *flooding* the *domestic market* with it at an incredibly low price; for the moment he appears, our sales cease, all the consumers turn to him, and a branch of French industry whose ramifications are innumerable is all at once reduced to complete stagnation.”

The sun

1. What does the petition request regarding the passing of a law?

They request the closing of all openings that let in light.

1. The petitioners list at least four industries that would benefit from passing their requested law.

Name two of them and the reason they would benefit as mentioned in the petition

1 – It will increase the need for artificial light, essentially selling more product.

2 – To power this artificial light, we will need to have more oil. This will produce pump money into farming the poppy, olive, and rapeseed.

1. What does the petition mention about Labour & Nature in regards to proportions, countries, climates, cost and value?

Labor – That constitutes value is paid for

Nature – Free of charge

1. The petition mentions the concept of a “gratuitous gift”. Use the petition to describe this concept

The gift is is product of the difference between what we could by it for vs what we can make it for. Essentially the gain is free of charge.

The answers to the following Reading Assignment questions can be found in the link by Frederic Bastiat

<http://bastiat.org/en/twisatwins.html>

**That Which is Seen, and That Which is Not Seen by Frederic Bastiat, 1850**

1. In the Broken Window (I) – What does Bastiat say about…What happens to society if things are uselessly destroyed?

To break, spoil, or waste is not encouraging national labor, i.e. destruction is not profit.

1. In the Public Works (V) – Bastiat mentions that we are deceived by money. What does he mean by that statement?

If we are all given the same amount of money, then it really doesn’t have any value. He basically states that if we demand everyone’s cooperation in the form of money, then money is just a form of payment.

1. In the Machinery (VIII) – How does Bastiat view the creation and use of machinery even if it displaces current workers?

The prices of goods go down. “what is saved by one is saved by all”. Even though creating the product by machines may lose other people jobs, if we continue down this path everything will become better and cheaper. To improve society, it is necessary to improve production.

1. In the Credit (IX) – What does Bastiat say about Government and its impact on credit (borrowing) in the marketplace?

Due to the intervention of the state, more will be borrowed than there are things to be lent. In guaranteeing the non-payers, the state may increase the number of borrowers and raise the rate of interest.

1. In the Having a Right to work, Having a Right to Profit (XII) – What are the two consequences in history that Bastiat discusses?

An immediate one, which is known, and a distant one that is not known.

Policing for Profit (Civil Asset Forfeiture) –In files

1. What are some of the incentives (list at least two) to abuse Civil Asset Forfeiture?

Essential in fighting crime by reducing the profitability of crimes and by removing the assets required for certain criminal activity.

It also protects the public’s interest and promotes social good by compensating individual victims.

1. What is the difference between Criminal & Civil Asset Forfeiture?

Criminal – the government takes property after obtaining a conviction.

Civil – A charge or conviction is not needed. The government only needs to show by preponderance of the evidence that the property was used to facilitate a crime.

1. When did American forfeiture laws start? (pg 10)

In the 1980s

1. What is Standard of Proof? And What type of levels are there in state forfeiture? (pg 22)

Refers to the duty of the person responsible for proving the case. The 3 are beyond a reasonable doubt, preponderance of the evidence, and convincing evidence.

1. For the State of Alabama – What is the burden of proof & What % can law enforcement can keep of the forfeiture? (pg 45)

They need to present a prime facie case the property is related to criminal activity and subject to forfeiture. Law enforcement can keep 100%

The Roots of the Social Security Myth by John Attarian – In files

1. Which country started National Government Social Insurance?

Germany

1. What were the first falsehoods about Social Security? (pg6)

That it is a self-supporting system and that you have a contractural right to the payments when you turn 65.

1. What was the Early Media Response to Social Security? (pg 10)

Their response was friendly. They reported positively and they repeated the administration’s depiction of the program.

1. What are the defining characteristics of insurance? (pg 31)

Risk pooling and risk transfer to an insurer.

1. What happened in Flemming vs Nestor? How did the court rule? (pg 33-37)

The court rules that there is no contractual right to receive social security payments. Nestor was deported for being involved with the communist party and he sued the department of wealth for his social security payments.

1. What are COLA’s? (pg 41)

Cost of living adjustments, insulating benefits from inflation. This began in 1975.

Recession & Recovery by Robert Higgs – In files (as Higgs on Macroeconomics)

1. How does Aggregation in Keynes Economics work

Firms only produce output if they expect to sell it. The equation can be seen as Total income or output, total consumption spending, total investing spending, and total net reports.

Y = C + I + G + (X – M)

1. What did Keynes say about pyramid building? Check the footnotes

Essentially the production of a pyramid serves to increase wealth.

1. What is time preference and why is it important?

The rate at which they are willing to trade present goods for future goods. It is important because borrowers must compensate people with a high rate of time preference by paying a high rate of interest for the use of their funds.

1. What is Malinvestment?

An artificially reduced rate of interest leads business firms to invest in the wrong type of capital. In particular, the longest-lived capital goods such as buildings as opposed to inventories, equipment etc.

1. What is Regime Uncertainty?

Pervasive uncertainty about the very nature of the impending economic order.

The Law by Frederic Bastiat – In files

1. In the Forward – What two American evils and why?

Slavery and Protectionist Tariffs.

1. According to Bastiat – Which came 1st - Laws or (personality, liberty, property)?(pg 2)

Personality, liberty and property.

1. According to Bastiat – What is Law? (pg 3)

The collective organization of the individual right to lawful defense.

1. Law has been perverted two ways. What are they? (pg 15)

Naked greed and misconceived philanthropy.

1. What is legal plunder?

The act of using the law to redistribute wealth.

1. What are the three solutions for legal plunder? (pg15)

When the few plunder the many.

When everybody plunders everybody else.

When nobody plunders anybody.

I, Pencil by Leonard E Read – In files

1. In the Introduction – What is the quote attributed to Maximilien Robesprierre ?

“One can’t expect to make an omelet without breaking eggs”

1. What type of wood is used and where does it come from?

Cedar from Northern California and Oregon.

1. How many $’s for the machinery & building.

$4,000,000

1. What is the “lead” in a pencil and where does it come from?

It’s not lead at all, and the graphite is mine in Sri Lanka.

1. Why does everybody “contribute” their efforts in the making of a pencil?

Because no one person makes up a large part of the progress. The miner who extracts the graphite contributes very little to the end product.

1. Does any one person possess enough know-how to perform a nation’s mail delievery?

No. Just as they do not possess the information to make a pencil.

The Road to Serfdom Condensed – F.A. Hayek – In files

1. What are the three main reasons Hayek believes that the “Worse get on top”? pg51-52

A – The unscrupulous of society are likely to be more successful in a society tending toward totalitarianism. This is because these people have to decide between the morals of society and failure.

B – The totalitarian leader must collect and gain the support of the docile and gullible, which requires slight manipulation of them.

C – To weld together a closely coherent body of supporters, the leader must appeal to a common human weakness.

1. Planning vs the Rule of Law – Describe each system pg57-58

Planning – The government cannot be impartial. The state ceases to be a piece of utilitarian machinery intended to help individuals to the fullest development of their individual responsibility.

Rule of Law – A government in all its actions is bound by rules fixed and announced beforehand. Within the known rules of the game, the individual is free to pursue his personal end.

1. What are the two kinds of security Hayek mentions pg66-70

A – The certainty of a given minimum of sustenance for all

B – The relative position which one person or group enjoys compared with others.

1. In the Cartoon section, What are steps

#14 – “Your professionalism is planned” Planners never have delivered, never will be able to.

#15 – “Your wages are planned” Clumsy, unfair, inefficient.

#16 – “Your thinking is planned” No room for difference of opinion under a dictatorship.

#17 – “Your recreation is planned” Once started, “planners can’t stop”

War is a Racket – Major General Smedley D. Butler – In files

1. In Chapter One – What does Butler say about the US in 1898 (Regarding territory and debt)?

The US did not own any territory and the national debt was more than $1,000,000,000. After the World War the debt was up to $25,000,000,000.

1. In Chapter Two – What does he say about mosquito netting in France (mention the number sold to the government, the status of mosquitos in France, and the possible correction for the issue)?

They sold 20,000,000 million to the government that never made it to France. However, there were apparently no mosquitos over there. They could have sold a couple consignments of moquitoes in order to sell more nets.

1. In Chapter Three – What was the prize system?

Soldiers and sailors fought for money. They were paid bonuses for different things such as enlisting in the Civil War or capturing a vessel in the Spanish-American war.

1. In Chapter Four – What are the three things he lists to smash the War racket?

I – Conscript capital and industry labor before the nations manhood can be conscripted

II – Only those who suffer should have the right to vote. As in, the older people who do not get enlisted should not decide if we go to war.

III – Make certain that our military forces are truly for defense only.