

Inter Student

In this class you will learn important economic concepts by participating in a celebrated program called *Inter Student*.

The *Inter Student* Program will find out:

About your character

How well you cooperate with others;

How well you accept victory;

How well you face defeat;

How well you confront a tough decision

About your skills

How well you can reason;

How well you can talk;

How well you can persuade;

How well you can refute an argument

About your scholarship

How well you use the Internet or library;

How well you research a project;

How well you prepare an advocacy;

How well you learn and recall information.

During *Inter Student*, you compete for grades. The competition is hard, yet you can handle it by cooperating with your Group. You are allowed to spy on other groups, but those who cooperate and work usually win over those who cheat and goof-off. Best grades are earned by those who tough it out. Determination and drive count in *Inter Student*--and in real life.

For the first two-weeks, your Group is chosen by chance. You may not be comfortable with the result, but accept it--just as you must throughout your life. When you've worked with your Group, you may find they aren't so bad.

Your Group could be burdened with a real nuisance. Try to get him to grow up and join your common effort. If that doesn't work and he continues to play around, ask the Arbiter to get rid of him.

You may not like others trying to spy on you. You can change some *Inter Student* Rules by voting--if the Arbiter agrees. You will need the signatures of one third of the class to petition for a Rule change, and two thirds to pass it. You can pass a law against cheating -- but read the Note below!

NOTE: Such a Rule change is your Rule change - not the Arbiter's. Therefore, you must enforce it. For example, it is up to you to tell the Arbiter that a cheat has occurred.

Throughout this semester you will be treated as an adult because that is what you are!

Arbiter's Rule: "The decision of the Arbiter is final, no matter how unfair!"

#1 Rule: "Do not allow yourself to become a victim!"

Cycle One (Basic Assumptions, Market vs. Command, Value)

- Sequence, Consequence, Natural Law, Rules, Laws, Privileges.
- Contracts and their enforcement.
- Basic Assumptions of Human Behavior.
- Law in the Market Economy, Privileges in the Command Economy. Instinct and Reason, Age as an Economic Factor.
- Personal and Market Values - How they interact to stimulate trade. Stages of Production - Adapting, Growing and Making, Exchanging.
- Beginnings of Classification - Discrimination and Prejudice.

Cycle Two (Factors of Production)

(This Cycle begins the study of Political Economy with a careful examination of conceptual classification).

- Production comes before consumption. Focusing on the Producer.
- Conceiving, Defining and Naming - beginning of Economic Analysis.
- The basic terms - Land, Labor, Capital, Wealth, Rent, Wages, and Interest. The real Factors of Production - Exertion, Time, and Location. What Capital Must Do - Increase production, replace itself, pay interest. Thinking about Profit.
- Priorities - Maintenance before Progress.
- Cooperation - Voluntary and Involuntary, Conscious and Unconscious. Reciprocity - the Problems of Giving without Receiving.

Cycle Three (The Market Price Mechanism, Trade)

(This Cycle discusses the actions of the Market including Free Trade and Protection.)

- Market Clearing Prices - How prices are determined - price fixing. Price Mechanism - How it finds the Market Clearing Price. More on Market Value, Personal Value, and Trade Decisions.
- Trade - the economic basis of Civilization.
- Dumping, Protective and Revenue Tariffs, the Hidden Taxes.

Cycle Four (Trade cont., Price mechanism failure)

(More on Trade, Tariffs, Taxes, the Collectible Market, and Poverty.)

- Three major Criticisms of Free Trade.
- Taxes that are certain and cannot be passed on to others.
- Ability to Pay Taxes versus Benefits Received Taxes.
- The Collectible Market - the Price Mechanism doesn't work. Land as a Collectible - Why the Land market doesn't work like the product market.
- Progress and Poverty - Improvement in living standards over 500 years.

Cycle Five (Labor, Land and Product Speculators)

(This Cycle begins the Analysis of Wages, and the Pressures that force them lower.)

- The Wage Pyramid and the General Level of Wages, the Working Poor.
- What Determines Wages - The available Alternative and the Price Mechanism.
- Fantastic Island - the 'Controlled Experiment' and the first immigrants. More Arrive, taking the best land - Wages drop toward subsistence levels. Introduction of Capital - Production and Wages increase.
- David Ricardo's Iron Law of Wages - Even with Capital, General Level Wages drop to subsistence.
- Commodity Speculator - How the speculator keeps the market working efficiently.
- Land Speculator - His activities drive up the price of land.
- Thomas Malthus - how a (practically) empty Fantastic Island suffers from Overpopulation.

Cycle Six (Labor cont., the Business Cycle)

(This Cycle deals with Cycles - the seemingly inevitable Boom and Bust.)

- The General Level of Wages, Welfare Failures, Real Wages, taxing the Poor
- Rent and Land-Value - The speculative premium that makes housing 'unaffordable.'
- Cash-cropping the urban and suburban areas - urban sprawl, environmental problems. Why houses get cheaper, but housing costs increase.
- Unimportance of the stock-market to the business cycle.
- Sunspots and Psychology -A multitude of theories of the business cycle.
- Fine-tuning the economy - Preventing business cycles in the Command Economy. Triggers that unbalance an unstable economy.
- How the economy becomes unstable.

Cycle Seven (Property Rights, Environmental concerns)

(Individual and societal Rights as we pursue Samuelson's questions "Who gets what?" "Who owns what?")

- The General Level Working Poor - Interchangeable jobs living at the level of subsistence. The economic basis of important societal problems.
- Sharing the Bounties - Attempts at land reform.
- Tragedy of the Commons - Difficulty of establishing a common right to natural resources. Environmental concerns - Who owns (has the right to) whales, elephants and spotted owls?
- Natural Rights, Constitutional Rights and Contractual Rights.
- Social Contract - Desire for cooperation persuades us to limit our individual rights.
- Contractual rights to your exertion, your products, and natural resources.
- Capitalization - Becoming rich from small privilege incomes.

Cycle Eight (Taxation, Efficient Land use)

(This Cycle seeks to attack the basic problem of modern society by establishing ownership rights.)

- Five Sons handle the 'Tragedy of the Commons.'
- Who Owns pollution? - Cleaning our air and water.
- Establishing Ownership - Environmental rights to whales and elephants.
- Public Rights to Land - How they meld with private rights.
- Who creates land-value and who should enjoy it.
- Deborah Acres - Developers sell schools, churches, stores, transit, freeways, and government.
- The advantage of user charges over taxes.
- How taxation prevents building and blocks affordable housing.