

Economics for Everybody

- Scope & Sequence for One Semester -
Study Guide Answer Key

Scope & Sequence

Economics for Everybody is designed to be the base of a one-semester economics class for homeschool high school students. If this Scope and Sequence is followed, it will good for one-half credit in economics.

The course can be used in two ways: by itself as a lighter study to introduce basic economics concepts (9th/10th graders), or used together with another economics textbook as a more in-depth study for students with worldview training (10th/11th/12th graders). If you choose to do the latter, we recommend *Basic Economics, Third Edition* by Carson and Cleveland. It is available at CompassClassroom.com

Here are few things to note:

Complete Short Answer - Type or write out answers on your computer or paper rather than using the Study Guide (there isn't enough space).

Discussion Questions - Verbally talk through these with Parent/Teacher. The goal is to let students explain what they have learned.

Additional Assignment - These are not found in the Study Guide, but are optional ways to dig deeper into the material.

1. And God Created Economics

Watch Lesson 1 Video

Read Lesson 1 in Study Guide

Do Multiple Choice

1.b 2.c 3.d 4.a 5.d

Complete Short Answer

1. *Explain the relationship between stewardship and economics.*

Economics is the primary tool of our stewardship. God desires all men and women to fulfill the cultural mandate that He gave to Adam in the garden. That mandate is take care of and cultivate the creation under God's direction. In order to steward creation, one must make choices as to how to best use the limited resources of creation to build up a godly civilization.

2. *Name some ways that the cultural mandate is related to economics in your own life.*

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As a student, you are making choices as to how to best use your limited time to learn more about God's creation and your role in it. You might have listed the subjects you are studying; note that you have made choices to study some things and not others. You might have listed your hobbies or jobs you work. What this question may have made you think about is how much you are spending your time in worthy pursuits that provide something lasting (such as creating something or working a job) versus pursuits that may be nothing more than just passing time (such as TV, surfing the internet, or video games).

3. *Why do you think economics is often divorced from morality in the modern world?*

The modern world has rejected Christian categories of thinking and so has tried to build various worldviews on secular philosophical foundations. In economics, this means that it has embraced a generally mathematical (or quantitative), non-moral view of economics. If men are not made in God's image, then there is no moral law that their choices must conform to.

4. *How might economics enable us to fulfill the Great Commission beyond just providing missionaries with financial support?*

Understanding economic principles helps individuals recognize their unique skills and pursue their God-given vocations; it helps families manage the resources at their disposal; it helps businesses and individuals produce things that people need to live and grow and prosper; and many more things.

Discuss with Parent/Teacher

1. *Almost everyone today agrees that economics is important. But many will say they are confused by it. Why do you think that is? If understanding economics is important to men and women being faithful stewards, what might be the reasons it is not widely taught either in society or the church?*

Economics uses a lot of terms that may be hard to understand unless defined. Economics is overly mathematical and can be divorced from reality when based on a non-Christian worldview. Prior generations of the church has not been taught good economics in school or the church, so adults don't know it to teach others.

2. *What are some of the ways that economics is related to morality?*

Economic choices are made by individuals, and individuals must conform to God's laws. This includes honesty in one's word and contracts; it includes working hard at one's job; it includes being fair to people in paying them; it includes helping out the poor in a wise way; as well as many other areas.

3. *If economics is 'man making choices as to how to best use his limited resources in order to be a good steward before God,' what are some specific ways you act economically in your particular calling?*

If you are a student, then you may have limited money for curriculum and you have to make choices as to what you can use; you have limited time and you have to choose some subjects to study instead of other subjects; and you have unique gifting that draws you toward some work and repels you from other things.

Read *Basic Economics* Chapters 1 & 2

Additional Work

There are many economic principles and actions listed in Genesis 1-5. Read through these chapters and explain some in a 2-3 page paper.

2. The Economic Problem of Sin

Watch Lesson 2 Video

Read Lesson 2 in Study Guide

Do Multiple Choice

1.c 2.a. 3.b 4.d 5.c

Complete Short Answer

1. *Explain why some economic systems tend toward increasing poverty while other systems tend toward lessening it.*

Economic systems that do not recognize the way God has created the world to work as well as the impact of sin on the world, will inevitably end in poverty. Those systems that do seek to build on Biblical truth will lessen poverty.

2. *Why is the law so important for economics? For personal liberty?*

The law provides boundaries within which economic growth can occur. For instance, laws against murder, stealing, and lying are all necessary to have a functioning society that protects life and property. The law also is the basis of Biblical civil government which limits the powers of government to control people.

3. *What are some economic roles the civil government has taken on in the modern world? What does the Bible say (or not say) about those roles?*

It seems today that the civil government has taken on limitless roles in regard to economics. These include excessive redistribution of wealth through taxation, which is a form of stealing; it includes many regulations put in place to limit some people's abilities to steward their own property; it includes printing more paper money and inflating the money supply, thereby stealing from future savings; it includes giving people money through welfare instead of through work; there are many other ways, as well.

Discuss with Parent/Teacher

1. *Some people have referred to the 'grace of law.' How is law a grace in terms of our economic lives?*

God's grace takes care of us in our need. As sinners, we need protection from others and even from ourselves, so God's law gives us the rules by which we can live and prosper.

2. *How does sin exacerbate a nation's economic problems, especially in those countries that reject God?*

Countries that reject God means a majority of people in a country, including those who lead it and make its laws, will make sinful choices to better themselves at the expense of others. This

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always leads to the gradual or quick enslavement of some people by others in order to steal their wealth or labor. This oppression means that large parts of a nation are not working as effectively as they could if they were completely free, thereby making their economic problems worse.

3. What are some specific ways the Ten Commandments are necessary for a healthy economic life?

The Ten Commandments outlines what is necessary for a healthy society. The first is the freedom of a people to worship God. Others include protections for authority, for marriage, for life, for property, and for honesty.

Read *Basic Economics* Chapters 3 & 4

Additional Work

Choose a commandment and research how both the adherence and the violation of it have had direct economic effects in our own day. Write a 2-3 page paper explaining what you find.

3. The Path from Work to Wealth

Watch Lesson 3 Video

Read Lesson 3 in Study Guide

Do Multiple Choice

1.c 2.a 3.d 4.b 5.c

Complete Short Answer

1. Explain why free trade is the engine for economic growth in a society. How does it create wealth?

God made man to be free to pursue his vocation with the resources at his disposal. But no one person has everything he or she needs to live and work. As a result, people must trade their excess with one another to get what they need and want. This drive for more excess to have more things to trade, ensure that people work hard to transform their land, labor and capital into things that they can trade with others. When everyone trades freely, abundance is shared throughout a society. This abundance is wealth.

2. What is the relationship between tools, capital accumulation, and the wealth of the modern world? How does that relate to the cultural mandate?

Tools are necessary to increase efficiency and effectiveness in work. The more efficient and effective people can be, the more capital they can accumulate and the more they have to trade. For hundreds of years, each generation has progressed further down this path and generally accumulated more capital than they consumed. This has led to the wealth of the modern world. This process is simply the outworking of God's command to work the ground and have dominion over the earth.

3. Explain how the principles listed in this lesson work together to overcome scarcity and to create prosperity for a nation.

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Work and productive activity take land, labor and capital to create private property. People freely exchange private property with one another, some of which is saved and eventually used for creating more new things. When people pursue their God-given vocation, they divide up the labor and can work together more effectively in cooperation. Together they create tools to make work more efficient and productive, which in turn enables people to mass produce what people want and need. This mass production lowers prices based on increased supplies, which in turn benefits everyone.

4. How might economics enable us to fulfill the Great Commission beyond just providing missionaries with financial support?

There are countless ways economics does this, but here are a few examples: the division of labor and free trade ensures that we are not having to work all the time just to survive, so can instead spend time disciplining others, learning more, and worshiping God; by working different jobs throughout society, we are salt and light to unbelievers in all sorts of places; we all use our money to build churches, schools, hospitals, and other things necessary for a healthy, Godly society.

Discuss with Parent/Teacher

1. Talk through the links in the chain from work to wealth. Do you understand how they all link together and why this is so powerful? What happens if specific links are missing?

The links in the chain are so powerful because the strengths and resources of individuals are multiplied through cooperation with more and more people. If specific links are missing (such as accumulation of capital or the ability to trade freely), then an economy will not grow wealthy.

2. Consider your own vocation: are you designed to be doing what you're doing, or are you greatly frustrated in your job? If the latter, what steps can you take to better fulfill the way God made you? Success comes when we're doing what we're made to do.

As a student, are you taking time to pursue subjects you really love and which you feel you are well-suited to. Even at an early age, you can have a sense at what you would like to do once you finish school. Think through what that would look like long term.

3. Look at some common items around you and talk through all the steps and other materials necessary just to create them.

There are countless possible answers; just use the pencil example on p. 39 as a guide.

4. If American Christians have been blessed with great prosperity, what does God expect them to do with it? Do you think you are spending more time trying to build up your bank account for your own gratification, or trying to use the resources God has given you to build up His Kingdom?

As a student, you can substitute time spent playing video games, watching TV, or surfing the internet for your own gratification, then answer the question.

Read *Basic Economics* Chapters 5-7 & 11

Additional Work

Setup a visit to a local factory that manufactures something and talk to them about the various sources of all the things necessary to make what they make.

4. The Route from Scarcity to Plenty:

Watch Lesson 4 Video

Read Lesson 4 in Study Guide

Do Multiple Choice

1.b 2.c 3.d 4.a 5.d

Complete Short Answer

1. *How is the God-given scale of economic value important to our role as stewards in light of what God has given us?*

As individual stewards of creation, no one person is ever in the same situation with the same resources at the same time. Each person brings his own value scale toward being a steward, a scale that is unique to his skill set, changing needs, and available materials. In other words, because the world is made up of scarce economic resources, God has designed men and women to react in their own best interest in light of His commands and goals for their life. Being able to rank choices in terms of value is necessary for any economic action.

2. *Why is it important that money be a store of value in a market economy?*

Market economies are based on people trading with others to get what they want and need. Your ability to trade your labor for money now (a paycheck) enables them to use that same money to trade for economic goods later (like a hamburger). Money enables the value you traded for your work to last over time and space to enable trade to happen in the future.

3. *How is it that the laws of supply and demand rely on consistent and predictable human action?*

Because people are made in God's image and have a fixed nature, they consistently follow the same actions in similar circumstances. The laws of supply and demand assume that people are faced with a certain situation, they are all going to act the same way no matter when or where they live. Economic laws are based on consistent human action.

4. *Briefly explain the economic principles God has put in place to lead a society from scarcity to plenty? Can you cite real-world examples where you've seen this happen?*

First, all people are in unique situations with unique needs and resources. This means that people are going to want some things more than others, and are happy to trade what they value less for what they value more. (Think about a part time job - you value your time and energy less than you value the \$10/hr you are paid for working there.) Second, when people are free to trade with each other, they create markets. Money enables trade to happen more easily and more widely, and prices show the point at which trades with money can occur. The law of demand teaches that producers will begin to supply more of something that is in short supply but high demand - in other words, something that is scarce. This means that, over time, the interworking elements of free markets lead a society from scarcity to plenty. Some real world examples are the former

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Soviet-controlled Eastern European nations like East Germany, Latvia, Poland, the Czech Republic, and others, all of which were poor under socialism but, in comparison, have thrived under market economies.

Discuss with Parent/Teacher

1. *In a truly free market, is there ever something like an unfair price assuming a buyer and a seller voluntarily agree to it? What does this mean for us when we're shopping—do we ever really have to buy one thing, or do we always have a variety of options in the market, including the right not to buy at all?*

In a free market, if two people freely agree to a price, it cannot be unfair. We may complain about prices, but it's always our choice to buy from a particular vendor. If enough people in mass stop buying certain things, or buy less, then it will have an impact on that seller and the price.

2. *Why is money so important to markets?*

Money is the lifeblood of a market economy. Just like blood in the circulatory is the means of transferring countless materials from one place to another throughout the body, so too does money act as a transfer mechanism transferring value and making exchange possible throughout an economy.

3. *Markets can be large and small. Provide some personal examples of real experiences with a market that bears out the principles of supply and demand.*

Most people have been to a farmer's market. How does pricing work for strawberries at the beginning or end of the season when there are a few or in the middle when there are a lot? Or perhaps you've watched the local housing market, or the stock market.

4. *Some charitable organizations are interested in giving money and food to poorer nations; others are interested in teaching basic economics and providing economic means for wealth building. Why is it so important that these go together?*

If food and money are given, but basic economic principles and structures are not put into place, then people will not be able to grow economically. Instead, they will always be beholden to those who are giving to them. As the old saying goes, 'give a man a fish and feed him for a day; teach a man to fish and feed him for a lifetime.'

Read *Basic Economics* Chapter 9

Additional Work

Research the work of a Christian organization like The Chalmers Center (www.chalmers.org) and see what it is doing to teach basic economic principles and encourage the growth of local asset-based and participatory economic structures.

5. The Role of the Entrepreneur:

Watch Lesson 5 Video

Read Lesson 5 in Study Guide

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Do Multiple Choice

1.b 2.a 3.c 4.d 5.a

Complete Short Answer

1. *Explain the process of entrepreneurialism step-by-step. How is this similar and different from the way God creates?*

An entrepreneur starts with an idea about a product or service that he can sell into the market. He then needs capital to create the product or service, which will be used to buy materials, tools, and labor. He also needs economic information about the market he'll be selling into, as well as economic projections for creation of his product. Once the product or service is ready, he prices it, takes it to the market, figures out ways to let others know about it, then trades it to his customers for money. This process is similar to God's creative process in that God started with an idea, then formed it into what He wanted it to be. There are many differences, but the main one is that God doesn't need customers to be successful - an entrepreneur does.

2. *Choose an example of technology from history, look up the entrepreneur behind it, and explain what it has done for society. How has it made society better?*

Some possible examples are Thomas Edison, Henry Ford, Eli Whitney, and Bill Gates. (There are countless examples.)

3. *Why is there such a negative attitude toward profit in our society today? What does that mean for the growth of the economy long term?*

One of the reasons people have a negative attitude toward profit is that some don't understand the connection between profits and the rewards of the free market. However, another reason is that some industries are making profits by controlling the market in various ways that are unfair or dishonest. The financial and banking industry is a good example of this. Finally, the teachings of socialism and other economic theories that do not support private ownership of property (and therefore profits) have become commonly believed without an understanding of the real implications of such thinking. [You will dig deeper into these last two points in upcoming lessons.]

As far as implications for long-term growth of the economy, a negative attitude toward profit will lead to the greater impoverishment of an entire society.

Discuss with Parent/Teacher

1. *Think about the first chapter of Genesis and compare ways that the entrepreneur is simply following in God's footsteps with what he does.*

Recall from our first lesson the ways that man is made in the image of God, then apply this to being an entrepreneur: rational, free, creative, stewardship, etc.

2. *List out a variety of different markets you've experienced, then explain how (and why) they work.*

Some examples include: Craigslist, eBay, Etsy, baseball cards, farmer's market, stock market, etc.

3. *What does it mean that ‘God designed us to naturally prosper within markets?’ How does this fit with what you know of the way man was created?*

Man was created to steward the resources God gave him. Since each individual doesn’t have everything he or she needs to live, each person must rely on the community at large to provide the goods and services necessary to be a steward. Markets are the primary way that people are hired, people buy things, and people sell what they own. Markets are the cornerstone of every community acting as a community.

4. *Sometimes people are critical of all the “stuff” available in a free society. Yet would producers be producing these things if someone wasn’t buying them? Is this a reflection of the free market, or a reflection of the people making up society at that moment? If we look in the garages, rooms, and drawers in our homes, is there a lot of stuff in them? If that bothers us, whose fault is it: the seller or the buyer?*

This is open to personal opinion.

5. *What are ways that entrepreneurialism can be married to missions? To local ministries always in need of support? To training of foreign national Christians? Are there ways for groups to be “tent-building” ministries instead of simply receiving donations?*

There are many ways for missionaries to work in foreign lands as entrepreneurs. For instance, they could work as an English teacher, as a businessman, or in some sort of skilled trade. A ministry could also work as an import-export business, hiring local men and women to create things that could then be sold in other countries. It’s important that modern missionaries think outside the proverbial box with sound economic thinking.

Read *Basic Economics* Chapter 11 & 12

Additional Work

Find a local entrepreneur (either in your church or through your parents) whom you can interview. Find out how he (or she) started, how he has to use the means of production, and what issues he faces. Write a brief report on your findings explaining exactly what it is that the entrepreneur does.

6. A Tale of Two Theologies, Part 1:

Watch Lesson 6 Video

Read Lesson 6 in Study Guide

Do Multiple Choice

1.b 2.b 3.c 4.a 5.d

Complete Short Answer

1. *Explain how some of the premises of an atheistic theology lead to an atheistic political system.*

An atheistic theology believes that man is the result of a cosmic chance and has evolved through survival of the fittest into his current state. Power comes through struggle, and the oppression of

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the weak by the strong is a way of life. As a result, an atheistic political system will result in some groups and individuals dominating others through force and oppression without regard to any higher laws or authority.

2. Why does a Christian worldview lead to written constitutions and an atheistic worldview lead to centralized leaders?

A Christian worldview recognizes that all men are sinful and will seek to dominate others by controlling their lives and property. It is therefore necessary to have written constitutions that create a standard by which all the actions of individuals can be judged. The best constitutions reflect the principles laid out in God's laws, and have at their base the protection of life, liberty, and property. An atheistic worldview, on the other hand, does not see God as a true authority, and so puts individual men in God's place, both to make the laws and to control others lives and property. Centralized leaders sit at the top of the pyramid telling everyone else what to do.

3. Compare and contrast the way leaders are chosen in the two systems and how this is reflective of different times in Israel's history.

In a Christian system, leaders are chosen according to Biblical standards of truth and honesty, and required to submit to God's law. Leaders should have virtue and should seek to lead in light of what has been written down both in the Bible and in written constitution. In an atheistic or ungodly system, leaders rise to the top through intrigue and reject God's laws for their own decisions. During the times of David and Solomon, Israel was faithful and the leaders sought lead according to Biblical truth; as a result, the nation prospered. During the times of the later kings, Israel had rejected God's laws and the kingship began to pass from leader to leader through murder and deception; as a result, the nation fell into ruin.

Discuss with Parent/Teacher

1. Talking about worldviews in a black and white way like this may concern some people, but is it an accurate picture of what the Bible teaches? Name some other places where this concept is borne out Biblically.

Moses says in Deuteronomy 30:15 "See, I have set before you today life and good, death and evil." The Proverbs talk about the way of life vs. the way of death. Jesus speaks of the path of righteousness vs. the path of destruction. Paul explains in 2 Corinthians that we as Christians "destroy arguments and every lofty opinion raised against the knowledge of God, and take every thought captive to obey Christ."

2. Why do you think it's necessary for socialist countries to oppress Christians?

Every man and woman is designed for worshiping the God of the Bible and submitting their lives, work and property to Him. In a socialist state, the goal is for man to worship and submit their lives, work and property to the State. This means that Christians living in a socialist state will create a problem for those leaders who want to do ungodly things with other people's lives and property. They will therefore have to oppress those Christians by silencing them, imprisoning them, or killing them.

3. Why do you think that both founding documents include freedom of religion as their first comment?

The authors of the Magna Carta and the U.S. Bill of Rights understood that the best citizens are those who submit first to God, then to man. Freedom of religion is necessary so that men and women have the liberty to fulfill God's commands as stewards of creation.

4. *Compare some political philosophies and systems of real countries.*

Some examples are Great Britain, Canada, China, and Cuba. You can find out specifics by looking at Wikipedia online (see link under Additional Work). If one leader or group lasts for a long time in a country, it usually means that someone other than the people are in control. Try to understand what the political philosophy is behind the actual government.

Read *The Law* by Frederick Bastiat

Download a PDF here: <http://mises.org/books/thelaw.pdf>

Additional Work

Choose one modern government from this list and trace out its history that brought it to its modern form. Here is a complete list of governments and types: http://en.wikipedia.org/wiki/List_of_countries_by_system_of_government

7. A Tale of Two Theologies, Part 2:

Watch Lesson 7 Video

Read Lesson 7 in Study Guide

Do Multiple Choice

1.d 2.b 3.a 4.c 5.d

Complete Short Answer

1. *Explain the "North Star" principle and apply it to some area of the modern economy.*

The "North Star" principle is a guide to whether an economic system or policy is more or less supportive of a Christian worldview. It measures how an economic choice affects man's ability to be a God-obeying steward of creation. It asks, 'Does this economic system or policy enable men to be better stewards before God in fulfilling the cultural mandate, or does it prevent them and make fulfilling the cultural mandate difficult or even impossible?' Some examples in the modern economy of violations of this principle are taxes much higher than the 10% tithe to the church, devaluing the currency so money is not as effective (more on this in Lesson 9), and limitations on Christianity in education, politics, and business. Some examples of upholding this principle are freedoms to build churches and ministries, pursue our vocations, and control our families and their education.

2. *Why is it unnecessary for the free market to be regulated by the government? What do such calls for regulation usually mean?*

The free market concerns people making voluntary trades, and so if each person is happy with the trade, there's no need for a third party to be involved to control or influence that trade. God

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has made man to live naturally within markets in freedom. In light of that, calls for regulation usually mean that one group is trying to control the land, labor or capital of another group and use it for their own benefit.

3. How does the interventionist economy of your country affect the way you or people you know be effective stewards with private property?

A variety of answers will work. Consider one's true control over some aspect of private property, including taxes, regulations, fees, etc.

Discuss with Parent/Teacher

1. Apply the "North Star" Principle to your particular vocation. How easy or difficult is it for you be a steward in what you do?

Personal answer.

2. Why would a nation desire to implement interventionist (or even socialist policies) in their economic systems?

A nation may be influenced or even controlled by a group of people who desire to use other people's property for their own benefit. It is natural result of sin that some people will try to control and exploit others - socialism and interventionism are some of the results of sin. This does not mean that there isn't sin in a free market; there is. But when the government seeks to redistribute and control the wealth of others, it means that sinful economic principles have been codified into a nation's laws.

3. If you look around at society, what areas of intervention are pushing against the church and what it seeks to accomplish in the world? What can be done about it?

There are many examples of legislation that push against the church, specifically in healthcare and marriage. Christians taking political responsibility as citizens at a local and national level to protect the church and Christians is an important step. Abdication of the political sphere is no option and will lead to even greater losses of our stewardship rights.

4. Explain some of the differences between free market, interventionist, and socialist systems in terms of: private property, vocation, taxation, money supply, and other relevant areas.

Private property: socialist systems either deny the right of property or the right to control property; interventionist systems limit control of private property; and free markets place no restrictions on the use or control of private property. Vocation is controlled in a socialist economy; partly controlled in an interventionist economy through regulations; and free in a free market. Taxation is much higher in socialist and interventionist economies than in free markets. The money supply is highly controlled and regimented in socialist economy, and partially so in an interventionist - both have central banks that control the money; a free market does not have a central bank.

5. What do you know about the persecuted church around the world? How much of it is related to politics and economics?

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In almost all countries that profess to be socialist or highly interventionist economies, there is persecution against Christians. It is directly related. Look at China, North Korea, Cuba, Venezuela, many middle eastern countries, etc.

Read *Basic Economics* Chapter 18 & 21

Additional Work

Research the economic thinking of Adam Smith, Karl Marx, and John Maynard Keynes, the fathers of free market, socialist, and interventionist economics. Write a 3-4 page paper contrasting their views of economics.

8. Government Intervention: Basic Principles & Education

Watch Lesson 8 Video

Read Lesson 8 in Study Guide

Do Multiple Choice

1.c 2.a 3.b 4.b 5.b

Complete Short Answer

1. *RC says 'the choice is not between planning and no planning, but between allowing individuals the freedom to plan their own lives versus granting power to the government to plan their lives for them.' What are the implications on either side for Biblical stewardship?*

If individuals are able to plan their own lives, then they can do so as their conscience dictates based on God's word and their personal skills and situation. When the government plans their lives for them, then it is likely the government will want to use them in a way that disregards God's word and the growth of His Kingdom.

2. *Why is the impossibility of economic calculation such a problem for an interventionist economic system?*

Since bureaucrats and central planners can only control markets through external regulation, they can never have enough information to make decisions that work within the confines of the market or which accurately allocate the means of production. What becomes chaos in a socialist system is usually preceded by economic imbalance and injustice in an interventionist system.

3. *Why is education such an important part of an interventionist economy?*

Education is how citizens are trained in their vocations and learn how to work within the political and economic system. If a people are generally ignorant of how their economic and political systems work, then they are more easily controlled by those who do. Since a few people are intervening in the economy to influence it their direction, it is better for them if the majority of the populace is ignorant of what is happening.

Discuss with Parent/Teacher

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1. *If government intervention confuses economic calculation within a market, talk about some areas you've seen this happen in the US through the use of government money in various industries.*

Some examples are agriculture, defense, banking, etc.

2. *Do you think the US has moved in the direction of socialism over the past 100 years? Why or why not? Name some specific examples one way or the other.*

Personal answer requires specific proofs from history.

3. *We've said some strong things about public education. What do you think about the current state of education in the US, and why do you think it's in that condition?*

Personal answer requires factual examples and reasoning for support.

Additional Work

Purchase or checkout a copy of John Gatto's *Dumbing Us Down* and read Chapter 1. Write a 2-3 page paper explaining how the results he talks about are a result of a particular economic philosophy. (An online version of the essay is available here: <http://www.cantrip.org/gatto.html>)

9. Two Mysteries of Monetary Policy:

Watch Lesson 9 Video

Read Lesson 9 in Study Guide

Do Multiple Choice

1.d 2.c 3.c 4.b 5.c

Complete Short Answer

1. *Compare and contrast the Depression of the 1930's and the "Great" Recession of the early 21st-century (2008 and forward).*

There are many points of comparison. Here are a few possibilities: government involvement in various business sectors to bail them out; people looked to the government to provide for them economically; the government spent large sums of money on public works projects to get people "back to work"; etc.

2. *What are the moral problems with inflation?*

Inflation of the money supply by a central bank and the banking industry is stealing the future purchasing power from the money supply. This means that part of the savings of an entire society is silently taken from them without them being aware of it. This is a direct violation of the 8th and 9th commandments. The former by stealing, and the latter by saying this process is natural and good for an economy.

3. *Why do government spending programs designed to "get the economy going" ultimately fail?*

The government does not have the ability to plan or stimulate an economy: it can only consume, redirect, and redistribute. As a result, the government always takes money from those who are

productive and redirect it to those who are less productive. This reliance on government money rather than the forces of people working together within a market means that the government makes itself a part of the system and breaks down the market from working effectively. Eventually, this leads to economic loss and failure since real companies are not being built up to survive on their own.

Discuss with Parent/Teacher

1. *What are some the ways you have seen inflation hurt you or ones you know through its effects? How is inflation bad for the church?*

You may have seen people lose their houses during the housing boom and bust cycle, or people lose their jobs since the company they were working for suddenly shut down or laid them off. Inflation is bad for the church since it not only hurts congregants in various personal ways, but it also takes away the long-term purchasing power of the church's money, thereby affecting the money they have to maintain ministries and missions.

2. *Why is government spending so ineffective at stopping a recession or depression?*

Government money ensures that the market continues to be confused and work inefficiently. Bad businesses that should fail are kept propped up by government money, individuals are confused into making more bad decisions, and government bureaucrats don't have the ability to create real jobs that will last with taxpayer dollars; hence the money is taken from where it would be most useful and put where it would be far less useful.

3. *The Bible talks about "honest money" in many places. What are some ways that you see dishonesty in our monetary system, and what are possible ways to fix it?*

The US monetary system is dishonest in many ways. First, it is a "fiat" currency that is not backed by anything real. As a result, the central bank can inflate the currency at will, thereby expanding credit almost limitlessly. This credit is not real since it's not based on real savings, so this is also dishonest. One of the ways to fix this is to link the paper money to a real commodity, like gold. The key to avoid dishonesty is to make the base of the monetary system something that a central bank cannot print or create out of thin air.

Read *Basic Economics* Chapter 8

Additional Work

Go to <http://www.shadowstats.com/article/archived-438-inflation-measurement> and learn about the Consumer Price Index (CPI) in the US that supposedly tracks inflation. This article explains how it has been manipulated to show that inflation is less than it truly is. Write a 2-3 page paper explaining some of the key concepts he talks about in this paper.

10. The Welfare and Corporate States of America:

Watch Lesson 10 Video

Read Lesson 10 in Study Guide

Do Multiple Choice

Economics for Everybody - Scope & Sequence - Study Guide Answer Key

1.c 2.c 3.b 4.b 5.b

Complete Short Answer

1. *What has been the effect on the church ever since the government took over the role of providing welfare to the poor?*

The church has taken a lesser role in dealing with the poor in many places. Although many churches still have a role in helping out the poor, there is not the sense of heavy reliance which occurred in past times. This has disconnected morality and charity, thereby enabling many poor people to continue in the sinful habits which keep them poor.

2. *What are some of the bad consequences of corporatism?*

The political system becomes about electing people or influencing elected officials so that certain businesses can get more money or regulatory breaks than their competitors. Corporatism confuses the market since all a company has to do in order to get money is to pull on government purse strings rather than have to compete in the market for profits. Finally, corporatism moves a country toward fascism - where businesses and government are linked in many ways.

3. *How does high taxation affect stewardship? Name some specific situations where you see the results of this.*

Taxes are the primary means of government redistribution of wealth. This means that in most cases, money is taken from people who could be using it according to their own vocation and interests. Instead it is used for the government's interests. For the first 120 years of our nation's history, an income tax was unconstitutional. After 1913, the tax rates have gone from 2-7% up to approx 33%. The tax code is so complex, however, that most people are unaware of all the ways they are taxed. High taxation creates significant barriers to full stewardship of one's resources.

Discuss with Parent/Teacher

1. *Talk about some examples of welfarism or corporatism that you have seen or know about from first-hand experience. What are the results?*

Answer from private experience.

2. *It rubs some Christians the wrong way when it is suggested that the government cut back and even remove itself from the position of taking care of its citizens, particularly the poor. But if these programs ultimately hurt more than help people, what is the moral obligation of Christians? Furthermore, what can Christians do to replace ineffective government services with gospel-centered charity?*

Welfare programs create a culture of dependency and a culture of legal stealing (through redistribution) that can be seen from decades of implementation. These programs hurt both those who have money taken from them and those who have money given to them. Christians can work through the church and para-church ministries to meet both the physical and spiritual needs of the poor in a structure of accountability.

3. *Many businesses are extremely dependent on government contracts. Is this a good long-term solution for either these businesses or for government? One old saying is: "He who pays the piper calls the tune." Does this have moral implications for businesses that are dependent on the government?*

Economics for Everybody - Scope & Sequence - Study Guide Answer Key

Businesses that work outside the market are highly dependent on government redistribution themselves. From a moral perspective, the government can force Christian companies to do things they think are wrong or questionable; or the government can suddenly shift contracts around or run out of money, thereby leaving that business in severe fiscal trouble.

Read *Basic Economics* Chapter 19 & 20

Additional Work

Go to www.usgovernmentspending.com and www.usgovernmentrevenue.com. We relied heavily on these sites for getting accurate government spending and taxation numbers. On the left-hand column, select Spending History then Revenue History (on the respective sites). Write a 2-3 page paper explaining what has happened over the past 100 years in terms of government spending and revenue.

11. Economics Has Consequences:

Watch Lesson 11 Video

Read Lesson 11 in Study Guide

Do Multiple Choice

1.b 2.a 3.d 4.c 5.a

Complete Short Answer

1. *Why do socialist countries consistently seek to persecute Christians?*

Socialism is a command and control political and economic system. It functions through the centralized control of the economy by a few people and the denial of private property and individual liberty. This is exactly the opposite of what Christianity teaches; Christianity teaches that people must be able to steward their resources in building up God's kingdom. The result is that socialist leaders always persecute true Christians because those Christians will stand up and say that what is happening is wrong and against God's law. Since socialism is really just a tool of Satan to build up his own kingdom, these nations must persecute Christians. There are so many examples of this from history (USSR, China, Cuba, North Korea, etc.) that it is proven through experience.

2. *How does a regulatory environment eventually strangle economic growth?*

Regulations are a softer form of controlling an economy. Each regulation selects out some small area to control or dictate. Over time, they put more and more limits on what individuals can do with their God-given resources. As people and markets are limited, so too are they limited in producing things and growing wealth. The result is a slow strangulation of an economy over many generations.

3. *Why do you think the complaints of greed and selfishness are primarily used against the free market economy and not interventionist or socialist economies?*

Those people who are criticizing free markets are normally advocating some form of interventionism or socialism. As a result, they are not going to criticize their own system with

Economics for Everybody - Scope & Sequence - Study Guide Answer Key

something as obvious that the people who are seeking to control others in interventionist or socialist systems are expressing their greed and selfishness in trying to control others. It is an historical fact that free markets create the most wealth for the most people with the most freedom. Because people are free, their greed and selfishness are more obvious to all. But greed and selfishness are a part of human nature, not a unique aspect of some economic systems.

Discuss with Parent/Teacher

1. *How is stewardship constrained in your lives in terms of the economic situation you find yourself in?*

Personal answer based on personal situation. If you are a student, answer this in terms of the work situation of your father and/or mother.

2. *Deuteronomy 28 provides economic consequences for moral disobedience to God. Do you think this still bears itself out in modern economic situations?*

Personal opinion.

3. *Where do you see economic controls matching up with moral controls in our current society? Should this matter to Christians?*

One example is the recent Health and Human Services mandate that requires all companies, even Christian companies, to pay for abortion-producing drugs and contraceptives. Public education limits all talk of Christianity. If homosexual marriage becomes legal, it will force many ministries and businesses to hire homosexuals; these laws are already in place in a number of cities. There are many more examples, as well.

Read *Basic Economics* Chapter 21

Additional Work

Go to www.torturedforchrist.com and read about the life of Richard Wurmbrand, a Romanian pastor who spent 14 years in a Communist prison for being an outspoken pastor. He went on to found Voice of the Martyrs ministry. Read about his life, then scroll to the bottom of the page and review the timeline of his life and how he fought against Communism. You also review what happened to Christians in the Soviet Union here: http://en.wikipedia.org/wiki/Persecution_of_Christians_in_the_Soviet_Union

Write a 2-3 page paper about how Christians have suffered under socialist economies because of their beliefs.

12. Kingdom Economics

Watch Lesson 12 Video

Read Lesson 12 in Study Guide

Do Multiple Choice

1.d 2.d 3.c

Complete Short Answer

Economics for Everybody - Scope & Sequence - Study Guide Answer Key

1. *What are some contemporary examples of the struggle between the Kingdom of God and the kingdom of Satan in an economic context?*

Billions of dollars are taken each year from Christians and redistributed through our government to areas that are fighting directly against Christianity, whether it is money for education, medical research, social research, social programs, etc. etc. Every instance that money is taken from Christians and used to support non-Christian endeavors, this is an example of the kingdom of Satan warring against the Kingdom of God.

2. *How has interventionism affected the thinking of Christians when it comes to the role of the government?*

Many Christians just assume that the government should be responsible for individuals' welfare. This includes pensions, healthcare, welfare, education, etc. This assumption is more recent in American history, and certainly not healthy for the long term sustainment of our nation.

3. *What are some specific things you can do to learn more about economics and stewardship?*

Reading books and articles from sound economic thinkers is an important start. These include men like Cal Beisner, Shawn Ritenour, Gary North, Paul Cleveland and others.

Discuss with Parent/Teacher

1. *What do you think is the most important thing you learned from this series? Why is it important?*

Personal answer.

2. *Studies comparing Christians in the West with Christians in other parts of the world reveal that we think less than others about the battle between Christ and Satan for dominion of the world. Why is this? What does it say about our culture as Christians?*

Americans have developed an extremely rationalistic culture that dismisses the spiritual import of history and life. The idea that Satan uses politics and economics to control Christians is not always at the forefront of modern American Christian thinking. What it says about Americans, however, is that we are out of touch with historic Christian thinking in this area, and should beware our overconfident ignorance.

3. *If economics is ultimately about being a good steward and expanding God's Kingdom, what can you personally be doing to accomplish this? How can you pursue economics in your own life to the Glory of God?*

Personal answer.

Additional Work

Write a 4-5 page paper that explains what you think every Christian should understand and economics and why. Base it on what you learned in this series and in reading additional books, materials, and websites.