

Study Questions for George Reisman's *Capitalism: A Treatise on Economics*

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CHAPTER 3. NATURAL RESOURCES AND THE ENVIRONMENT

PART A. NATURAL RESOURCES

1. Describe the currently prevailing view on the relationship of production to the supply of natural resources.
2. Explain in what sense man creates natural resources and how, since the beginning of the Industrial Revolution, he has actually enlarged their supply right along with the increase in the supply of products.
3. "From the upper limits of the atmosphere, to its center, 4,000 miles down, the earth is a solid ball of natural resources." Discuss.
4. What does the increase in the supply of useable, accessible natural resources depend on? Explain.
5. "The energy shortage proved the existence of a growing scarcity of natural resources in nature." Discuss. (In your answer, be sure to present an alternative explanation of "the energy crisis.")
6. Explain what is meant by "the law of diminishing returns." Describe an important phenomenon analogous to the law of diminishing returns and which rests on the logic of human choice.
7. Explain how the existence of continuous economic progress and the law of diminishing returns can be logically reconciled.
8. "The law of diminishing returns confirms the fact that the fundamentally limiting factor in production is always human labor." Discuss.
9. "Allowing fertile land to lie idle is economically wasteful." Discuss in the light of the discussion of the law of diminishing returns.
10. "The fact that, as a rule, only one-third of the oil physically present in a petroleum deposit is ever extracted, is evidence of economic waste." Discuss this contention in the light of the discussion of the law of diminishing returns.
11. "The law of diminishing returns implies that economic progress is necessary *to maintain the standard of living*, not just to raise it." Discuss.
12. Explain the implications of the discussion of the law of diminishing returns for the value of government irrigation and flood control projects.
13. "Atomic waste disposal and the strip mining of coal should be prohibited because they destroy the future usefulness of the land sites involved." Discuss in the light of the law of diminishing marginal utility.
14. "In order to avoid the waste of valuable raw materials, we must recycle tin cans, paper products, and so forth as much as possible." Explain the errors of this claim.
15. "American retailers are wasteful in giving shoppers fresh paper bags with every purchase. In the name of economy, they should adopt the practice common in many parts of Europe of requiring shoppers to bring their own bags." Explain the errors of this claim.
16. "Driving at fifty-five miles an hour consumes less gasoline for the same distance travelled than does driving at sixty-five miles an hour. Thus, it is only economic common sense to drive at fifty-five miles an hour." Explain what is wrong with this claim.
17. Explain what is meant by "conservation by the market."

18. "In the early years of this century, logging companies often cut down forests without bothering to replant. This proves the destructive nature of the profit motive." Present the alternative explanation of deforestation that is provided in *Capitalism*.

PART B. THE ECOLOGICAL ASSAULT ON ECONOMIC PROGRESS

1. "In the last two centuries, loyalty to the values of science, technology, and capitalism has enabled man in the industrialized countries of the Western world to put an end to famines and plagues, and to eliminate the once dread diseases of cholera, diphtheria, smallpox, tuberculosis, and typhoid fever, among others." Discuss.
2. Describe the effects of industrial civilization on life expectancy in the Western World since the 18th Century, and in the United States since 1900.
3. Describe the effects of the use of man-made power on the productivity of labor, the average standard of living, and human life expectancy.
4. Describe the effects of industrialization on the quality of drinking water, and on air quality in large towns and cities in comparison with the past.
5. Describe the effects of man's economic activity on the survival of species other than man. Describe the effects on *human* survival.
6. Explain the economic logic underlying the near extinction of the buffalo and why the preservation of large numbers of buffalo would represent an enormous economic waste.
7. Compare and contrast the concepts of economic efficiency and "energy efficiency." Explain how they can mean opposite things.
8. "The environmental movement is characterized by pathological fear of industrial civilization and of science and technology." What examples can be cited in support of this claim?
9. Describe the environmental movement's attitude toward man-made power.
10. What is meant by the doctrine of intrinsic value? How does it contrast with the doctrine that the source of the goods character of things lies within human beings?
11. Describe the ethical perspective of the environmental movement in the light of its endorsement of the doctrine of intrinsic value.
12. How does the doctrine of intrinsic value imply a view of human beings as being inherently destructive, and the more so as they come to be guided by the values of reason, science, and technology?
13. Explain how the exact same set of facts, such as the clearing of a piece of land and its conversion into a housing tract can be described both as an improvement in the environment and as destruction of the environment, on the basis of the two different ethical standards of the supreme value of human life and the doctrine of intrinsic value.
14. "From the perspective of the doctrine of intrinsic value, the lives of spotted owls, snail darters, and gnat catchers are as valuable as the lives of human beings, and so is the existence of hillsides, deserts, and jungles." Discuss.
15. Explain the contention that production necessarily tends to improve the environment. (Be sure to describe both the underlying ethical perspective and the relevant fundamental economic principles that support the statement.)
16. Explain and illustrate in what sense the environmental movement holds individuals responsible for the actions of a collective.
17. If the environmental movement had existed in the early 19th century, what sort of arguments might it have raised against the settlement of the Midwest?

18. "Provided they are not allowed to use force, the voluntary, self-interested actions of individuals always tends to accomplish incomparably more good than harm. Such harm as occurs, which is not intended and for which no individual is actually responsible, should be regarded as an act of nature, which individuals should then be left free to deal with." Discuss.
19. Explain what is meant by the doctrine of "externalities."
20. Describe the implications of the externalities doctrine for the kinds of benefits one might claim the right to payment and for the kinds of costs one might be held accountable.
21. If individuals are not be able to demand payment for *all* the benefits they give to others, and are not to be held accountable for *all* the costs they impose on others, explain what principle can serve as a narrower standard.
22. Explain how the failure of socialism has contributed to the environmental movement's distrust of science, technology, and the power of human reason.
23. "The ecology movement is an attempt to resurrect the essential doctrines of socialism concerning the consequences of the uncontrolled, self-interested actions of individuals." Discuss.
24. What basic political-economic conditions would be required for man to deal successfully with global warming (if in fact it were to come) and the inevitable climate changes, such as the next ice age, that sooner or later will be produced by nature itself?
25. Explain the essential differences between the concepts of economic progress and economic growth.
26. Describe the role of contemporary education in promoting the influence of the ecology movement.
27. Describe an essential cause of the inability of contemporary education to succeed in the task of educating.
28. Explain the role of the cultural devaluation of man in the success of environmentalism.