

## Guide to Responding to Unit 1 Reading Questions

1. *What was the primary impetus for the development of ancient economic thinking? (Think in terms of who in society was the primary user of economic thought.)*

You would want to consider the following as you study the material in this section:

- All of the ancient writers held some degree of prominence in their societies.
- Some of the writers presented in this course earned their livings directly in the government, had ties to religious establishments, or were teachers of the elite of the societies in which they lived.
- Note that much of the commentary centered on the role of government, the conduct of government officials, how to maintain social order, and in many cases the management and disposition of tangible property including slaves.

2. *In what ways were the economic views of the Egyptians, Mesopotamians, and Israelis connected?*

These three societies existed in the region known as the Middle East. Different versions of these nations existed at different times in the millennia before the Common Era, but they shared common trade routes and interacted with each other economically as well as through military conflict. Through their trade, they developed common products and preferences as well as borrowed technical ideas for agriculture and other economic activities from each other. Israel was unique in terms of religious beliefs, was the youngest of the three civilizations to emerge, and was able to borrow heavily from both Egypt and Mesopotamia in forming their socioeconomic structure.

3. *How did the Greek view of economics (it is a Greek word) differ from our view today?*

The Greek term from which the word *economics* is derived is *oikonomikos*. Today that would translate into a *household manager*. The issue managing scarce resources, the foundation of economics, was central to the Greeks. The difference lies in that for the Greeks, the focal point was the *individual* – the micro view. Economics was about managing the household estate, its lands, and its servants. For Aristotle and his ethics, the key economics question was determining the value placed on objects and relating the use value of those objects – utility – to their exchange value, or price.

4. *How does Chinese thought on practical matters differ from the Greek approach of the same period?*

Xenophon writes: “As you describe him (I proceeded), your father must truly have been formed by nature with a passion for husbandry, not unlike that corn-hunger which merchants suffer from. You know their habits: by reason of this craving after corn, (39) whenever they hear that corn is to be got, they go sailing off to find it, even if they must

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cross the Aegean, or the Euxine, or the Sicilian seas. And when they have got as much as ever they can get, they will not let it out of their sight, but store it in the vessel on which they sail themselves, and off they go across the seas again. (40) Whenever they stand in need of money, they will not discharge their precious cargo, (41) at least not in haphazard fashion, wherever they may chance to be; but first they find out where corn is at the highest value, and where the inhabitants will set the greatest store by it, and there they take and deliver the dear article. Your father's fondness for agriculture seems to bear a certain family resemblance to this passion."

Fan Li writes: "Ability to analyze market opportunities and threats. Know what is selling according to areas and trends."

The two authors share the concept of understanding that goods will be sold by merchants where the prices are highest.

*5. Aristotle and Kautilya (also known as Chanakya) both addressed the ethical consequences of obeying and disobeying rules. Describe the similarities and differences in their views.*

Read book IV, chapter 13 of Kautilya and point 1 of the introduction to Aristotle's reading where it discusses the role of a *member* in the community. Both views place the need for state order above that of the individual and that the individual is expected to follow the rules set down by the state. Kautilya believes that state imposed punishments are necessary since violation will almost surely occur and that in the Aristotelian scheme of things, a society member will see that obeying the rules carries a greater net benefit than disobeying the rules and so will naturally fall in line.