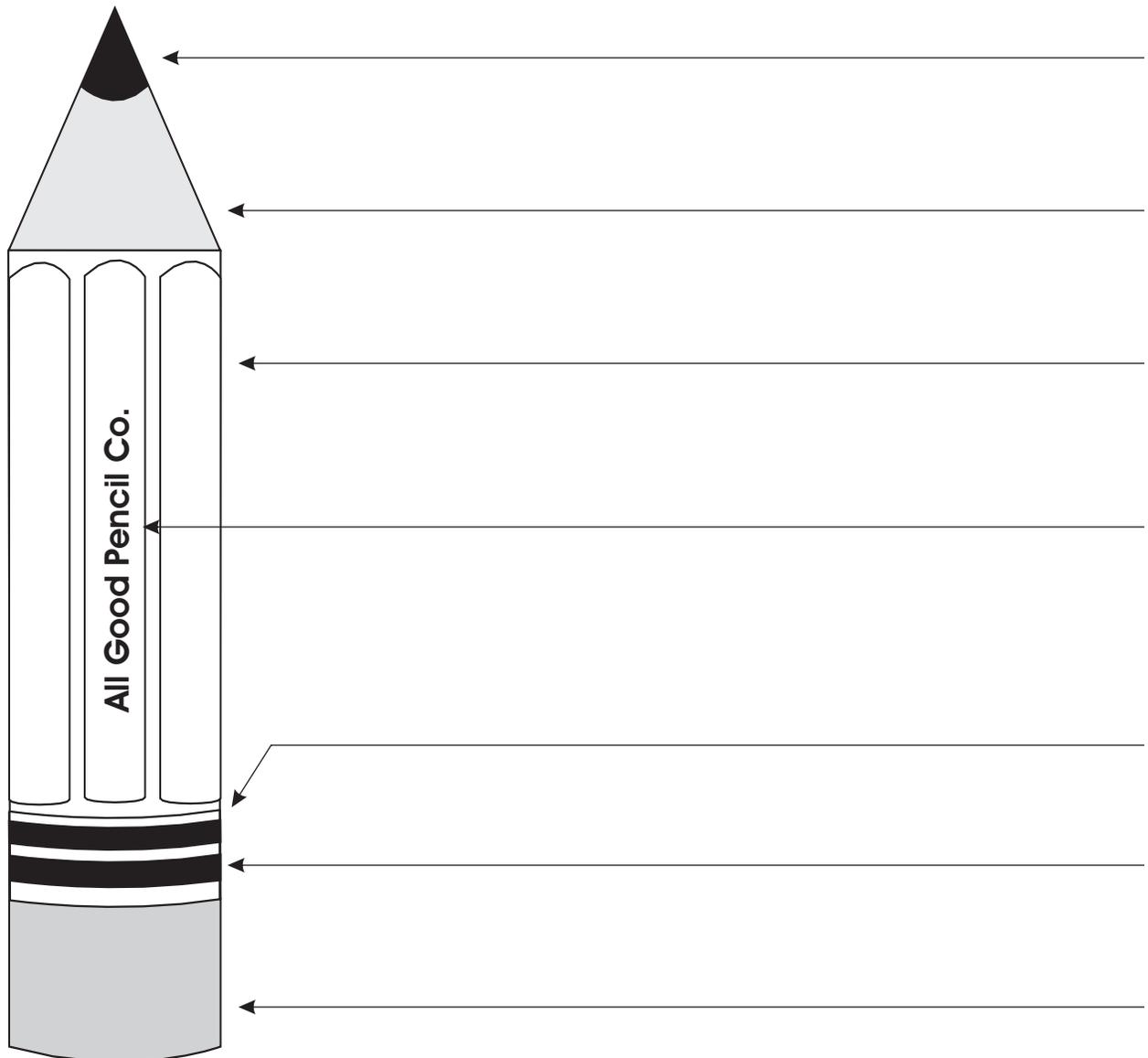


"I, Pencil" - A Lesson in Free Market Economics

"I, Pencil," a famous essay written by Leonard E. Read in 1958, can be found on the Foundation for Economic Education site at www.fee.org.

You may be surprised to learn how complicated the making of a simple pencil really is. As you study the story of "I, Pencil," identify the parts and materials used in making this product.



Here are some questions for class discussion about “I, Pencil”:



1. As the story begins, the author says that more than a billion pencils are made each year. How many people does the author say actually know how to make a pencil?
2. The author says that the cedar wood for pencils grows in California and Oregon. What are some of the tools, products, and services that are involved in getting the trees cut and moved to the pencil factory?
3. How many people does the author estimate are involved in some way - directly or indirectly - in the making of pencils?
4. Of the total of all the knowledge and skills involved in creating a pencil, how much does any single person contribute to the process, according to the author?
5. The author says that people involved in the making of pencils do not work because they want a pencil. What is the reason they do their work cutting trees, mining graphite, or running a pencil factory?
6. According to the author, is there any “master mind” or dictator forcing or directing everyone to do the particular jobs that are needed to make pencils?
7. What is the “miracle” that is involved in the making of pencils?
8. The author worries that many people believe that complex economic tasks like delivering mail, making automobiles, or even making pencils can be done best if a government runs the processes. What does he think leads people to that conclusion?
9. What are some of the examples that the author mentions to show that when people are left alone, without government interference, they can accomplish amazing things?
10. What is the lesson about freedom and free people that the author wants the reader to learn from this story?



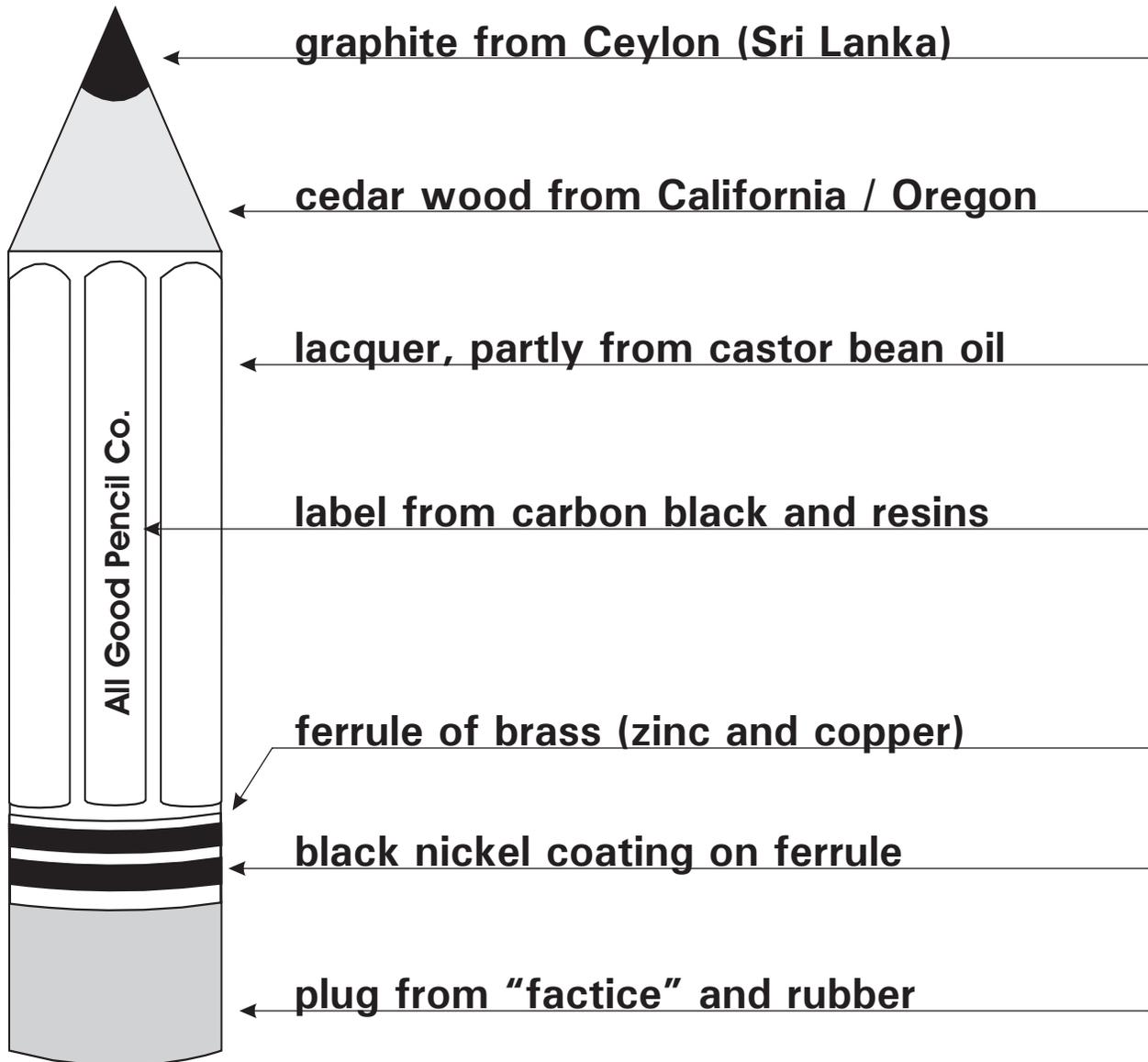
izzit
.org

A DVD video based on “I, Pencil” is available from izzit.org, a non-profit organization that promotes education about economics, liberty, and related topics. The video is titled “The Price System,” and features economist Milton Friedman.

Teacher Key for "I, Pencil" Lesson

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Teacher Key - continued - Class Discussion Questions

1. Not one person knows how to make a pencil. That is, no one person has all the knowledge needed to do all the things involved in making pencils. It takes the combined knowledge and skills of countless people.
2. The essay mentions: saws, trucks, rope, axes, flat cars, rails, locomotives, ore mining, steel making, motors, raising of food, rope making, growing of hemp (for rope), cooking, coffee, mess halls, beds, and communications systems.
3. Millions of people are involved in one way or another in the making of pencils.
4. No one person, including the head of the pencil company, contributes more than a very tiny part of the total knowledge involved in the making of pencils.
5. They do their work for pay. That is, they trade their skill, knowledge, and labor for payment that can be exchanged for many things they want and need. This may or may not include pencils.
6. No, there is no "master mind" or dictator directing the efforts of all the people involved in making pencils.
7. The miracle involved in the making of pencils is that the efforts and knowledge of millions of people are brought together automatically, without force or a "master planner," in exactly the right way needed to produce pencils.
8. People know that these tasks all involve very complex processes that no one person alone can possibly know in complete detail. If people do not understand that humans can combine their efforts naturally in the economic system, or if they lack "faith in free people," they may believe that only the government can accomplish such difficult tasks.
9. The essay mentions the making of automobiles, calculating machines, grain combines, and milling machines. Also, telephone service, television, air travel, and the delivery of natural gas and oil at great distances.
10. The lesson is that freedom works. The author says "leave all creative energies uninhibited." The government should not attempt to control, plan, or direct the production of goods and services. It should allow people use and trade their skills, talents, knowledge, and labor freely.