

The Purpose of This Book

Because man has knowledge of the human body (that is, the relation of each part to the whole), he is able to avoid behavior which injures physical health.

Because man lacks knowledge of the economic body (that is, the relation of each part to the whole), he is unable to avoid behavior which injures economic health.


This book takes the economic body apart and describes the parts in relation to the whole.

Its purpose is to enable the average person to avoid behavior injurious to the nation's economic health.

In taking anything apart, one should not pass judgment upon what one finds, but merely describe what is found.

For this reason, there is, in this book, not a single opinion, not a single word of praise or condemnation. It is just a simple explanation of the mechanical operation of the economic body exactly as one would explain an automobile by relating the operations of (1) the engine, (2) the transmission, (3) the drive shaft, (4) the differential, (5) the wheels and (6) the steering column.

To those readers who may feel that in this dissection some important parts have been left out, we beg their patient study. *All the important parts are there.*



The Formula for Man's Material Welfare

The illustration and formula on the facing page are the key to understanding the process of economic production.

Production of goods and services is the basis of man's material welfare, and the quantity and quality of the production control how well, comfortably and conveniently man can live.

The formula when expressed in words reads: *Man's material welfare (MMW) equals his natural resources (NR) plus his muscular and mental human energy (HE) multiplied by the efficiency of his tools (T).*

Throughout this book the reader will observe repeated applications of the various aspects of this basic truth.

It is presented to the reader at this point because of its wide application to economic thought

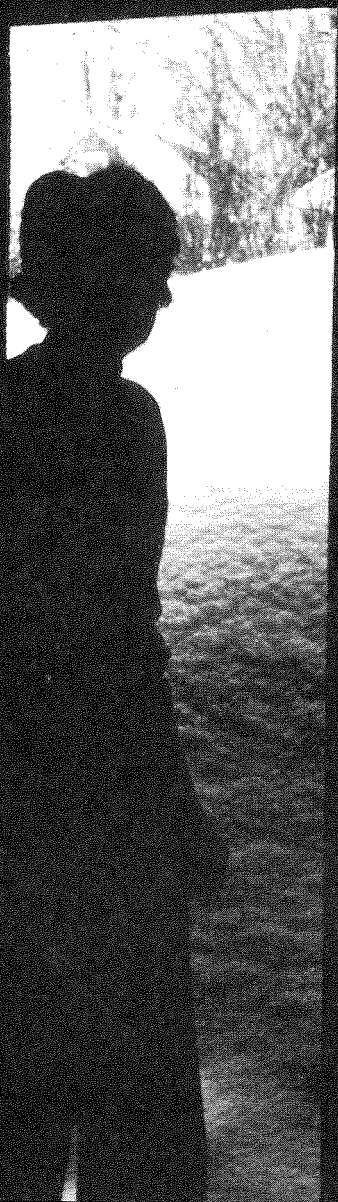
and because an awareness of it helps the reader to grasp more quickly the significance of the material which follows.

Regarding this formula it is important to note and keep in mind that of the three factors of production (natural resources, human energy and tools) the only one which man has the power to rapidly and substantially increase is tools.

Both of the other two are created by nature and controlled by nature.

In the United States, where man lives better than anywhere else on earth, the stock of tools has been increased to a point where they supply more than 95% of the energy used in production.





Why Man Works

In most parts of the world man must work in order to live, because most things in their natural form, condition and place cannot satisfy human needs.

Only in a few parts of the world could man live without clothing and shelter and find the quantity and variety of ready-to-eat food necessary to keep him alive and healthy.

Everywhere else in the world, nature is a stern taskmaster.

Man must work to secure his food, the scarcity of which has always been the most common cause of early death.

He must counteract temperature, through shelter and clothing, heating and cooling, and must shield himself from wind, rain, sun and snow.

Man overcomes the dangers and discomforts of his natural state through changing the form, condition and place of natural things.

Land is of little use until cleared, cultivated, seeded and tended.

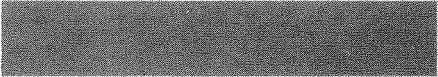
Timber must be cut down and split or sawed.

Wool must be reared, sheared, cleaned, carded, spun and woven.

Minerals must be mined, hauled, refined and made into useful forms.

Man satisfies his material wants through changing the form, condition and place of natural resources.

The things that man makes, through changing the form, condition and place of natural things, are called goods and services.



How does man get the things he needs to survive, such as bread, shoes and housing? Only by working — exerting effort and using his human energy. Man works because he has to, to obtain the three necessities of life — food, clothing, shelter.