ECONMIC FACTS EVERYONE SHOULD KNOW

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The following set of facts are called the Ten Pillars of Economic Wisdom. These basic laws of economics were developed by The Economic Foundation of New York. It might be called a guide for human's economic life. These ten rules show how simply the economic truth can be told.

1. **Nothing in our Material World** can come from nowhere or go nowhere, nor can it be free. Everything in our economic life has a source, a destination, and a cost that must be paid.
2. **Government is Never a Source of Goods**. Everything produced is produced by the people, and everything that government gives to the people, it must first take from the people.
3. **The Only Valuable Money** that government has to spend is that money taxed or borrowed out of the people's earnings. When government decides to spend more than it has received, that extra unearned money is created out of thin air, through the banks, and, when spent, takes on value only by reducing the value of all money, savings, and insurance.
4. **In our Modern Exchange Economy**, all payroll and employment come from customers, and the only worthwhile job security is customer security; if there are no customers, there can be no payroll and no jobs.
5. **Customer Security** can be achieved by the workers only when they cooperate with management in doing the things that win and hold customers. Job security, therefore is a partnership problem that can be solved only in a spirit of understanding and cooperation.
6. **Because Wages are the Principal Cost** of everything; widespread wage increases, without corresponding increases in production, simply increase the cost of everybody's living.
7. **The Greatest Good for the Greatest Number** means, in its material sense, the greatest goods for the greatest number that, in turn, means the greatest productivity per worker.
8. **All Productivity is Based** on three factors: 1) Natural resources, whose form, place, and condition are changed by the expenditure of 2) human energy (both muscular and mental), with the aid of 3) tools.

9. **Tools are the Only One** of these three factors that humans can increase without limit and tools come into being in a free society only when there is a reward for the temporary self-denial that people must practice in order to channel part of their earnings away from purchases that produce immediate comfort and pleasure, and into new tools of production. Proper payment for the use of tools is essential to their creation.
10. **The Productivity of the Tools** is the efficiency of the human energy, applied in connection with their use, has always been highest in a competitive society where the economic decisions are made by millions of progress-seeking individuals, rather than in a state-planned society in which those decisions are made by a handful of all-powerful people, regardless of how well-meaning, unselfish, sincere, and intelligent those people may be.

How Big is the Average Profit

Any discussion of the profit system generally brings up the question of how much does it cost the customer. Unfortunately the general public's opinion of profit is generally much higher than it actually is. In reality the breakdown for every dollar a company gets is as follows:

- 64.5% goes for Payroll and Benefits
- 18% for Taxes (Local and Federal)
- 7% goes to Shareholders (who put up money for the tools)
- 10% for the replacement and updating of tools
- .5% is set aside for miscellaneous expenses

As you can see employees get about nine times as much in payroll and benefits as tool owners get for supplying the workers with the tools.

A *Winner* in today's world of business and manufacturing ***makes commitments*** such incorporating new technologies as soon as they become available and the use of Lean Tools to remove the waste in all their operations and processes to keep up with or beat the competition.

A ***Loser makes Promises*** and takes the attitude of waiting until others have tried it and continues doing things the same way they have been in the past. This is a sure way of losing business, falling behind the competition, never catching up to the leaders and eventually going out of business.