Ten Pillars of Economic Wisdom

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 people's earnings. When government decides to spend more than it has thus received, that extra unearned money is created out of nothing, 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 employee only by cooperating with management in doing 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 which, 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 – that is, the efficiency of the human energy applied in connection with their use – has always been highest in a competitive society in which 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.

THE AMERICAN ECONOMIC FOUNDATION (AEF)

THE AMERICAN ECONOMIC FOUNDATION (AEF) is a national nonprofit research and educational organization incorporated in the State of Ohio in 1939. Its purpose is to conduct research in the field of economics, to simplify and clarify principles, terms and facts, to prepare educational materials for others to use and to assist in broad distribution and communication of these materials – with the goal of bringing about greater understanding of the free enterprise system.

The American Economic Foundation advocates the free market. It seeks to encourage comprehension and appreciation of market principles through individual economic self-education – developing clear, concise materials which any person can readily understand and pass along to others.

While the private enterprise system has been tremendously effective in turning out goods and services that people need and want, there is a serious lack of understanding and acceptance of the principles on which that system is founded and on which our productivity depends. As a result an influential minority, disillusioned with free enterprise, actively opposes and attacks it, calling instead for more and more government intervention in the market and our personal lives.

Every generation must be taught anew the wisdom and experience of the past. Students must learn the lessons of liberty, and especially the inseparability of political and economic freedom.

AEF's materials develop a basic frame of reference for understanding how the private, competitive enterprise system works. This knowledge enables an individual to separate economic fact from fallacy in daily life. Among its best known publications are the world-famous economic primer HOW WE LIVE (8,000,000 are in print in the USA alone), the widely circulated "Ten Pillars of Economic Wisdom", various other publications, and a newsletter.