

Seven Economic Fallacies

As listed by The American Economic Foundation:

1-That government has something to give the people which it does not first have to take away from them.

Government is never a source of goods. Everything produced is produced by the people, and everything that government gives the people it must first take from the people. Government benefits are raised through taxes and, as Franklin D. Roosevelt said in 1932, "taxes are paid in the sweat of every man who labors."

2-That job security can be guaranteed by management.

In our modern exchange economy, all payroll and employment comes from customers, and the only worth-while job security is customer security: if there are no customers, there can be no payroll and no jobs.

3-That the workers of any nation can improve their welfare by increasing their production.

Because wages are the principal cost of everything, wage increases (without corresponding increases in production) simply increase prices and do not improve the welfare of the worker.

4-That labor-union pressures are primarily responsible for the workers' standard of living.

Ninety-five percent of man's ability to increase production is due to the use of better tools. Organized labor has played a very small part in the accumulation of these all-important tools.

5-That any system other than a free production - and - exchange system can provide the greatest good for the greatest number.

The greatest good for the greatest number means, in its material sense,

the greatest productivity per worker is reached when production, as well as markets, operate under the stimulus of free competition, as shown by the history of American industry.

6-That the law of supply and demand can be repealed.

The more scarce an article (goods or service), the higher the price of it becomes. The more plentiful the article, the lower the price of it. This law of supply and demand is a law of nature and cannot be repealed by man. Government efforts to suspend or ignore it have always had disastrous results.

7-That the owners of industry get the lion's share of the product and the workers get only the crumbs.

The amount of the product of all industry that goes to workers is about 90 percent. The amount that accrues to the owners of the tools (investors) is about ten percent. Yet the tools do more than 95 percent of the work.

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Thou hypocrite, first cast the beam out of thine own eye; and then shalt thou see clearly to cast the mote out of thy brother's eye.—(St. Matthew 7,5.)

It is said that to understand is to forgive. To understand that we ourselves are not without faults, and then to try--with God's help--to correct them, will lead us to understand, be sympathetic to, the weakness of others, and to be, in kindness and charity, of help to them.

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Cooperation would solve many problems. For instance, freckles would make a nice coat of tan if they'd just get together.