

How We Live

Economic Wisdom Simplified



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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.

What Are Tools?

Tools are all the things used by man to produce other things, that is, goods and services.

Tools are things made by man, and things made by natural processes.

Obviously, factory machines are tools.

So are the buildings that house them and the land under the buildings.

So are the various materials used in production.

So are the finished products while they are for sale.

On the farm, the cleared, cultivated and fertilized soil used to produce crops is just as much a tool as is the plow.

So is the tractor that pulls the plow.

So are milk sheds, silos and barns.

So are the stock of seed and the fertilizer.

So are the trucks, barges, trains and planes that haul the goods and carry the crops to market.

In the hands of storekeepers and their clerks, the inventories of goods for sale are part of the tools used to produce a service, just as are the store buildings and the store fixtures.

Tools are all the things used by man to improve his material welfare (that is, used to produce goods and services) through changing the form, condition and place of natural resources.





How “Work” Became “Employment”

In a society in which every man produced only for his own use and that of his dependents, there could be no enforced idleness which is now loosely called “unemployment.”

Under these conditions his economic life was what he made it. His own material welfare and that of his dependents was determined by the quantity and quality of his energy and his tools.

His own needs and those of his dependents controlled and guided his work.

If he was idle, it was either because he wanted nothing or because he chose to go without that which he wanted rather than expend energy to get it.

But as society developed and families lived in communities, men started to devote their energy to the work they did best and to exchange their products with workers producing other goods and services.

Thus, a man with a talent for making shoes did nothing but make shoes.

He did not have to spend time making other things, because he could exchange part of what he made for the other things he needed.

Thus, man gradually stopped producing only for himself and his dependents and began to exchange his work with other workers.

Under these conditions it was other men's wants that controlled and guided his work.

He was no longer his only “customer.”

Unless other men were willing and able to “employ” (make use of) his labor, he could not be “employed.”

A specialized worker in a specialized environment produces growing plants which would once have been grown in a natural setting by the user of the plants. Today most people do the work they do best, or is most needed, and exchange their income for things others produce.

Man's material
welfare equals his
natural resources
plus his muscular
and mental human
ability multiplied
by the efficiency
of his tools.



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