

## Chapter 2: Fundanomics

The short story about Borgg and Glogg illustrates several timeless truths about the role of economics in a society. A society is lifted out of poverty by a free people developing new ways to provide more goods and services people need and want, with less effort.

Sometimes we don't even know we want it until it's invented. The tribe elders did not tell the tribe "Go out and invent firesticks!" It happened naturally through people's desire to make their jobs easier, in that case the fire starters' job.

The financial devices we use to achieve this – for instance money – are beside the point. Notice that it was not necessary to include money in the story. Yes, using money as a practical means of exchange of wealth is certainly more convenient than bartering (trading goods directly with each other). But money does not make the system work. Money, in and of itself, has no value.

So why does the free market system work? The simple message I will keep returning to is this:

***A society raises its standard of living through its people having the freedom to provide as much stuff as possible to each other that is wanted and needed.***

By "stuff" I mean everything, all of the goods and services we want and need. Everything we choose to spend our money on.

While this simple statement is roughly consistent with the views of other writers on the subject of basic economics, in my opinion it has not been emphasized enough. I think this is because economists are too immersed in the detailed mechanisms of the economy. They are too focused on the individual gears of