**The Birth of Raw Material Economics**

***by Charles Walters***

**The birth of raw material economics -- while ancient in origin -- has been credited to Benjamin Franklin, the Philadelphia philosopher, printer, and statesman, and to Thomas Jefferson, who as a historian once wrote “invented the United States.”**

**Although Jefferson gave a published expression to the concept of raw material economics, it was Franklin who sat down the general proposition in concise and understandable terms.**

**Writing in “Positions to be Examined” concerning national wealth, April 4, 1769, Franklin pointed out that there were three ways in which a nation might become wealthy:**

* **By war, which permits taking by force the wealth of other nations;**
* **By trade, which to be profitable requires cheating. For example, if we give and receive an equal amount of goods and services through trade, there’s no profit other than that obtained in our own production cycle.**
* **By agriculture, through which we plant the seeds and create new wealth as if by a miracle.**

**Because of the natural laws of physics, raw material production times the price of first entry into trade channels has the following effects:**

**(1) The raw materials supply determines the number of jobs available in fabrication, processing, and use -- from raw materials production to manufactured products -- and distribution.**

**(2) The dollar value put on this new wealth raw materials production determines the amount of money which can and must be used to produce, buy, and move all the raw materials through the economy. As various costs are added -- chiefly labor and capital costs -- the add-on factors pyramid themselves into national income.**

**(3) The value placed on raw materials automatically becomes the initial market (total number of earned dollars available) for the exchange of the manufactured goods. It also defines the level of profits and savings for the economy. During several periods in this century, when the U.S. economy enjoyed full employment and controlled debt expansion, fully half of the market for manufactured goods remained in rural America, where they were created via the production, transport, processing and consumption of raw materials into trade channels.**

**Starting in the 1920s and going through the 1960s, several entrepreneurial gentlemen of profound knowledge and inquisitive nature about macro-economics became the “Founding Fathers of Raw Material Economics.” They re-examined the Franklin-Jefferson principles by researching and analyzing the nation’s economic records. Their findings are summarized above.**

**Those “Founding Fathers” were: Charles B. Ray, Carl H. Wilken, Dr. John Lee Coulter and J. Carson Adkerson. They were ably followed by such stalwarts as Arnold “Red” Paulson, Vince Rossiter, Merle Willard, Kermit Couch and others.**

**The NORM “**[**Hall of Fame**](http://normeconomics.org/fame.html)**” located at this website provides a brief history and tribute to these down-to-Earth visionaries.**