

What Enabled Americans to Achieve Great Progress?

Keys to Remarkable Economic Progress of the United States of America

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October 17, 1989

Provided by the American Heritage Education Foundation, Inc.

www.americanheritage.org

This more recent supplement to Dr. Gonzalez's original essay, [What Makes America Great? \(1951\)](#), summarizes and recaptures key factors for economic progress.

The people of the United States of America achieved remarkable progress in the two centuries since approval of the Constitution in 1789 while billions of people in many other countries remain very poor. An understanding of the reasons for this great difference is essential for creation of conditions that will enable people in other countries to improve living standards at a good rate.

Four key factors determine the rate of economic progress that the people of a country can achieve. They are freedom, capital investment, energy, and education. These factors are the keys to increased output of goods and services necessary for each generation to do as much as possible in raising living standards to the level required for human progress in all aspects of a good civilization.

Freedom releases human ingenuity and allows people to use their initiative and work to improve life for themselves and their posterity. Economies in which people enjoy freedom have free enterprise and free markets as a result of strictly limited governments with only the powers granted to them by constitutions approved by the people. The 1776 Declaration of Independence stated that governments are instituted to protect the equal unalienable rights with which all people are endowed by their Creator, that governments derive "their just rights from the consent of the governed," and that whenever government becomes destructive of these ends "it is the right of the people to alter or to abolish it."

Throughout history many people have been slaves or serfs with nothing to gain from being innovative and more productive. The idea of limited government controlled by the vote of the people originated in Greece about 2,500 years ago but did not have much influence until recent centuries. Barons forced King John of England to sign a Magna Carta in 1215 to limit powers of the king, but it was not until 1689 that the British Bill of Rights, stating that Englishmen possessed certain inviolable civil and political rights, was accepted by William and Mary, who were named as sovereigns after King James II was forced to abdicate.

Concepts of political and economic freedom were expressed most clearly in the year 1776 by the Declaration of Independence and in Adam Smith's book, "Inquiry into the Nature and Causes of the Wealth of Nations." The constitution of the United States and the first ten Amendments approved in 1791, known as the Bill of Rights, imposed strict limits on the powers of the national government, required every state to have a constitution defining the powers and terms of its elected officials, and reserved all other powers to the States and to the people. (Article X)

The freedom of people to own property and choose what they want to do to support themselves and their family by their work led to greater production and to savings used for the education of children and for investment in homes and capital facilities to increase production. The happiness that comes from being productive and successful added greatly to the wealth of the nation and to living standards of all the people. Even poor people in the United States enjoy living standards higher than those of many poor people in countries that do not grant freedom to their citizens. Some individuals have made fortunes in the United States from their inventions and enterprise, but the principal benefits have been for the general public in the form of better homes, plumbing, electricity, central air conditioning, automobiles, and countless other conveniences not available even to the rich a century ago.

Freedom for private enterprise attracted millions of people to the United States and enabled them to improve their living standard enough to save money to invest in facilities to create a better future.

Capital Investment in mechanical equipment to improve the productivity of labor has been the basis of rapid economic progress. The upward climb along the path of progress began with the use of simple tools such as an ax and a wheel. For many centuries man was limited to tools which he could operate by himself or with the use of animals. Vast new possibilities opened up within the past few centuries by applying mechanical power to productive machines. Mass production techniques were a landmark in human progress. Increased production at low costs made available to the great mass of people goods and comforts undreamed of before mechanization and capital investment.

Investment in farm machinery made it possible to increase output of agricultural products with fewer workers on farms. Now the three percent of the labor force engaged in agriculture in the United States produces ample food supplies that enable our country to export large quantities of grains. Much higher productivity in agriculture has made it possible for most workers to add to the wealth of the nation by engaging in industrial and service occupations

Investment in productive capital facilities and in education served to accelerate economic progress in the United States. Parents have worked hard for many generations to give their children opportunity to start their productive life with a better education and more financial resources.

Continuation of economic progress requires that people focus on being productive and in saving a substantial part of their income to invest in productive capital facilities that will make it possible to create a better world. Extravagant spending should be avoided in order to increase availability of productive capital to add to the real income and wealth of the people in all countries with constitutions that limit the power of governments in order to guarantee both political and economic freedoms that enable people to improve living standards by allowing them to enjoy the rewards of their work and initiative.

Energy is also necessary for human progress. The productive machines of the modern world and many things that add to the comfort and quality of life require a lot of mechanical energy. Energy transports people and goods all over the world. It can carry us in airplanes at high speed. It freezes and cooks our food, cools us in summer, and warms us in winter. It powers the machines which make parts and the

assembly lines on which these parts are made into the millions of products we use. It drives our automobiles, lawn mowers, and hundreds of other gadgets from clocks to washing machines.

Our standard of living is highly dependent on energy. The more machines we have, the more power we need to operate them. Machines and energy reduce the amount of work that individuals have to do. Energy enables us to enjoy both a higher standard of living and more leisure than our parents and grandparents. This is an age of energy that will require adequate supplies of energy to assure continuation of economic progress throughout the world. In addition to making human labor more productive, inanimate energy does many wonderful things that cannot be done by human workers and makes the cost of travel so reasonable that many people can afford trips in their own country and to other countries far from their homes.

Our use of energy per capita in the United States is equivalent to the energy of work done by scores of servants and much higher than in many other countries, especially the less developed countries. Private enterprise was the basis of the leadership of our nation in the production and use of energy although its energy resources are now known to be small relative to the known and potential resources of other countries.

Underground energy resources have existed for millions of years, but it required human ingenuity to discover and produce them and convert them into useful products, such as gasoline and fuel oils, in order to make them an important factor in improvement of living standards. Many small and large firms have been involved in development of the energy resources of this country by paying the owners of land for the right to search for and produce energy beneath the land. Competition was an important factor in the technological progress that led to increased production and very attractive prices for oil and natural gas relative to coal. Successful energy companies of the United States have been active in development of oil and gas resources in other countries, including many in which the government owns all mineral resources that were not available for development until concessions were granted to private companies.

Education is necessary to teach people in all countries to understand and use the keys to economic progress. In a dynamic and rapidly changing global economy, the rate of human progress will depend on learning in schools and through experience about the importance of freedom, capital investments, and energy in enabling people to become more productive in order to improve living standards. We must learn not merely to apply what we are taught in school but also to develop new ideas, machines, and processes to organize human work to best advantage.

Opportunity to progress as far as ability and work permit has inspired the people of the United States to achieve remarkable progress. We have used education to great advantage in scientific and material progress, but we have not used it quite as well in helping us to find happiness. In an affluent society, some people are inclined to think more about things that they want but do not have rather than about all the goods that they enjoy which were not available to prior generations. By such strange reasoning people can make themselves unhappy even when they are quite well off. Even the keys to economic progress will fail to make some people happy if they do not learn that there are important spiritual

values in life as well as material goods. There can be more satisfaction from constructive work that provides goods and services to improve living standards than from making money in ways that do not improve living standards and create real wealth.

Schools must teach all their students that the remarkable progress achieved by the people of our nation is the result of our unique heritage. President Franklin Roosevelt said that a nation must “believe in the capacity of its people so to learn from the past that they can gain in judgment for the creation of the future.”

Building a better world will require increased production of goods and services in all countries with poor living standards. The road to economic progress is in the creation of more goods and services, not in dividing existing wealth. We have a responsibility to help people in other countries improve living standards by understanding the basic keys of our productive economy. All people must learn that freedom promotes economic progress in addition to being a priceless right in our enjoyment of life. Capital investment and energy are the material resources basic to production, but it takes free people of intelligence, education, and good will to create from these resources a dynamic economy capable of good economic progress to improve living standards, especially for the poor people of this world.