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Remimeo

Org Series 41

Finance Series 25

Executive Series 21

PRODUCTION AND ONE'S STANDARD OF LIVING

References:

BPL	19 Mar 71	Finance Series 7 BEAN THEORY FINANCE AS A COMMODITY
HCO PL	9 Mar 72 I	Finance Series 11 INCOME FLOWS AND POOLS PRINCIPLES OF MONEY MANAGEMENT
HCO PL	27 Nov 71	Exec Series 3 MONEY
HCO PL	3 Dec 71	Exec Series 4 EXCHANGE
FEBC Tapes		

(NOTE: I realize that management units, orgs and staffs are dally pounded with false economic data. The real facts of life collide with much false data. Such crippling data comes from many sources - school, advertisers, government, bankers, propagandists, even parents who insisted Johnny be a doctor so he could "live well" or set a horrible example themselves. Many have had a hand in messing up people's wits on the subject. It is a factor in inhibiting the individual prosperity of executives, staff members and orgs. Where an area is not prospering, this PL should be starrated on its people and the false data they have on this subject stripped so that they then can prosper as they should.)

"Standard of Living" can be defined as the relative quality of a person's or group's possessions, quarters, food, equipment, tools and conditions of their area of work and existence. It is the state of the person's living, including working, environment. Where its potential continuance exists it is related to survival. It is a basic natural economic law that personal production of VFPs and one's standard of living are intimately related.

This applies to the individual as well as the team.

Where violations occur, inequities exist.

At a personal level one must produce in excess of his standard of living just to retain and maintain it.

Actually, the "excess" means that because of overload, taxes, services, plant, utilities, raw materials, machine and other costs additional to his own work sphere, a person cannot expect to get the full value of his VFPs all to himself. That is not economically feasible. The "excess" varies from post to post and job to job but is never less than 5X minimum. In industry it is considered to be at least 10X to maintain company standards and solvency. The "excess" can be very high indeed in some industries. But in any case any idea that it should be one for one is fatal. People who know little of

economics or management sometimes propose a worker should get the full value of his VFPs - but all work and all VFPs require support services and to neglect these would quickly bring on poverty. Even when working for oneself alone, these "excess" factors exist and seldom drop below 5X as one still requires support services. Corrected gross income divided by staff has to be at least 5X the cost of the standard of living of the individual staff member for that standard to be barely maintained. This does not mean staff pay should be 1/5 of that figure. It means that all the things (pay included) that go into maintaining their welfare and work environment would have to be covered by 1/5 of that figure. A fairly efficient and prosperous org with a hatted, industrious gung-ho staff can very easily maintain quite acceptable standards at 1/10 that figure. The actual cash value of every piece of work done by a person can actually be calculated. It is intricate and tricky to do and much subject to over and under estimation but it can be done. It is not vital to do this but one might just be curious about it. If so, do it for yourself. Thus VFPs can be priced against what they bring in as part of the overall scene even when they seem indirect. All the above figures are very rough and subject to variation but this gives you some idea of what is meant by "excess" in that law.

Where a number of people in a group or on a team do not produce VFPs in excess of their standard of living they depress the standard of living of the group or team.

Where some in a group do not only not produce VFPs but produce overt products, they actively depress the standard of living of everyone in that group or on that team.

Many economists and theorists seek to avoid that law. They do it to gratify politicians or aggrandize some false philosophy whose true purpose is suppression under other colors. But the law remains and its violation breeds an epidemic of economic ills. Amongst such ills are inflation, super bureaucracy, chaos with the marketplace and a decay of the civilization.

When a whole society demands a high standard of living and yet doesn't concentrate on the personal production of VFPs, it is finished.

Products are the basis of a standard of living. They don't appear from midair. They come from work truly done. Not from hope or false data.

It is a druggie's dream that machines, computers, under the dictatorship will do it all. Machines can raise a standard of living by assisting in production. But they can't do Man's living for him. Intelligently designed and used they permit, within limits, increases in population. But machines are just tools. They have to be thought up, designed, built, run and serviced and their raw materials and fuel have to be found and delivered and their products promoted, delivered, used and often in their turn serviced. The machine age was actually recognized as failed when world leaders first began to urge population reduction on the planet to "improve the individual standard of living". If machines were going to solve it all why is the civilization now in such a steep decline? It took producing men working in and with a machine age to make the society go. Not idle mobs on welfare expecting a high standard of living while a few guys work their guts out. Pie in the sky is nice but did anyone ever get to eat it? This misinterpretation of the machine age was a heavy violation of the above economic law. But the real harm of the machine age was

creating a false belief that one did not have to produce much to survive. This lowered people's estimate of how much they would themselves have to produce to survive, much less have a high standard of living. Factually one normally has to work fast and expertly and in high volume to bring about any acceptable standard of living for himself and his group. This is a point the machine age obscures. But it remains vividly and demonstrably true.

An executive who works hard yet wonders about his own low standard of living should look over his people to find those who are not producing VFPs or who produce even overt products while yet demanding a living. They are absorbing the potential raised standard of living of the group.

Where a group has a very low standard of living, it need only review the above law and its potential violations to understand why.

One cannot, in fact must not, increase the standard of living of a group in ways that violate the above law. It will eventually bring calamity on that group.

In a society led astray by crackpot economics, violations of the above law create a vast number of wrong examples. The rich (most of whom work like mad) are seen as idle or even criminals. The best way of life is made to appear to be idleness. One seems to be owed a living without any effort on his own part. The producing worker should be fined by higher taxation. These are not seen to be simply false data spread about to wreck the place but are held as "truths". And in their wake comes a funeral for that group or society.

There is even an economic theory spread about today called "equalitarianism". It declares everyone should get the same pay and have the same standard of living. It does not mention that anyone should do any work. It holds that the better worker should not be better rewarded. It would crash any society.

Then there is the "monetarist" who believes you can manipulate a whole society with money alone. And no thought of any production. His answer to production? (You won't believe this.) Decrease demand! In other words, reduce everyone's standard of living!

Basic economics eventually catches up with all these weird false pretenses. It may take time but, as in the law of gravity, the apple eventually falls. No matter how many crackpots advance theories to say it can't fall, will go up or vanish. Real basic economic laws are like that. They catch up. So don't wonder about inflation and depression and decayed civilizations. Basic economics caught up with the crackpots.

An executive has to pay attention to the basic law about a standard of living. If he doesn't pay close attention to it, the standard of living of himself and of his group will cave in.

He can be "a good fellow" and seek popularity by attempting to raise the standard above what is earned. He and his group will crash.

He can be foolish and seek to raise his own rewards above what he personally is earning in terms of VFPs. But both he and his group will fail.

He can ignore the real producers of the group and not see that their standard of living is comparable to their individual production. And he and the group will fail.

He can ignore the nonproducers and the overt product makers and by so ignoring them, tear his own and the group's standard of living to bits.

He can listen to a bunch of PR from a staff member about how valuable that staff member is and surrender to it without ever really counting up the real VFPs that staff member is not producing (or even preventing). (It happens.) Only real VFPs count.

He can work himself half to death without demanding production from others and have his own standard of living crash.

There are swarms of false data flying about today on this subject. It is taught in schools, the very best schools, it is heard on the radio and seen on TV and in the papers. The civilization, as it caves in, is blinded by literally thousands of false ideas about what and how a standard of living occurs. These, where they conflict with the basic law, actively prevent one from prospering as they blind him to the truth of his scene.

In an org or management unit in Scientology, the real VFP is valuable fine people who produce valuable final products who then make up a valuable fine public. Every piece of work and duty in a management unit or an org contributes to that.

The standard of living of an executive, a management unit, an org or a staff member is determined by that one basic economic law: The personal production of VFPs for the group and one's standard of living are intimately related.

L. RON HUBBARD  
FOUNDER

for the

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of the  
CHURCHES OF SCIENTOLOGY

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