

Background:

Adam Smith was a Scot economist. He wrote a four book set entitled: *An Inquiry into the Nature and causes of the Wealth of Nations*. In these books he observed that government policies not resources were the primary cause of the different levels of wealth. He did a thorough analysis of the effect of various government policies and found that commercial licenses, professional licenses, export controls, import controls, subsidies, tariffs to protect domestic industries, price controls and wage controls all destroyed wealth. Adam Smith coined the term Invisible hand to describe the efficient allocation of resources in a free market. This Adam Smith statement has stood the test of time:

*“... The statesman that should attempt to direct private people in what manner they ought to direct their capital would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted to no single person, but no council or senate or whatever, and which would nowhere be so dangerous as in the hands of a man who had the folly and presumption enough to fancy himself fit to exercise it.”*

His writings are the antithesis of Communism.

Experience;

On June 16 2011 my Grandson Daniel and I were on one of our adventures. We took the subway to Renimin University in Beijing China. We walked into the campus like we were supposed to be there. After exploring the campus for a short time two young men came by. We asked them if they were students. They said yes and we began a conversation on who they were and who we were. It turned out that one was a Economics Major and the other was a Finance Major. I asked the Economics major if he was familiar to Adam Smith. He said yes and he described Adam Smith's philosophy as one of choice.

Lesson:

No one is studying anything in China that is not blessed by the government. They are moving in the way Adam Smith described as the way that maximizes wealth. We, on the other hand, are moving in the other direction. Unless we make major changes they will be on the way up and pass us as we are on the way down.

Bob Black