

## **Magic Growth: Free Choice & the Path of Change**

Part 1 of 2, October 2022

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Is there a conspiracy to keep ordinary people down, or does the free-market economy serve all its members well, orchestrated as if by magic? Who or what guides it? We do! And, the more money someone directs, the more financial power or control that person has. Moreover, economic choices made today influence the path forward.

Part One of the Magic Growth series presents a few lists of big players in global economics, while Part Two explains how ordinary people can choose which big players they support, encourage, and influence, along with why it matters that we make informed decisions in this regard.

### ***Who Directs Large Sums of Money?***

Let us identify some people and organizations with great financial power. What do we know about them? Would we give them our money, and trust them to use it wisely for the path forward? I googled several “top ten” sites. Below is a summary of the findings. The sources have reputations for reliability. However, I make no further judgment regarding the accuracy of these websites, their selections, or comments.

Here are the top five richest people in the world, based on the August 22, 2022, *Forbes* list (from Top 10 richest people in the world, top billionaires [businessinsider.in]):

- Elon Musk: \$263.4 billion.
- Bernard Arnault & family: \$167.7 billion.
- Jeff Bezos: \$162.7 billion.
- Gautam Adani & family: \$142.7 billion.
- Bill Gates: \$113.4 billion. The Bill & Melinda Gates Foundation is the world’s largest private charitable foundation.

Here are the top five richest companies in the world by revenues, based on the *Fortune Global 500* 2022 rankings.

- Walmart (retail) – \$573 billion

- Amazon (retail) – \$470 billion
- State Grid (electricity), China – \$461 billion
- China National Petroleum (oil and gas), China – \$412 billion
- Sinopec Group (oil and gas), China – \$401 billion.

Here are the top five countries for government spending, 2020 estimated expenditures based on earlier years' data (according to Wikipedia):

- U.S.A. \$9.819 tr
- China \$5.389 tr
- Germany \$2.038 tr
- Japan \$2.363 tr
- France \$1.610 tr

[Actual US government spending for 2020 was \$9.96 trillion, including \$6.55 trillion federal, \$2.1 trillion state, and \$2.13 trillion local, according to [Government Spending Details in \\$ trillion: Federal State Local for 2020 - Charts>](https://www.usgovernmentspending.com) ([usgovernmentspending.com](https://www.usgovernmentspending.com))]

Readers are invited to consider which of the above five economies is larger, so that we would expect high government spending. That is, the larger a country, in terms of both economy and land area, the more money we would expect its government to spend, to administer that country.

To compare apples to apples--how much is spent per item of “economic output,” by different country governments--economists adjust for economic size. This is done by taking government spending as a percent of the economy's total output (Gross Domestic Product, or GDP).

Here are the top five countries in rank order, for government spending per unit of GDP. (From Government spending, percent of GDP by country, [TheGlobalEconomy.com](https://www.theglobaleconomy.com), 2021 data; Source: World Bank).

- Burundi 30.77%
- Iceland 27.43%
- Seychelles 27.2%
- Sweden 26.23%
- Netherlands 26.22%

[The U.S. ranked 110th in 2020 at 14.73% (the latest available such-data year for the U.S.). The site does not say whether state and local government spending is included, as well as Federal expenditures. That is, relative to the size of its economy, the U.S. Government is not one of the bigger spenders.]

### ***Trust and Our Money***

I think we understand that when we buy from, donate to, or pay taxes to an organization, we give it money and this helps it to achieve its goals. Money pays for wages and salaries, machinery, buildings, lobbying, and much else besides, as organizations direct the spending of money to further their various goals. We individuals give them money by buying, donating, and paying taxes.

In this way, imperceptibly, as if by magic, we guide the organizations with which we interact financially. With many millions of small portions of money from individuals, large organizations may acquire enough financial power to influence not only their own economic futures, but everyone's, including our own.

People who direct huge sums of money, in their roles as managers or controllers of large organizations, have a much greater influence on the economy, and its path forward, than do ordinary people. But their organizations get their money from us – in many ways.

It is not easy for any one ordinary person to influence the economy, but the cumulative impact of many individuals' decisions will have an impact. How can each of us play a role in shaping this impact and the path forward?

If we want to buy from a business, do we respect the decisions of its leadership? If we pay taxes to a government, do we trust its motives and its work? Do we think they have our best interests at heart? Part Two will explain why it matters whom we trust and how we choose to allocate our money.

### ***Summary***

Organizations and individuals that control large sums of money can direct much economic activity. These organizations and individuals get their money from people like us, when we choose to buy from, donate to, or pay taxes to them. In this way, each of us contributes to the path forward. And the path forward unfolds, as if by magic, with none of us believing we can change it much, if at all.

