

## The Basic Error Of Fundamental Economics

The concept known as 'Supply and Demand' has one major flaw. These economic operations terms are backwards from what they should be. Demand will always precede supply! You can have a small initial supply to introduce a product but once the product is known demand will always initiate product selection. It will not change this sequence even after the producers and suppliers create too much, advertise more and even have to lower prices. Customers will always make the decisions when it comes to product selection – not the producers, suppliers or retailers. The smartest producers, suppliers and retailers must always work to have the correct amount on hand and at the right price in order to realize the greatest profits. Customers are the driving force behind all businesses. This is 'Demand and Supply' and not the other way around.

Look at the failures in understanding this correct sequence. Companies, like Ford (remember the Edsel), Coca Cola and Burger King (remember the Frozen Coke), the better product with less acceptance made by Sony (remember the Betamax) and many more. All of these products were good but because the demands of the consumer waver considerably at different times these products never seemed to achieve the greatness of the alternative competitive products. And why? The answer is simple. Individuals almost always make their own, often emotional, choices when it comes to using their personal wealth for purchasing. If businesses could only get the volume side of the equation correct then they could actually realize lower costs and higher profits. And the closer they can get to perfect forecasting the more both the consumer and the producers could win!

Unfortunately most economic and political experts have not learned of this basic error in fundamental economic theory. The failure in understanding this reversal has led to terribly costly programs to fight basic human rights in almost every nation in the world. Most national leaders are very much out of touch and still mislead their electorates to believe in them when it comes to controlling things that the few of them despise. Look at the problems most nations face when it comes to illicit drugs. They all fail to take control of the unacceptable behavior of many when it comes to those who like such things as marijuana, heroin and even weight-loss and sex drugs. Why do they fail? It is very simple. No nation or government has ever been able to control the personal desires of any individual provided these individuals are making choices for themselves. Illicit drug users all make personal choices and there is nothing wrong with this. But the most important part of understanding this usage is based in the words 'Demand and Supply'. If learned backwards then the rationalized approach to fighting such things as illicit drugs will always fail.

Demand precedes Supply! Trying to limit and even eradicate the supply side of any product will never work. The Bush approaches to limiting illegal imports of such things, as cocaine, are subject to the same rules. Unless all of American society stops needing these things there will always be suppliers. The costly tax supported Bush anti-drug system can only affect the prices and not the demand. His desired program simply wastes money due to not learning that what he was taught in school was wrong. It is not 'Supply and Demand'. It must be corrected to be 'Demand and Supply'. Please pass this on to the White House.