

## SSET 05 - CORRELATION of ADAM SMITH

### (The “invisible hand”)

Here we demonstrate how the division of labor, product of specialization, had influenced in increasing wealth and occupation of work hand. That is to say, we will give scientific support to the intuitive present in the “invisible hand” from Adam Smith, what it looks like guide the individual action that in profit of all human been. Since the new [Subjective and Solidarity Economic Theory](#) (SSET) we will show basis and requirement (freedom) of such intuition.

#### *Simple correlation of Adam Smith*

Is the one that emerge from positively correlates the highest total production ( $q_t$ ) that arises by the specialization of each individual according to their competitive advantages, in their exchanges of wealth ( $q_i$ ). Specialization allows each individual to produce ( $q_x$ ), over their own needs ( $q_x$ ), which is an incentive to exchange it for other manifestation of wealth ( $q_y$ ) generated by those who are specialized in them ( $q_y$ ). That to say, increasing free exchange ( $q_i$ ) leads to an increasing in total wealth ( $q_t$ ),<sup>1</sup> which implies the positive correlation:

#### **Simple correlation of Adam Smith**

$$\uparrow q_i \leftrightarrow \uparrow q_t$$

#### *Wide correlation of Adam Smith*

Since the division of labor lies behind the exchange, we also find positive correlation between exchanges and work ( $w$ ):  $\uparrow q_i \leftrightarrow \uparrow w_t$ .

Them we can positively correlate the three economics variables:

#### **Wide correlation of Adam Smith**

$$\uparrow q_i \leftrightarrow \uparrow q_t \leftrightarrow \uparrow w_t$$

It remains only to clarify that the *wide* correlation of Adam Smith is fulfilled under the rule of the natural economic laws of **decreasing marginal utility of the wealth** and **relative marginal utility of the exchange**. Which means to say that: the “invisible hand” of Adam Smith operates under a regime of free manifestation of human values.

In future works we will show how violate of natural economic laws attempt against threaten the **Efficient and Equitable Economic Evolution (E<sup>4</sup>)**.

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<sup>1</sup> What implies greater total wealth, equivalent to greater total value, in a specific moment of evaluative time-space.