



**TURBULENT TIMES INVESTOR**  
**BUILDING WEALTH IN A CHANGING WORLD**

## Why Freedom of Thought Matters

*It's how we can reverse America's decline....*

Stephan Leeb, April 25, 2025

The U.S. is losing, and losing badly, to the Global South. Evidence is that in the current economic turmoil, the dollar is being shunned while gold has been surging. Also revealing is that copper, arguably the most important industrial metal, while not flying away has been holding much closer to its highs than has the S&P 500.



In other words, in contrast to previous periods of turbulence, gold and critical commodities have replaced the dollar and dollar bonds as the shelter of choice. And copper's relative strength suggests why. Remember, what has always backed up the dollar has been the good faith of the U.S. government. If the dollar is on the verge of being validated as the currency of a bankrupt country, then all the dollars in existence would be worth no more than the paper they're printed on.

It's critical to respond to this situation with a clear-eyed recognition of the underlying reasons for our failings, along with crafting responses that will let this once-great

country maintain enough of its former “stuff” to eventually recover its greatness. On a best-case basis that would be a matter of years, but it could take longer. One perhaps hopeful sign is Trump’s decision to suspend, at least for now, a chunk of the tariffs he had placed on tech products made in China. While some might frame this as Trump backing down, what counts is that it’s a show of flexibility that could be a first step on the road toward cooperation.

## High IQs aren’t what count

I’m not giving up on America, but I’m hardly optimistic. Pessimism is justified because there seems to be no recognition of the problems, more than half a century in the making, that have led to our decline. For a democracy to be great, it must see that the key distinction isn’t between dullards and geniuses. Rather it’s between those with true freedom of thought and those who blindly follow the herd, via Twitter and its ilk. Unfortunately, any recognition of this currently seems to be absent in Washington.

Thomas Jefferson, as we’ve noted before, believed that freedom of the mind and of ideas were the most important of all freedoms. Those who can think freely are the heart and soul of progress. Those who slavishly follow the crowd have nothing to offer when it comes to recognizing truths or offering solutions. And what distinguishes free thinkers isn’t their IQ. Famous experiments by the psychologist Salomon Asch showed that a meaningful percentage of Swarthmore students, clearly a group with superior IQs, went along with the answers given by fellow students (who were in on the experiment) even when the answers were clearly absurd—for example, agreeing that a 4-inch line and 6-inch line were the same length.

Other tests focus on creativity and do a pretty good job of measuring it, in that high scores are associated with innovative solutions to real-world situations. On these tests, emotional intelligence is a better predictor of scores than is IQ. And this points to the limitations to AI. AI can be trained to score highly on IQ tests, but that will take it only so far. In a recent conversation I had with Claude, a leading chatbox (large language model, or LLM), I directed the discussion to the nature of creativity. I posited that creativity usually involves finding connections between ostensibly dissimilar objects or words, and I offered Claude three dissimilar words: electric, high, and wheel. Claude replied with a longwinded answer that fruitlessly tried to tie the words together. I responded that “chair” seemed to work as an answer. Claude agreed and very graciously congratulated me. (Full disclosure: The three words come

from the well-known Mednick test for measuring creativity, which I used in my work in graduate school more than a half-century ago).

In a recent article, "[AI ISN'T AS SMART AS YOU THINK. REALLY](#)," I wrote about why I doubt that AI will ever attain AGI (artificial general intelligence). AI uses what is known as "crystallized intelligence," a fancy way of saying using what you know in known ways. For AI to ascend to AGI, it would require a more important characteristic of intelligence known as fluid intelligence, which is basically another way of referring to creativity.

I was surprised to learn that, more than 50 years since I used the Mednick test in my graduate studies, the test continues to be applied to measure creativity. I also was surprised to see the proliferation in creativity tests, in terms of both number and variety. Variants of these tests are being used to try to train AI LLMs. And I can report that so far, humans have nothing to fear about AGI taking over the world. An average human score on the tests is about 60, while a score of 100 is not uncommon. An AI company has offered \$1.1 million to anyone who can train an AI model to obtain a score of 80, which would be taken as evidence of AGI. So far, the going has been tough, with the average AI score about 2 (yes, 2, not a typo). Moreover, it's even worse than it sounds, since AI takes the tests after receiving training.

## Rejecting stereotypes

Freedom of ideas is critical not only for finding innovative solutions to critical problems but also for an ability to resist authoritarianism. Authoritarianism relates closely to stereotyping. One sign of the erosion of freedom of ideas in the U.S. has been our rising tendency to stereotype, to make assumptions about people based on what group they belong to rather than to discern individual differences. This applies, too, to how we view other countries and systems of government. Words like democracy and authoritarianism can be stereotyped as well, which can lead to confrontation rather than cooperation. In the case of China and Russia, along with their authoritarian systems, I also see important elements of democracy and meritocracy along with an abiding spiritualism long embedded in their histories and peoples. I know this might be a minority opinion. Regardless, however, in today's world, cooperation is the only path that can lead the U.S. out of the hole we've been digging for ourselves.

And I don't think it's hopeless. A colleague recently reminded me of the well-known story of the 100 monkeys. The gist of it is that the greater the number of beings that believe the truth, the more likely the truth will spread. Meanwhile, in the face of the

current uncertainties and challenges, I'll keep reminding you that the best way to protect yourself is to own gold along with other commodities and the truly exceptional stock.