In the book “Street Smarts: Adventures on the Road and in the Markets” author Jim Rogers discusses variety of issues in world economies, financial markets, and U.S. economy. Here are the key take aways from the book.

Lesson 1: Success in life is measured by the ability to anticipate change and act accordingly.

1. It is the proposition put forth by the Greeks that “nothing endures but change.
2. Things are unlikely to turn around permanently in your lifetime.
3. If you were smart at the start of the nineteenth century, you made your way to London. If you were smart at the start of the twentieth, you packed up and moved to New York. If you are smart at the start of the twenty-first, you will find your way to Asia.
4. Power and influence are now moving from the United States to Asia, a loss of American leadership accelerated by the same forces, and a change that likewise remains unnoticed by most.

Lesson 2: Invest in commodities, they are simple and profitable investments

1. Jim Rogers advice, invest in commodities! He thinks that investment in commodities is actually simpler to figure out than stocks. Stock has hundreds of thousands of factors to consider — employees, products, parts, suppliers, competitors, governments, balance sheets, and unions. Commodity, by contrast, is pretty straightforward. All you have to know about commodity is this: Is there too much of commodity in market or too little? Commodity does not care who the chairman of the Federal Reserve is.
2. He concluded that by end of 1990s, bear market in commodities was coming to an end and bull market was emerging. There was no commodities index at that time and commodities were highly neglected and unknown sector.
3. He started Rogers International Commodity Index. It was a broad-based vehicle for consistent investment in raw materials, calculated from some thirty-six commodities from thirteen international exchanges.
    a. From the outset it has had higher compound returns than other commodity indexes. As of August 2012, RICI had returned a total of 281 percent. The S&P over the same period showed a total return of 62 percent.

Lesson 3: BRIC is not going to be a reality

1. Jim Rogers negates the idea that there will be a shift in global power from G7 countries to developing world which includes Brazil, Russia, India and China.
2. Brazil
    a. Owes its prosperity almost exclusively to the bull market in commodities, which like all bull markets will come to an end.
    b. Restrictions on foreign ownership of land, exchange controls, the imposition of high tariffs, and rising protectionism all bode ill for Brazil’s productivity in the future.
    c. He agrees that ““Brazil is God’s chosen country, the one country He loves the best”. But he think the problem is that “God sent Brazilians to run it.”
3. Russia
    a. The population is rapidly aging.
    b. Rising number of people leaving the country further exacerbates it.

    c. Low life expectancy in Russia, compared with that in other countries is another hurdle in its economic growth.
4. India
    a. Birth rate is a nightmare.
    b. It is incapable of feeding its own people and requires agricultural reforms and extensive improvement in infrastructure. An Indian farmer can't own more than 12 acres of land for cultivation that restrict crop production on mass scale and attain economies of scale.
    c. Debt-to-GDP ratio is now above 90% hindering strong growth rate.
5. China
    a. He only sees bright prospects of China and thinks it is on right track. He notifies that China, is going to experience plenty of problems and will have its setbacks. But the trajectory is nonetheless in right direction.

Lesson 4: America is not the greatest country in the world anymore

1. America is now the largest debtor nation in the world, the largest debtor nation in the history of the world. Figure?
2. America's savings rate, currently 4 percent, hovered around 2 percent for most of the past decade and actually went negative a couple of times. America is using up its capital at a rapid pace, following the path of Britain after the First World War.
3. Today America spends borrowed money on transfer payments (over 60 percent of all government spending and more than all government revenue), wars and bailouts, but such payments do nothing for future productivity. This money is not invested on ongoing sources of production that would ultimately benefit in future.
4. Sad state of affairs in American educational system. European and Asian children outperform American students on standardized tests. That 63 percent of American students, ages eighteen to twenty-four, cannot find Iraq on a map; half cannot find the state of New York; and 11 percent cannot find the United States.

Lesson 5: Creative Destruction is the essential fact about capitalism.

1. The way capitalism is supposed to work is that when people get in trouble, they fail. Smart, competent people come in, take over the assets, reorganize, and start again from a sound base.
2. Recessions, bankruptcy, and financial failure are like forest fires. Forest fires are devastating, but they clean out the underbrush, they clear out the dead wood, and when they die, the forest grows back even stronger, from a healthier foundation.
3. But American government and Federal Reserve Bank prevented the failure and created the slogan "To Big to Fail". They and the politicians were taking money from competent people, giving it to the incompetent people, and telling the incompetent people, "Here, the government is on your side. Now you can compete with the competent people with their money and our support."

Lesson 6: Printing and pumping money is not a solution to financial crisis

1. CAPITALISM WITHOUT BANKRUPTCY IS LIKE CHRISTIANITY WITHOUT HELL!
2. In the early 1990s, Sweden, with a similar real estate bubble, faced its own collapse. But the government resisted bailing everyone out. A lot of people went bankrupt; it was a terrible two- or three-year period. But since then Sweden has boomed and is now one of the soundest economies in the world. Its currency today is much stronger than most, partly due to the country's suffering through that difficult period.
3. After World War I, the United States had a serious economic setback, but the government balanced its budget while the Federal Reserve raised interest rates to curb inflation. The nation took the pain for several months but were then rewarded with the Roaring Twenties.
4. In 1966, Japan experienced a staggering collapse. Every stockbroker in Japan went bankrupt. Every broker! Was it the end of the world? No. Every broker and every investment bank was allowed to go bankrupt. Over the next twenty-five years, Japan enjoyed phenomenal success, exceeded by that of any nation in the second half of the twentieth century.

Lesson 7: When times are good people are not held accountable and whistle blowers are ridiculed.

1. Warren Buffet says "You only find out who is swimming naked when the tide goes out".
2. It is a fact is people get greedy especially when times are exceptionally good. People cut corners, do things they might not do under normal conditions, and because times are good, because there is so much prosperity, they are not held to account. Stocks go up. Investments pay off. The corners that are cut actually make people a lot of money. No one questions, or even cares, what happened—they are so happy with all the money they have made.
3. Following the Great Depression, Richard Whitney, president of the New York Stock Exchange was arrested and charged with embezzlement. He pleaded guilty and spent more than three years in jail. Had stocks continued to boom, nobody would have noticed or cared, because everybody would have made so much money.
4. Before the housing bubble burst in 2008, a number of economist and wise investors blew up the whistle including Jim Rogers, Peter Schiff, Marc Faber and many more trying to convince others, who appeared to be perfectly intelligent, ambitious and well-intentioned people, explaining them why it was going to collapse but they all were called nuts and ridiculed.

Lesson 8: Sound money attracts foreign investment and good for country but you cannot keep everyone happy!

1. The reason people put their money in a country because they trust in the soundness of the currency—they know that their money will be there when they want it, and that it will not be worth significantly less than when they put it there in the first place.
2. After 2008 crisis, the dollar and euro were declining and people were rushing to the franc. In 2011, the CHF (the Swiss franc) escalated to record highs against both the euro and the dollar, rising 43 percent against the euro in a year and a half as of August 2011. It was a "massive overvaluation," according to the country's central bank, the Swiss National Bank (SNB).
3. When the franc rises, everything the Swiss import goes down in price, whether it is cotton shirts, TVs, or cars. The standard of living for everybody goes up. Every citizen of Switzerland benefits from a stronger currency.

4. But government came under pressure from the country's exporters, the SNB announced that "the value of the franc is a threat to the economy" and said it was "prepared to purchase foreign exchange in unlimited quantities" in order to drive the price down. The franc went down 7 or 8 percent the day of the SNB announcement.

Lesson 9: Sun is rising in the East

1. Jim Rogers advise, if you want to invest go to Asia!. That's why is now located in Singapore. He sees very bright aspects in China. There will be set backs, low growth rates and recessions but China is on right direction.
2. China continues to seek out opportunities in the world and exploit them, which is what capitalists do.
3. The Chinese are going around the globe and buying up all sorts of productive assets, oil fields, plantations, mines, everything they can find, because they see a shortage of raw materials. And they are making many friends doing it.
4. The Chinese are anticipating. They are out in the world reacting to what they see coming. They are acting the part of the good capitalist while America acts like the arrogant superpower of the 1950s, the postwar period in which the country did not have to worry about a thing
5. Jim Rogers is extremely bullish on for the next twenty or thirty years is Chinese tourism. The Chinese have not been able to travel for decades, and now they can. It is easy for Chinese citizens to get passports now, and it is easy to get money out of China. You are going to see a rapid expansion in Chinese/Asian tourism. It is going to be one of the great growth industries of our time.

Conclusion

1. If you are smart investor and want to find new and exciting investment opportunities, go to Asia. The world's largest creditor nations are in Asia. That is where the assets are. That is where the dynamism and energy are.
2. We are in a long secular bull market in commodities worldwide. Like all bull markets, it will end in a bubble. But the bull market still has several years to go.
3. It is good to lose money, to go broke at least once, and preferably twice. But if you are going to do it, do it early in your career. Do it early and it is not the end of the world. It teaches you how much you do not know.
4. The way you become a successful investor is by investing only in what you yourself have a wealth of knowledge about. You will see a major change coming long before anybody.
5. If you want to make a lot of money, resist diversification. Brokers promote the motion that everybody should diversity. But that is mainly to protect themselves. The way to get rich is to find what is good, focus on it, and concentrate your resources there