

Economics of Market Level-Ground

By

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Talking Points

1. Two Traditions of Economic Measurement

- 1.1 In the past three and a half decades of my active engagement in economic research, my objective has been to understand and explain why economists cannot talk with one coherent voice on core issues of economic cause and effect. And, it has also been my objective to come up with a uniform and standard procedure of looking at economic phenomena that would transform economics from a *both-and-science* into an *either-or-science*. I soon found under the exacting tutelage of such legal and economic historians like Arthur Nussbaum, 1933. *Money in the Law, National and International*; F. A. Mann, 1938, "*The Legal Aspect of Money with Special Reference to Comparative Private and Public International Law*"; Karl Olivecrona, 1939, "*The Problem of the Monetary Unit*", that economists speak with forked tongues on economic matters because they do not distinguish between the unequal *value and distribution* ways of the capitalist and interest-based debt money on the one hand, and the equal *value and distribution* ways of the communitarian and interest-free equity money, on the other hand. Whereas the former is State-and-Sovereign-centred and time-bound in *Chronos*, the latter is God-centred and timeless in *Kairos*. Thus, we have that over time the equity theory of the monetary unit has had the following great disciples: Thomas Aquinas, Nicholas Oresme, Thomas Gresham and Robert Triffin whereas the debt theory of the monetary unit has had the following illustrious protagonists like Jean Bodin, Georg Simmel, Georg

Knapp, and J. M. Keynes.

- 1.2 And what becomes clear as one follows the economic trails of these two traditions of economic measurement is that whilst interest-based and capitalist money is the nature and causes of the wealth of the few fractional reserve nations of the West on the gold exchange debt standard and of the poverty of the many external reserve nations of the rest-of-world on the currency board debt standard, interest-free and communitarian equity money is the nature and causes of the wealth of all the yet, but soon, to be the full reserve nations of the whole globe on the gold commodity standard.
- 1.3 So the story which this paper tells is a brief rehash of what I have done over the past thirty five years of my economic researches to bring economists to speak the uniform and *either-or* cause and effect language of economic index numbers.

2. Economic Index Numbers

- 2.1 I say that economics is a babel of discordant voices on basic issues of economic cause and effect because economics lacks a nuanced and two-pronged theory and practice of money. What then have I done to rectify this situation? As follows. First, I define economics as the moral science which studies how the people of any nation create and use money of the one sort or the other to distribute work and its social and material rewards among themselves. And, two, I say that he who controls the currency market source of money in any nation controls and determines what is produced, how and for whom in that nation. So, the critical currency market question of economic distribution which I ask in any nation runs as follows. Is the currency market of a nation, *where money of exchange is created and whence money of exchange is passed on to people in society for use in their market exchanges*, under the control of the majority, or of only the few, of the people of the nation?
- 2.2 The answer to this question depends on the type of money which a nation uses as a standard money of exchange. For when equity money of popular sovereignty is the standard money of exchange in any nation, then all of its people get to participate, on more or less equal footing, directly or indirectly, in creating and distributing the standard money of exchange and, thus, in ensuring for all the equal and fair access to effective demand . But when debt money of elitist sovereignty is the standard money of exchange in any nation, then only a few of its people get to participate in creating and distributing its money of exchange with the result that effective demand goes round, unequally and

unfairly, among its people. This is all to say that it is within the currency market of any nation that the political and ethical forces of right-is-might and popular sovereignty, on the one hand, and the political and ethical forces of might-is-right and elitist sovereignty, on the other hand, battle it out to determine whether level-ground or hierarchy should characterize the pattern of the inter-person and inter-group distribution among its people of access to money of exchange and to effective demand for goods and services.

- 2.3 Now, mainstream economic thought teaches us to distinguish a market platform of hierarchy or asymmetry from a market platform of level-ground or symmetry. In the former, the prices which arise in market exchanges belong to the *win-lose* category but, in the latter, the prices which emerge in market exchanges belong to the *win-win* category. Thus, where the *win-lose* pricing market platforms of monopoly/monopsony and oligopoly/oligopsony represent hierarchy or asymmetry in personal distribution within and between nations, the *win-win* pricing market platform of polypoly/polypsony represents level-ground or symmetry in personal distribution within and between nations.

However, what mainstream economic thought has always failed to tell us is two-fold and is as follows. One, is that the *win-lose* and the *win-win* pricing categories are the currency market products of debt money and equity money respectively. And, two is that symmetry or asymmetry in personal distribution, within and between the nations of the globe, has to do with whether it is debt-money of might-is-right or the equity money of right-is-might which dominates the currency markets of nations.

- 2.4 In effect, the market platform for the inter-person and inter-group distribution of access to the money of exchange and effective demand in any nation is, and belongs to, its currency market. Accordingly, when debt money of might-is-right is the dominant money of exchange within the currency market platform, *or monetary base*, of any nation, there emerges a spectrum of hierarchy or asymmetry in the nation's market pattern of personal distribution. But, when equity money of right-is-might becomes the dominant money of exchange within a nation's monetary base or currency market platform, then level-ground or symmetry emerges in its market pattern of personal distribution.

Thus, there exists within the dense family of market patterns of personal distribution, that any nation of the globe could conceivably have, an *ethical socio-organisational scale*, which is known in this paper as the: *General Economic Index Number*, GEIN, and which debt money and equity money alternate and combine to trace from level-ground to hierarchy within its currency market spine. This ethical socio-organisational scale of GEIN, within the currency market of any nation, is the substance of the economic theory and practice of index numbers.

GEIN is, in any nation, the time-series of the ratio of *endogenous equity money of right-is-might* to *exogenous debt money of might-is-right* in the monetary base of its currency market.

- 2.5 *GEIN exists in any nation simply for the purpose of providing its members, and the world at large, with a yardstick for gauging the average job, food and all other forms of social security which the nation affords its people. And the GEIN is, therefore, the yardstick for the personal distribution rating of any nation on the $1 \geq \text{GEIN} \geq 0$ value range. Thus, as the exogenous or debt money content of GEIN increases so does inter-person and inter-group distribution of the economic opportunities of job, goods and services in the nation become more asymmetric with the GEIN moving doggedly, through money inflation, or gold de-monetization, policy, towards its lower boundary value of zero. But as the endogenous money content of the GEIN increases so does the distribution of the economic opportunities of jobs, goods and services in the nation become more symmetric with the GEIN moving inexorably, through money deflation, or gold re-monetization, policy, towards its upper boundary value of unity.*

In other words, the more the management of the currency market of any nation is *privatized*, the merrier it is for all of its people socially and materially. But, the more the management of the currency market of any nation is *fiscalised*, the sorrier it is for most of its people socially and materially. This is the *Oresme Law* of personal distribution.

In effect, GEIN and the Oresme Law tell us that the management of the monetary base of the currency market of any nation is its key economic policy rudder for establishing balance or imbalance in its inter-person and inter-group distribution of social and material care. So, the presence of *the public sector deficit financing and the interest phenomena* in the currency market of any nation is not cause for good cheer and this is what the bottom segment of Table 1 of this paper does indicate for every nation of the globe, developed and developing.

For, let us follow the Keynes of 1930 to divide up the money-flows framework of any nation into two market compartments. Its currency and financial markets make up the one compartment of its financial circulation of money or its market structure for money supply. And its labour and commodity markets make up the other compartment of its industrial circulation of money or its market structure of money demand and use. Now, the Oresme law tells us that interest-based and exogenous debt money does interpose, though the inflationary phenomena of *Public Sector Borrowing Requirement, PSBR, and Interest*, a minor, or major or maximum gap of industrial outsourcing and domestic resource unemployment between the two money-flows segments of any nation on the debt standard. But,

the Oresme Law also tells us that interest-free equity money eliminates, *through public sector debt consolidation and liquidation*, any industrial outsourcing and resource unemployment gap between the two money-flows segments of any nation on the gold commodity standard. So, what GEIN measures in any nation *is the range of the gaps of industrial outsourcing and domestic resource unemployment which, according to the Oresme Law, the fractional reserve, the external reserve and the full reserve principles of central and private banking could, in theory, wedge in-between a nation's market structure for money supply and its market structure of money demand and use*. There is, therefore, balance or imbalance in the inter-person and inter-group distribution of economic opportunities within any nation as GEIN moves in numerical value either to the unity top and or to the zero bottom end. How then does economic thought explain how and why a nation GEIN may move in numerical value towards unity or towards zero? This is the territory of currency market standards and theorems.

3. Currency Market Standards and Theorems

- 3.1 The currency market of any nation has two economic policy domains, the one external and the other internal. The external economic policy domain manages the role of the currency market as a nation's transactions gateway to, and transactions formula with, the external world of trade and payments in goods and services. This is the world of payments standards where a nation decides on whether or not its people should trade and pay with the outside world in its own national currency, or in a foreign national currency. Then, the internal economic policy domain manages the role of the currency market as a nation's factory where its currency is created and whence its currency is passed on to its people for their use in domestic market exchanges. This is the world of market theorems where a nation decides on whether it is the full reserve and supply-leading market theorem of money creation and distribution or the fractional reserve/external reserve and demand-following market theorems of money creation and distribution should rule its currency market.
- 3.2 This paper now says that each numerical value of the GEIN from zero to unity, has an external economic and an internal economic policy interpretation. From the external policy domain, for example, a numerical value of the GEIN *stands for a particular payments standard like the gold standard, or the gold exchange debt standard or the currency board debt standard*. And, from the internal economic policy domain, a numerical value of the GEIN *represents a particular market theorem like the purchasing power parity theorem or the interest parity theorem or the import parity pricing theorem, the law of one price*. It is with this spectrum of internal and external economic policy pairs in the background that this paper then says as follows. One, the communitarian economics of market level-ground manages that

numerical stretch of the GEIN whose external economic policy domain represents the gold standard and whose internal economic policy domain represents the purchasing power parity theorem. And, two, the capitalist economics of market hierarchy deals with the two-tier numerical stretch of the GEIN whose two-tier sequence of external economic policy domains stands for the twin of the gold exchange debt standard and the currency board debt standard and whose two-tier sequence of internal economic policy domains stands for the twin of the interest parity theorem and the import parity pricing theorem, the law of one price.

- 3.3 So, as any nation notches up a GEIN value that moves towards zero, so does this nation exclude more and more of its people from participating in its increasingly informal, opaque, audit-trail-less and *cash-and-carry* market matrix of economic exchanges as the hierarchical market world of debt money does demand. But, as any nation notches up a GEIN value that moves towards unity, so does this nation include more and more of its people in its formal and transparent market matrix of *debit-card-based, auditable and tax-compliant* economic exchanges as the level-ground market world of equity money does demand. In other words, the numerical values of the GEIN, from zero to unity, tell the dynamic economic policy story of the nature and causes the wealth and of the poverty of nations. *This is the core economic policy message of the Oresme Law of personal distribution.*
- 3.4 And, it becomes clear from this interpretation of the Oresme Law that the current global financial crisis sign-posts the precipitous and irreversible decline of the *global GEIN* towards the 0.25 boundary mark for global fiscal and financial chaos. The *global GEIN*, like the SDR of the IMF, is the average of the GEINs of the key fractional reserve nations of the West; and as it tapers off in numerical value towards 0.25 and beyond, the world of debt money must collapse and make way for a regime change in the type of money that rules the globe of commerce and industry. For, with the global GEIN now in the neighborhood of the 0.25 mark for global fiscal and financial chaos, it is inevitable that the old capitalist era of debt money and export-market-led urban industrialization would be making way for the emerging communitarian era of equity money and domestic-market-led rural industrialization. This is so because global debt-implosion and a run on the key world currencies of the SDR debt standard is already at an advanced, but hidden, stage within and between the centre-capitalist nations of the West on the gold exchange debt standard and the periphery capitalist nations of the rest of the world on currency board debt standard! And what will emerge, like a phoenix, from the calamitous ashes of the current global casino capitalism of market hierarchy and the SDR debt standard is the communitarian global economic order of market level-

ground and of the modified gold standard as elaborated upon in the next and concluding section of this paper.

4. Oresme Law and the Global Economy

- 4.1 Now, what does the Oresme Law tell us the global financial crisis of yesterday and today is really about? Simply that it is the global riot and rage of the runaway and bankrupt fractional reserve debt monies of the West. For, from December 1958, when the US dollar defaulted on its gold convertibility, to this very day, the fractional reserve nations of the West have thrown monetary prudence and caution to the wind and have been printing endless tons of their increasingly gold-less and value-less reserve debt monies. In effect, the GEIN of each of the fractional reserve nations of the West is close to, if not already at, the 0.25 mark of fiscal and financial meltdown. And, naturally as the GEIN of each fractional reserve nation of the West is at the fiscal and financial meltdown mark of 0.25, the GEIN of each external reserve nation of the rest of the world, like Nigeria, must be close to, if not already at the 0.0 fiscal and financial mark for the failed state!

For, as each fractional reserve nation of the West is the producer and manager of the international currency means of trade, payments and reserves management, so is each fractional reserve nation of the West both a player and an umpire in the global terrain of trade, payments and investments. Accordingly, their domestic piles and bubbles of public sector indebtedness get to translate into the global pile and bubble of the current sum of some 6.8 trillion US dollars of non-gold international reserves. This is why the fractional reserve nations of the West are the centre nations of the globe which control all forms of global economic middlemanship: financial, commercial, industrial and technological and, so, this is why they control the public-sector-deficit-financing and inflationary sources of the current global fiscal and financial disarray.

- 4.2 So, the global financial crisis of yesterday and today will go away only when the fractional reserve nations of the West cease to be the producers and managers of the international currency means of trade, payments and investments and when they, also, do manage to do the dizzying task of withdrawing their domestic piles and bubbles of public sector indebtedness from the global financial system. And this will come to pass as soon as the gnomes of the West and of the rest of the world have done their on-going *capitalist-wrecking-work* of sowing seeds of speculative chaos and debt-sandcastles into China's currently booming stock exchanges and housing markets for fictive capital accumulation. China will then implode

politically and economically as USA and the West will join China to do the same global economic and political St. Vitus dance. It is for this reason that this paper says that the globe is on the verge of experiencing the like of the economic paralysis and subsequent economic turnaround that Genesis 47:13-26 dimly describes for the Old Egypt of Joseph's time.

- 4.3 Hence, the Oresme Law of personal distribution says that if justice and peace must reign on this earth, then resources of men, materials and savings must be allowed to remain and stay put within their nations of origin and to, thus, enable people to use and control their national resource endowments for their own good. This is what Global Joseph Project is slated to use the equity money of right-is-might to do in every emerging full reserve nation of the globe.

Global Joseph Project is God Almighty's theory and practice of human development on this earth. It says that any economy of any size grows steadily in the local content of jobs ,goods and services as it applies the *Balance Criterion /Rule*, Genesis 47:23-24; 2 Corinthians 8:13-15, of currency and financial market development in managing its labour and commodity markets. The objective of Global Joseph Project is three-fold as follows. One is to bring integral human development to every human being of gender, creed and tribe on this earth. Two is to ruralise and deepen the capital and commodity markets of each nation of the globe in aid of its decentralized, rapid and sustainable growth in the local content of home-made jobs, goods and services. And, three is to transform the current global economy of might-is-right, usury, injustice and war into the millennial global economic order of right-is-might, charity, justice and peace.

- 4.4 Global Joseph Project will use the equity money of right-is-might to minimize and arrest the job-and-welfare-seeking flow of the migration of labour and capital from the rural areas to the urban areas of nations and from the external reserve nations of the rest of the world to the fractional reserve nations of the West. It is, thus, the rural industrialisation model of equity money with its baggage of the full reserve and Exodus banking models of national, regional and global settlements as in Fig. 1 of this paper that Global Joseph Project will use to establish the level-ground market structure of resource use in every nation of the globe.

Global Joseph project says in essence that until and unless the current developing economies, in general and Africa in particular , are grown to a standard and global level-ground of social and material respectability, the current global financial crisis will not go away. For, it was caused by the global market exclusion of the external reserve nations. And, it will be solved by the global market inclusion of the external reserve nations.

