

SSET O9 - EQUATION of EXCHANGE

The Causal - natural correlation of exchange since our previous work SSET 7), arise from equation developed in the new Subjective and Solidarity Economic Theory (SSET). Let us see:

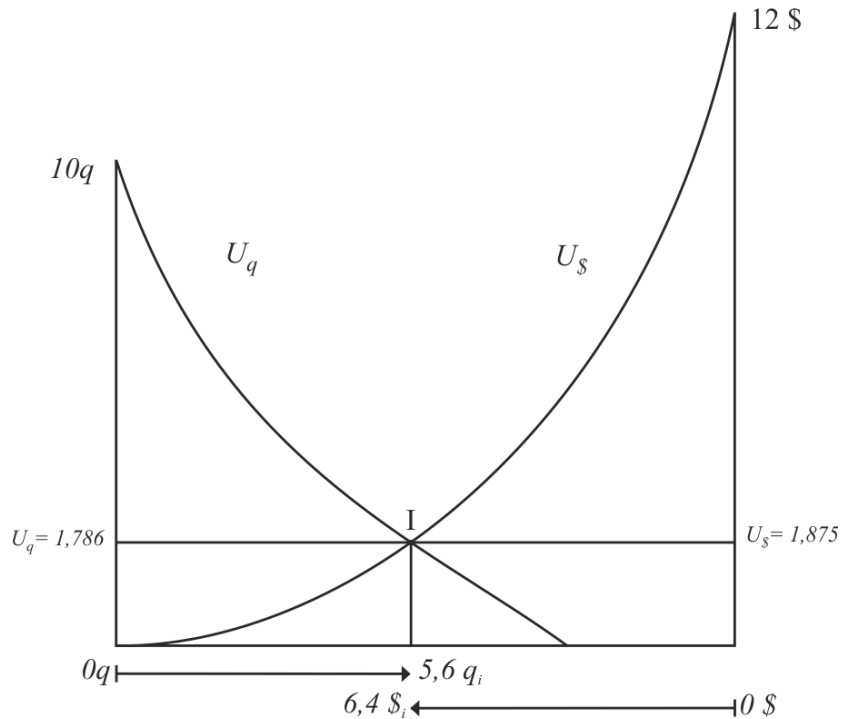
General equation of decreasing marginal utility of wealth: $U_q = q_t / q_i$.

Relative value of wealth: $v_{q(\$)} = U_q / U_{\$}$.

*Equation of exchange: $U^r_{q(\$)} = U_{q(\$)} * v_{\$(q)} = U_{\$}$.*

The following show a geometric expression of the equations mentioned:

Exchange graph



$$v_{\$(q)} = U_{\$} / U_q = 1,875 / 1,786 = 1,05$$

$$U^r_{q(\$)} = U_{q(\$)} * v_{\$(q)} = 1,786 * 1,05 = 1,875 = U_{\$}$$

Equation of the Exchange: the relative marginal utility of an economic good is equal to the marginal utility of the other economic good to which it is relative (exchanged and/or compared).

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