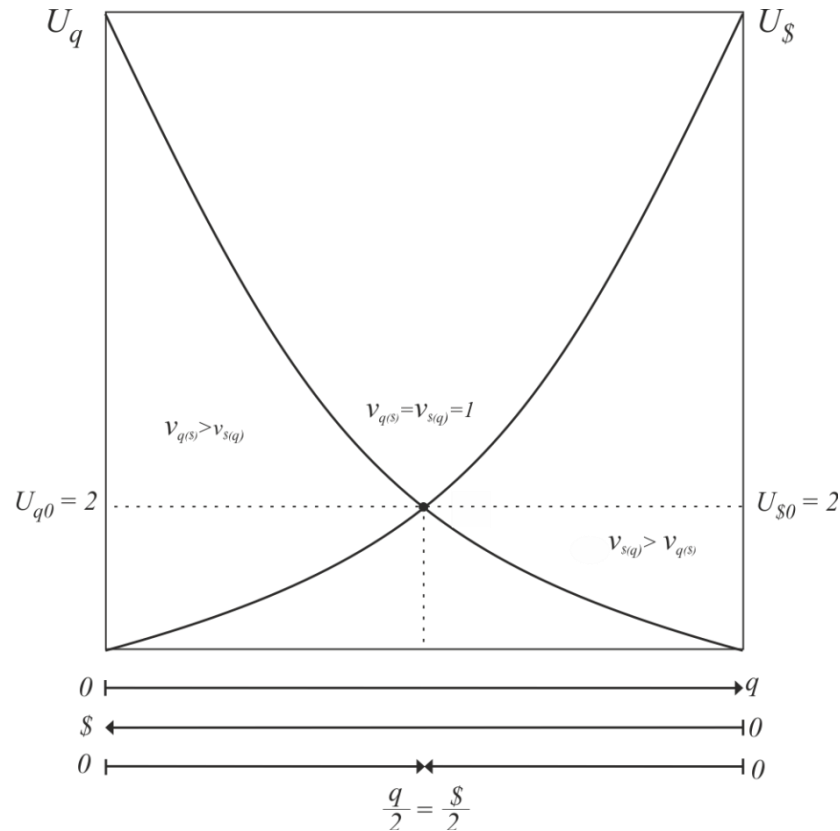


SSET 21 – The Evolutionary Medium Point (EMP)

Let us see at the graph we call *Neutrality of the Unit Economic of Measure*:¹



The theoretical potential of the *Evolutionary Medium Point* (intersection point $U_q \cap U_*$), contains relevant consequences, here we only refer (“*neither more nor less*”) to:²

- The theory of economic development.
- The theory of wealth distribution.
- Impossibility of a “rule” of currency expansion.

Let us see how the potential of the EMP solves the proposed issues.

The **EMP** arises from the *closed symmetric box* with origin at 0, from which they emerge: the *curve of decreasing marginal utility of wealth* (U_q),³ and the same *curve of increasing marginal utility of wealth* (U_*) — represents wealth U_q in terms of the unit of measure used (the marginal utility of the currency). That is both curves are identical, which makes a closed symmetry box. It would be like a double account balance: the asset at currency values (U_q) and the credit in currency units (U_*).^{4 5}

¹ In SSET 15 – [The Economic Calculation Subjective-Currency-Accountable](#).

² In addition to having served, “*nothing more, nothing less*”, to develop: the theory of unit economic of measure independent of the theory of currency, and understand how fiscal and currency policies affect capitalism. In addition it will help us (next works) to develop credit theory an interest theory.

³ This is universal law govern the dimension of subjective value, utility.

⁴ It is like considering 15 elements that all together measure 100 metros (U_q), and 100 metros (U_*).

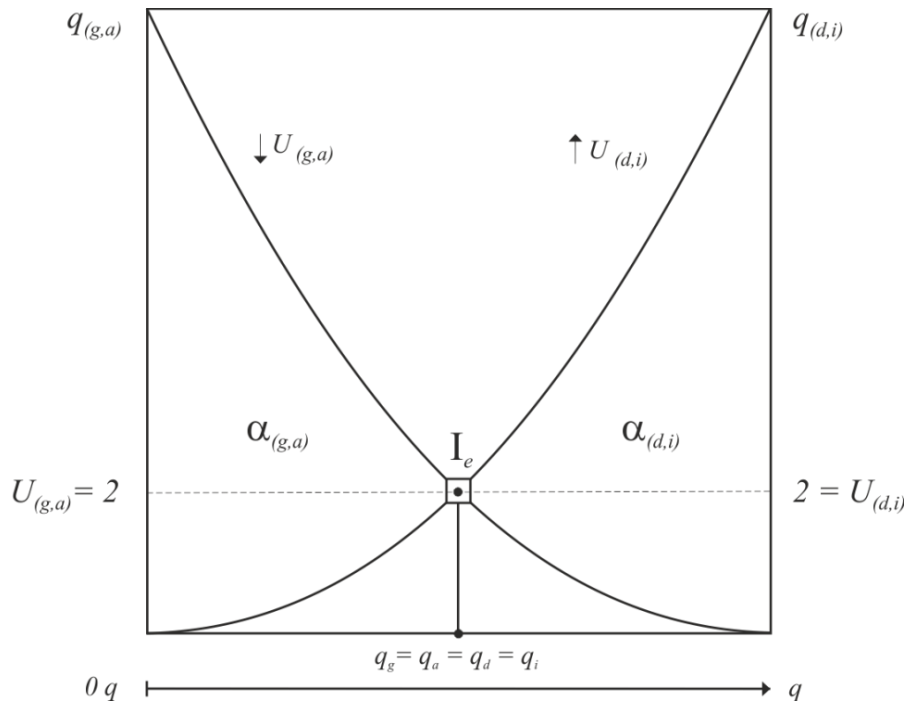
On the other hand, our theory of **Efficient and Equitable Economic Evolution (E⁴)**,⁶ states:

*The ordinal and transitive nature of **marginal utilities** (U) guides the human action that determines the distribution of wealth:*⁷

- In decreasing order (major to minor) to generate and save wealth: $\downarrow U_{(g,a)}$.
- In increasing order (minor to major) to exchange and destroy wealth: $\uparrow U_{(d,i)}$

This allows us to prepare the **EMP (I_e)** chart according to the marginal behavior of the activities of generating and saving wealth [$\downarrow U_{(g,a)}$] and destroying and exchanging it [$\uparrow U_{(d,i)}$]:

EVOLUTIONARY MEDIUM POINT (EMP)



It is a faithful copy of the precedent, only the terms of variables changed, and this is so as long as the marginal utilities and quantities of the four human actions coincide in the EMP::

$$U_g = U_a = U_d = U_i$$

$$q_g = q_a = q_d = q_i$$

Which implies that any position of $q_{(g,a,d,i)}$ that is not in the EMP (Intersection of equilibrium: **I_e**), will be driven towards it by natural laws: in **EMP** the economy is at a level of evolution with the four balanced human actions.

All this because in the **EMP** they are presented simultaneously:

⁵ As we have demonstrated in SSET 15, work in which the epicenter of the EMP was precisely related to the theory of unit economic of measure (neutral and independent of the theory of currency).

⁶ Chapter VII of [Subjective and Solidarity Economic Theory \(SSET\)](#).

⁷ The decreasing marginal utility of Menger and the human action of Mises, like epicenter of the [Subjective and Solidarity Economic Theory \(SSET\)](#).

$$v_{(g,a)} = v_{(d,i)} = v_{q(\$)} = v_{\$(q)} = 1^8$$

$$U_{(g,a)} = U_{(d,i)} = q_t / (q_t / 2) = \$_t / (\$_t / 2) = 2$$

So, for each economy at a given time, its **EMP** is 2: ⁹

$$\mathbf{PME} = 2$$

If we consider the relative value of the currency as a unit economic of measure, its variation coincides with that of measured currency wealth. ¹⁰ Then, if the **EMP** is the one that indicates the ideal position of a more *Efficient and Equitable Feasible Economic Evolution* (**E^{4F}**), ¹¹ it is evident that:

- *Theory of economic development*: the natural growth of an economy ¹² is that corresponding to $U_{\$} = U_q = 2$. ¹³
- *Theory of wealth distribution*: the most *Efficient and Equitable Feasible Economic Evolution* (**E^{4F}**), ¹⁴ corresponds to $U_{\$} = U_q = 2$.
- *Impossibility of a “rule” of currency expansion*: if a “constancy” in the relative value of the unit economic of measure is desired, ¹⁵ we must consider its equation:

$$v_{\$(q)w} = \$_t / W_s$$

It is clear that, if there is a “Rule” of “neutral” currency expansion, it must keep constant the relationship between the stock of currency ($\$_t$) and the measured wealth (W_s). In financial terms, the liquidity index (currency rotation: $\$_i / \$_t$), of the economy must be constant, which implies the inconsistency of admitting that the economy will always evolve with the same liquidity index. This is equivalent to assuming that the currency is: *absolute, virtual, that it arises from nothing*, as the other economic theories maintain, or that in our theory all EMP are constant and equal: $U_{\$c} = 2$.

Note: in currency intervened systems such as those in force, it is undoubtedly that the least infectious to capitalism is to “induce” a **currency interest** \equiv **currency price** around 2%.

Carlos A. Bondone

⁸ The axiom of the ONE of the relative [$v_{(g,a)} * v_{(d,i)} = 1$ and $v_{q(\$)} * v_{\$(q)} = 1$] is fulfilled, for relative values equal to 1, only in the EMP.

⁹ Remember that the **EMP** coincides with the **Evolutionary Optimal (EO)** when capitalism rules. However, the fiscal and/or currency capitalism affected has **EMP**, its level differs: $\mathbf{EO} = 2 > \mathbf{PME} = 2$. See SSET 18 – [Capitalism monetarily affected](#).

¹⁰ SSET 16 – [Quantitative theory of wealth](#).

¹¹ Remember Note 9 preceding.

¹² It is without alterations to natural economic laws, or with a constant alteration.

¹³ The statistics should confirm a growth of order of 2 % in developed economies that have not altered their currency and fiscal policies, as well as their distance from those that altered it (Argentina).

¹⁴ That is, once the natural economic order has been altered, it remains the most efficient an equitable feasible to obtain.

¹⁵ Hayek’s claim regarding price (as long as he did not know the relative values) in his proposal for a currency made up of a basket of economic goods to facilitate economic calculation — with paper currency it would be the equivalent of a digital currency made up of basket of fiat currencies.