NOT THE EQUAL ACCESS TO RESOURCES, BUT THE EQUAL ACCESS TO INFORMATION CREATES EXPONENTIAL VALUE

The entire theory of finance rests upon measuring the value that expectations (otherwise known as 'interest rate') add or subtract to/from *intrinsic* value. For instance, high certainty (low interest rate) rises the informative value of any future expected outcome (*future value*), and when certainty is shared by many, it turns future value into the largest component of current price (*Present Value)*. In fact, if there is *Information Symmetry*,[1] across time, place, and social hierarchy, it makes the future value component exchangeable (liquid), investable and reproducible. Property Rights,[2] for instance, when strictly enforced, instantly produce information symmetry across all relevant boundaries and with it, an exponential increase in the value of economic resources. The same principle applies to the exponential value created by Competition, Freedom of Choice, Supply/Demand, Free-Markets,[3] and every pattern, the human mind associates with long-term sustainability in living things (a.k.a. 'common sense').

Unfortunately, the philosophical thought influencing both sides of the political spectrum today, comes from a time in history, when it would have been difficult to separate the exclusively mathematical origin of financial value from the highly uneven social impact, it caused on the European social fabric during its first few centuries. Fortunately, unbiased research and data, such as shown on this page, leave no room for controversy.

THE ACCIDENTAL BIRTH OF CENTRAL BANKING, INTRODUCES SYSTEMIC INFORMATION SYMMETRY, IN A WORD: CAPITALISM

The principles behind Central Banking came about 400 years ago, when the *Bank of Amsterdam* imposed systematically, present-day certainty on the future exchange value of Dutch currency.[4] It took another century for Central Banks to become the source of last resort lending that later unleashed ~~*fractional banking*~~'s power to reproduce capital. As banks began financing high-repayment potential projects, a virtuous cycle led to the fastest period of economic growth in human history. British Professor *Angus Maddison*[5] confirmed it, by painstakingly compiling the database depicted by *Camdor Global*, in *Geary-Khamis Dollars*, (Figure 8). Our arrows are there to point the clear brake in the low exponential growth-rate GDP follows between 1 and 1600 AD (human population growth), and then, after Information Symmetry (central banking) spreads throughout, what today are the most developed economies. Eventually, private-bank capital financed public urban infrastructure and the development that another heavy-weight of statistical science, Swedish Professor *Prof Hans Rosling*, compiled, using the United Nations' historical database on Life Expectancy and Income Per Person data. See him explain it in person[6] or in his page (*200 years that changed the world)* where you will find other stunning presentations.

CONCLUSIONS

TWO WORLDS:

1. For over 30,000 years, the *majority* of *Modern humans* lived in functional or declared servitude of small power elites or if 'in the state of nature,' as Hobbes (1588-1679) describes in *Leviathan* 'the life of man, [was] solitary, poor, nasty, brutish, and short..."
2. In 1609, Amsterdam, in its zeal to compete against other commercial ports along the North Sea shore, decided to offer foreign creditors and merchants, a concrete system of 'insurance against currency debasement' against its own municipalities. Thus, began the methodical sustenance of currency value across time, geography, social hierarchy, etc., the Information Symmetry that eventually magnified the power of fractional-banking and led to the modern era.

THREE INFERENCES:

1. Regardless of what you call a political system, when only the power elite has access to information, it grabs its benefits, at the expense of the rest. Yet, as living standards drop for the majority, economic growth becomes unsustainable.
2. Wealth or Income redistribution policy, consistently leads to behavior that is detrimental to innovation, productivity, and economic growth. Much worse, it involves, precisely the arbitrary dynamics that create Information Asymmetry.
3. Designing Information Symmetry Systems across all private-interest barriers would bring sustained, exponential growth in living standards, to the 90% of world population, whose future is already compromised by Information Asymmetry.

FIGURE 8

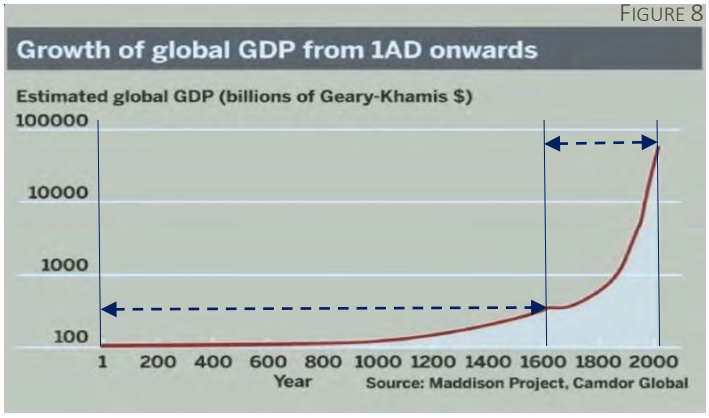
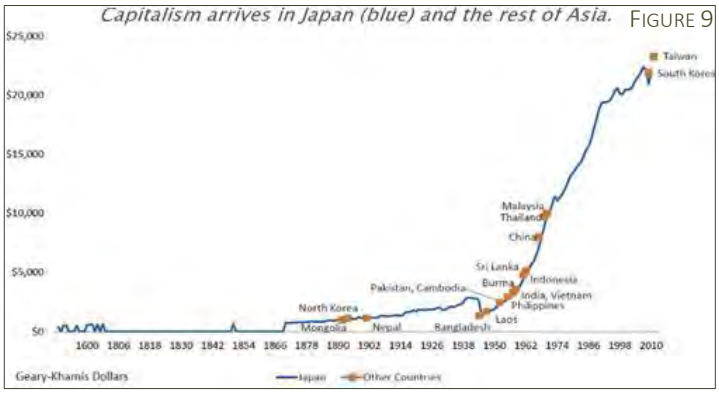


FIGURE 9



[1] [The] *"knowledge that some system is symmetrical reduces what we need to know about the system by eliminating possibilities that would be permitted if the system were not symmetrical. This reduction of required information is greater, the more pervasive the symmetry. The relatively low information content resulting from symmetries is reflected in the high* epistemic *value of knowledge of these symmetries."*

[2] *"*Property Rights and Markets*. The optimal solution to the allocation problem requires the participants to have accurate information about the marginal costs and marginal benefits associated with specific alternatives. Problems arise when exchange is not voluntary and property rights are attenuated. Pure competition is one way to ensure that no one buyer or seller has the ability to alter the outcome of market exchanges and the information revealed in prices."*

[3] *See* David Ricardo's *original postulates*

[4] *The City of Amsterdam opened the Bank of Amsterdam in January 1609. The Exchange Bank was introduced specifically to insulate the bill market from debasement.*

[5] Professor Angus Maddison (1926 – 2010) *was able to synthesize vast amounts of information into a clear form through his quantitative analysis approach to economics making his contributions invaluable to anyone trying to understand why some parts of the world are so much richer than others. After Maddison's passing in 2010, his colleagues founded the* Maddison Project,[5] *to continue his research.*

[6] Hans Rosling's 200 Countries, 200 Years, 4 Minutes - The Joy of Statistics