

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

The entire theory of finance rests upon measuring the relative value that expectations (otherwise known as interest rates) add or subtract to/from an asset's *intrinsic* value. For instance, as high certainty -low interest rates- increases the value of expected cash flows Future Value, it becomes the largest component of price *Present Value*. In fact, if that belief is shared by many, the future value component of price becomes exchangeable (liquid), investable and reproducible as *Information Symmetry*¹ rises across time, place and social hierarchy. For instance, Property Rights² when truly enforced, instantly produce information symmetry across all relevant boundaries and with it, exponential rises in the value of most economic resources. The same principle applies to the value multiple created by Competition, Freedom of Choice, Supply/Demand, Free-Markets³ and all patterns our minds associate with survival expediency and intuitively, long-term (economic) sustainability.

Unfortunately, the philosophical thought influencing both sides of the political spectrum today, comes from a time in history, when it would have been hard to separate the exclusively mathematical origin of financial value from the uneven impact its influence exerted on the European social fabric, after the 17th century. Fortunately, unbiased research and a vast supply of empirical data leave no room for controversy. Massive wealth creation correlates to information symmetry expansion throughout the charts, tables, and videos shown below.

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

The principles of Central Banking came about 400 years ago, when the *Bank of Amsterdam* imposed systematic, present-day certainty on the future value of Dutch guilders.⁴ It took another century for Central Banks to become the source of last resort lending that would later unleash *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 *Camdro Global*, in *Geary-Khamis Dollars* in Figure 9, where arrows point the clear break between low exponential growth-rate GDP (human population growth) from 1 and 1600 AD and after central banking spreads through the region that today contains the most developed economies in the globe. Eventually, the exponential power of Virtuous (versus Ponzi) fractional banking financed the public infrastructure and prolific 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 Database. [See him explain](#) it in person⁶ or check his *200 years that changed the world*.

CONCLUSIONS

TWO WORLDS

- For over 30,000 years, the *majority* of *Modern humans* lived in functional or declared servitude of small power elites or 'in the state of nature' as Hobbes (1588-1679) describes in *Leviathan*, the life of man, [was] solitary, poor, nasty, brutish, and short..."
- In 1609, Amsterdam, in its zeal to compete against other commercial ports along the North Sea shore, decided to offer foreign merchants and creditors, a concrete system to hedge against the chronic currency debasement carried on by *Dutch banks* owned by municipal Dutch feudal lords. 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 INFERENCE

- 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. As living standards drop for the majority, economic growth becomes unsustainable.
- 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.
- 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.

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."

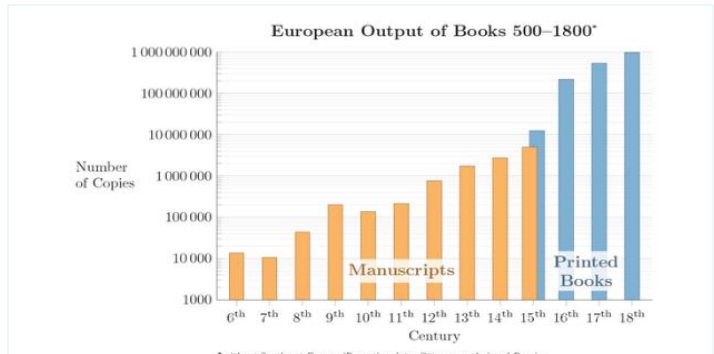


FIG. 8 EUROPEAN BOOK OUTPUT 500 TO 1800 BY 5 ORDERS OF MAGNITUDE AFTER PRINTING REVOLUTION

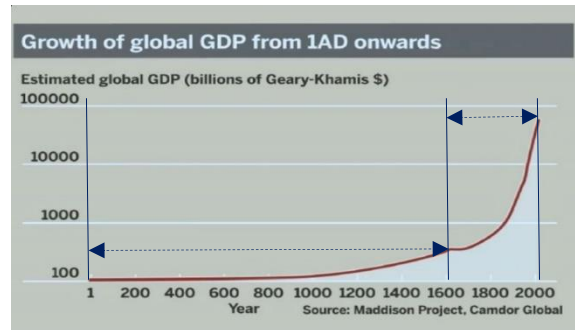


FIG. 9 WORLD GDP PER CAPITA FROM 1AD TO

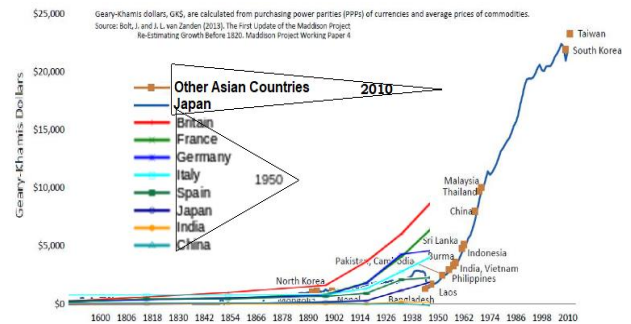


FIG. 10 GDP PER CAPITA FROM 1500 TO 1950 SELECTED EUROPEAN & ASIA FIG. 11 ASIA'S GDP FROM 1600 TO 2010

Country / Region	1	500	1000	1500	1600	1700	1800	1820	1870	1913	1950	1973	1989	2008
Austria	425	425	787	837	963	1,218	1,863	3,465	3,706	11,235	18,360	24,131		
Belgium	450	425	875	976	1,144	1,319	2,692	4,220	5,462	12,170	18,744	23,655		
Denmark	400	490	738	875	1,039	1,274	2,003	3,912	6,943	13,945	18,261	24,621		
France	400	400	453	538	636	781	1,148	2,111	4,253	11,685	18,946	24,344		
Germany	473	425	727	841	910	1,135	1,878	3,485	5,271	13,114	17,300	22,223		
Italy	400	410	688	791	910	1,117	1,839	3,648	5,081	11,966	16,568	20,883		
Japan	500	450	1,100	1,100	1,100	1,117	1,499	2,964	3,502	10,634	19,969	19,969		
Netherlands	425	425	761	1,381	2,130	3,839	2,757	6,649	9,996	13,062	16,695	24,695		
Poland	400	400	619	684	723	801	1,369	2,447	3,430	11,323	18,187	28,500		
Sweden	400	400	895	824	877	1,198	1,662	3,096	6,759	13,853	17,716	24,409		
Switzerland	425	410	832	790	960	1,096	1,102	4,206	9,664	18,204	20,936	25,104		
UK	400	400	714	974	1,250	1,706	3,190	4,921	6,939	12,025	16,414	23,742		
12 country average	590	425	798	907	1,033	1,243	2,087	3,686	5,616	12,157	16,751	22,246		
Portugal	450	425	696	740	819	923	975	1,250	2,086	7,063	10,372	14,436		
Spain	460	450	841	853	853	1,006	1,207	2,056	2,189	7,601	11,582	19,706		
Other Western offshoots	539	480	472	525	584	711	1,027	1,840	2,536	7,614	10,822	19,701		
West European average	576	427	771	869	967	1,202	1,960	3,457	4,578	11,417	15,800	21,672		
Eastern Europe	412	400	496	548	606	683	937	1,695	2,111	4,968	5,965	8,569		
Former USSR	400	400	489	552	610	688	943	1,408	2,541	6,959	7,112	7,964		
Other US/SA	400	400	400	400	527	1,257	2,445	5,301	9,561	16,889	23,918	31,178		
Other US/SA offshoots	400	400	400	400	400	476	761	2,244	4,752	7,425	13,399	16,724	23,073	
Average Western offshoots	400	400	400	400	476	1,202	2,419	5,233	9,268	16,179	22,256	30,152		
Mexico	400	400	425	454	568	759	874	1,732	2,365	4,353	6,999	7,979		
Other Latin America	400	400	419	421	542	661	877	1,436	2,531	4,456	4,203	5,790		
Latin American average	400	400	419	421	542	661	877	1,436	2,531	4,456	4,203	5,790		
China	400	425	500	520	570	669	737	1,387	1,821	11,424	17,943	22,818		
Japan	450	450	600	600	600	600	600	730	552	448	838	1,234	1,725	
India	450	450	550	550	550	553	533	673	819	853	1,270	2,875		
Other east Asia	425	425	554	584	581	588	584	542	771	1,405	2,528	4,896		
Viet Nam	522	521	590	581	581	607	742	1,042	1,776	4,854	4,590	6,847		
Asian average (incl. Japan)	457	466	572	576	572	577	546	656	639	1,225	2,683	5,911		
Africa	472	425	414	422	421	428	500	627	890	1,410	1,844	1,780		
World	467	450	566	596	616	667	873	1,526	2,193	4,691	5,130	7,614		

FIG. 12 GDP PER CAPITA FROM 1AD TO 2008 TABLE BY COUNTRY/REGION

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. You can access the *Maddison Project Database*, in Excel.

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