

# Market Economics Using Quantum Approaches

The number of articles I have written on the subject could be very perplexing for specialists and regular readers alike, because of the complexity of issues evaluated and mostly because of the ideologies have been broadened out for centuries, the ideologies that justify the deep division between rich and poor, countries and regions. The Cold War with its profound partition between the ideas of free market entrepreneurship of the Western Block Countries and the government-run economies of the Soviet Block Countries. Thus, it will be well concluded that altogether cultures of philosophical schools and religious conceptions have been exploited to smooth these divisions inside countries and set up conditions for unity and normality in life. Nationalism, chauvinism, xenophobia and over all "I am better than you are" aptitude have helped countries prosper competing to others, Empires rose and fall alone; and at present Economic Powers came up into existence.

Most of these Historical developments could be greatly explained by the processes of economic progress, because the Economy is a mirror of the History indeed. Over all the farther we go in the past when the means of production were less developed and the individual intellectual involvement was far less productive the bigger division between the having and the having not. And, in the same time the closer to the most recent times, the more middle class participation, the more individual intellectual involvement, and the more enhanced standard of life for the majority.

The rise of the technologies, the Internet, the ongoing Global political depolarization and the subsequent Economic Globalization, the ability for investing to another place not just into the developed part of the Western world for a substantial ROI "Return On Invested" capital, had brought general economic explosion of the 1990's, but also these brought the economic upheaval of the 1989 stock exchange crash, and the most recent Great Recession of 2006. The existing economic and social structures of (I call it) Social Order that was well perfected by the Most Developed Western Economies which is pro supply by nature of more or less trickle-down economics with relatively high lending rates (the set by the Most Developed Economies' Governments low almost to 0 internal interest rates do not affect that much the inter-countries lending rates nor this do to the majority of the Worlds' Small and Medium Businesses where these rates are even higher then before the Last Recession: see the interest rates of the securities sold by Greece, Ireland, Portugal, Spain, or see the rates Small and Medium Businesses are borrowing in the US). The Capitalistic trickle-down economics is based on a relatively shady Business Practices maintained to prompt "easy business" which under the most recent conditions allows better and faster concentration of capital which effect does not result a possible on the US marketplace business expansion but instead this effect consequences of high profitable ROI from some Developing Countries then from the US; the "shady" business practices in which laws and regulations are far from the perfected common laws generally allow easy businesses start-up but than the "security" of these start-ups is quite limited to let lower interest lending, nor the Small and Medium Businesses have easy chances to collect on contracts from their Big Brothers' Intercontinental Corporations by lengthy court cases, and finally when they (SMB) outsource or move any production to elsewhere trying to stay competitive globally these Small and Medium Businesses easily become a prey of weak

international laws for intellectual property and anti dumping protection, therefore it could be easily concluded that in the most recent times and under the most recent economic conditions the system of Social Order works better for the Large Transnational Corporations then it does for the Small and Medium Businesses, also the same formula could be well applied to how Global investment affects Large Investors and Small to Medium Investors; the lack of proper Personal Liability Laws and Regulations on National and International levels of Stock, Money and Commodity Exchanges benefit mostly the Large Investors by lowering substantially the security of investment for the Small and Medium Investors.

## ECONOMY

### ***Loan Terms for Big Firms Ease***

## ***The New York Times***

Monday, January 31, 2011

- "Some U.S. banks continued to make it easier for large companies to borrow in the fourth quarter as demand for business loans increased, but few banks changed standards for smaller firms, the Federal Reserve said Monday. Separately, U.S. consumers, supported by fatter paychecks and low prices, accelerated their spending at the end of 2010, giving a needed boost to the economy's weak recovery."

It may be noticed with great certainty that the Social Order of the so-called Capitalism is more in favor of Big Transnational Corporations and Large Investors then of their smaller brothers Small and Medium Businesses and Investors. Well, if such Social Order had worked well under a pro-supply conditions of a less connected and less developed world of the past, when under the most recent ongoing Globalization and ever rising Productivity such approaches are becoming quite contra productive by their fundamentals for a consistent economic growth and development; First, when Small and Medium Businesses and Investors use more than 75% in the US and the industrial production by the Transnational Corporation has been gradually moved and outsourced to China and elsewhere, Second, when Large Investors have gradually moved their investing to these Far Eastern Markets where the ROI and the economic prospective are mach advance then these in the US, Third, when in Global prospective there could be considered impossible for all regions in US and all countries in the World to enhance their Industrial Production to support in order and properly enhance their Fiscal Reserves for handling their ever getting older population required by the economics of Capitalism approach it is obvious that high interest inter-countries lending, the high rate securities controlled by the World Bank and IMF is beyond contra-productive for these underdeveloped economies , and Fourth, may be the most important. The diminishing Earth resources and the disastrous Global Worming may not and cannot be addressed if the division between rich and poor people, regions, and countries is not overtaken by some new approaches in Economics differing from the Capitalistic one, in less developed and developing markets the usage of old cars, means of primitive heating, uncontrolled wood cutting, uncontrolled usage of pesticides and etc. may well destroy this Earth much faster then it is expected, to address these issues better system of Economics should be used that may accommodate and use flexible approaches to solve these.

So, even when the Capitalism or the Socio-Capitalism or the Communism systems of Economics which all represent the Social Order of the past claim to comprehensively deal with Market Economics it must be easy to prove that under the new Global market conditions none of these or any combinations of them could properly be called Market Economics: First, any economics of so-called Social Order is based on the philosophy of cyclical dialectic development that rely on the market economy to fix by itself when market fluctuations of recessions and upheavals occur which could have worked out in a pro-supply marketplace but experience real difficulties in a Global ever rising Productivity marketplace; the last Recession, the stalled industrial employees income diminishing Middle Class for the last 10 years in the US;

- "The [income numbers](#) for Americans reflect this slowdown in growth. From 1947 to 1973 — a period of just 26 years — inflation-adjusted median income in the United States more than doubled. But in the 31 years from 1973 to 2004, it rose only 22 percent. And, over the last decade, it [actually declined](#)."
- The gross domestic product here — the total value of all goods and services — has recovered from the recession better than in Britain, Germany, Japan or Russia. Yet a greatly shrunken group of American workers, working harder and more efficiently, is producing these goods and services. <http://www.nytimes.com/2011/01/19/bus...>

The setback in the European Union where maybe only Germany is doing relatively well and it is because of the German export to China of high-tech machinery, most of other countries are experiencing tremendous economic stress and are literally reducing their once succeeded higher standard of life: their social security, pension funds, Medicare instead of being enhanced and improved is being losing quality because of Fiscal shortages;

- "[FRANKFURT—Euro-zone bank lending expanded further in December](#), but the flow of loans to businesses turned negative again, raising doubt about companies' ability and willingness to raise capital expenditure. The euro zone's recovery from the deep recession that followed the global financial crisis has been hindered by weak bank lending, particularly to businesses. Private-sector lending increased 1.9% in December from the same month a year earlier, after rising 2% in November, data from the European Central Bank showed Friday. But recent timid improvements in lending to businesses stalled in December, the data showed. Lending to nonfinancial firms fell €24 billion (\$32.97 billion), after rising by a revised €8 billion in November."

Then it comes China which succeeded in maintaining high growth and withstand the Recession of 2006 by expanding their own marketplace and export even under not very favorable economic conditions: China have done it and is doing it just because the flexibility with which the Chinese authorities use the economic instruments to maintain growth is very proper, the balance between social and infrastructural policies for employment and private sector, the prompt action when the real estate market was overheating last year by regulating second house lending matrix a developers specula regulations (2009), the constantly adapted policies

of subsidizing exporters and certain economic areas (the photovoltaic equipment as an example), the policies of equity enhancement and values, and the etc. showed that the Chinese approaches are the best in the World now days, and such accomplishments showed to everyone that politics and economics under the most recent economic developments are two separate things to deal with, and showed that Karl Marx, Adam Smith, John Stuart Mill. And etc. are dead wrong in how the economy works under these most recent economic conditions of the Globalizing and high Productivity marketplace.

- "Bubbles and manias, followed by crashes and hangovers, seem endemic to capitalism. The Wall Street overhaul enacted last year hopes to blunt the impact of such boom-and-bust cycles — by reining in the use of exotic financial instruments, better supervising big banks and limiting the damage if one of them fails.  
<http://economix.blogs.nytimes.com/201...>"

And, second, no one ever really philosophically explained how the lack of resources and the Global warming could be dealt with under the Social Order conditions in an open marketplace, because never in History the people were given the opportunity or more exact had the abilities to produce more industrial goods than they consume (because by China, India, Brazil joining the Most Industrialized Economies of the US, Japan, Germany such capability for industrial goods is just very high) and at the same time the exhausting Earth resources are pushing toward Alternative Energies and Very High Technologies, and at the same time any countries but very few in the World rely on Industrial Production for their GNP, Fiscal Reserves and so on.

Even the Social Order systems of Economics in one way or the other proclaim the Market Economics as their best; none of them really deals with the most recent market fluctuations by using their established system of economics; so when under the pressures of the last Recession many governments took monetary and fiscal actions to stimulate their economies, which they still continue doing it, these actions include taking off debt from Banks and Large Financial Institution, partially acquiring businesses as it happen with GM, and printing money and quantitative easing as they are doing now; actually what the governments were doing is interfering with the market forces to prevent their economies from collapsing, and at least for moment they are succeeding, but what they are mostly doing is braking with the philosophy of cyclical dialectic economics of the trickle-down capitalism to not relying on the cyclical dialectic forces of the market to fix the mess of the consequences from the last real estate overcapitalization that brought the Recession of 2006. The Keynesian approach of financial market interference that also was used in the Great Depression was well extended by the actions taken in this Recession to points well beyond Keynes imaginations and limits. When from Microeconomic prospective: "The cost-push theory basically emphasized the role of excessive increases in wages relative to productivity increases as a cause of inflation, whereas the demand-pull theory tended to attribute inflation more to excess demand in the goods market caused by expansion of the money supply.<sup>[1]</sup>" none of the conceptions can explain the total disruption consequence of extensive moving and outsourcing of industrial production and outflow of capital to other parts of the world. Neither Thomas Robert Malthus<sup>[2]</sup> nor John

Maynard Keynes [\[3\]](#) neither most modern economists could or even like to explain an employment shortage not founded on economic development in a particular market, economy being replaced by a quickly globalizing marketplace where industrial production went so far out of hand so the question of balancing wages to employment to inflation is cut short of industrial employment which as it seems becomes in shortage not just because of the ever improving high technologies but even farther it becomes such because the majority of industrial employment is moved and outsourced indeed. Thus the questions from Micro and Macro Economic perspective are beyond existing logic in current economics. The question about inflation started relating more the value of the US Dollar to the Yuan, and the real costumer consumption when the costumer may not have a job in industrial production, and when in the same time GDP is founded predominantly on industrial production. Such, in an economic environment of exploding demand enforced by the new industrial powers in a marketplace of shortening industrial employment for the rest of the world, and reducing industrial employment for even some most developed industrial economies the questions about employment, Fiscal policies, distribution and redistribution of wealth are taking more power than ever if ever in History, so the questions become with depleting industrial production in the US marketplace and almost everywhere:

- How to manage inflation without industrial production growth?
- How to keep up and enhance consumption related growth when unemployment is high and may get higher?
- How to manage Fiscal policies and Monetary quantities without industrial production growth?
- What is this new world that changed one time from Farming into Industrial Production, and now what change is coming?
- Why and what China is doing better to keep up high economic growth when the rest of the world crawls?
- Why such a good world as the US Economy which with a few exceptions had grown for the last 100 years with at least 20% every 10 years in case has stalled for the last 10 (2000 – 2010)?
- Why the hard-working and with the highest in the world productivity US workers are running short of jobs and how far it would go?
- Etc.?

Actually, let me suggest what is happening and to where things in economy in the US and

almost everywhere else may go to:

- The Economics of trickle-down Capitalism may have to change to a Market related Economics of variances (I call) Quantum Economics which promotes the ideas of prompt, practical, flexible economic actions to prevent violent economic fluctuations such as the Last Recession of 2006, Inflation and deflation;
- With the self-adjusting Economics gone, economic instruments/tools may be used “as it comes as it goes” approach of pure statistical principles;
- The ideological approaches of Republicans against Democrats of how to run the economy may still be in place but will be much less intrusive to how the economy is run, because it maybe much clearer the principle system of the Science of Economics as a system of adjusting market fluctuations by using old and some new Instruments of Economics;
- Social and Medicare expenses, Infrastructural expenses along with Subsidies for Alternative Energies may have to be considered more on the equity side of the governmental books not on the expenses side as it has been practiced until now, which also may have to be considered Instruments of Economics.
- The Industrial production US Economy is about to continue changing into a Service Sector Economy, but the already succeeded equity including over all standard of life, Social and Medical Structures, Infrastructures, Educational System, relatively high valued Real Estate and the accumulated Capital may have to play important role in a more regulated Stock and other Exchanges for investment into less developed areas in the US as well Global by the Small and Medium Investors who now are handy caped by the hostile to them market exchanges;
- The business laws and regulations may have to be enhanced for corporate, limited liability and trust management that must improve their security for lower rates “lend-ability” of Small and Medium Businesses, that must prompt more employment in different spheres of business;
- The Government may have to start using better tools to subsidize and prompt growth; tax breaks, tax initiatives, employment stimulus, and etc. are part of these;
- Internationally, the government may have to promote equal laws and regulations to these on the US market.

The Social Order of the Past may be changing into the Market Order of the Present and the faster these new developments are adapted by an economy the better this economy will stand

globally. There maybe countries and economies losing their superiority over others and really hope the USA is not one of them. As stated above Personal Freedoms, Democracy, Liberties are not necessary bring and support the best and most advance economics because the game has changed, however the values of these succeeded extremely important accomplishments of Humanity must be preserved in any cause.

<http://sites.google.com/site/economicsofmarket/>

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