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Hopefully Schlaudt's questions about *Market-value* are the first of many[1]

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Nothing pleases a writer more than to have a reader who gives what they have written a deep read. Oliver Schlaudt has done that for my book *Market-value: Its measurement and metric.* For this I am especially grateful because his questions lead to an area where economists, unlike modern physicists, are extremely reluctant to venture, namely, one's discipline's elementary concepts.

I ventured there long ago, but only because of the unusual intellectual life I had led in the years before I came to write the longer unpublished book on which *Market-value* is based. For over a decade I had had no interest in or connection with economics. But living in London in the mid-70s, I accidentally got drawn into a group of philosophers of science centered at University College. Under their influence I read almost all of Popper and then numerous other contemporary epistemologists. This for me was a welcome new interest, and soon it intensified. One afternoon strolling through Hyde Park, it occurred to me that as well as reading how philosophers understood scientific advance, it might also be illuminating to learn how the scientists who had brought it about understood how they had done it. I discovered they had written a lot about it, and soon in my leisure I was reading them even more than the philosophers.

But it was neither the philosophers nor the great natural scientists who brought me back to economics; it was Joan Robinson. One of the main reasons why I had given up economics was that as a graduate student I and a few others had been strongly encouraged to attend an off-the-record series of seminars to teach us how to game statistics. Thinking about that, I had decided economics was not for me. But in 1976 at a small Cambridge social gathering, I met Robinson and, with me sitting on the floor at her feet, she said a few things and with a look in her eyes that ultimately led me to reconnect with the dismal and not always honest "science". [My recent short memoir, *The Mystery of the Two Margarets: Margaret Bezan and Margaret Atwood*, includes accounts of my experiences with the philosophers and Joan Robinson.[2]]

Three years later my living situation had changed partly for the better – I no longer needed to earn a living – and partly for the worse – I was living in rural isolation on the edge of England's

[1] Schlaudt, Oliver (2023) "Some questions to Edward Fullbrook regarding his book *Market-value. Its measurement and metric*", *Real-World Economics Review* 105.

[2] Fullbrook, Edward (2022) *The Mystery of the Two Margarets: Margaret Bezan and Margaret Atwood*, Literary Fiction.

vast unfenced, uncultivated Dartmoor. Beside climbing tors, what should I now do with my time?

I decided to seriously reconnect with economics, and I began with a plan. For exactly one year I would read economics 44 hours a week and natural scientists and epistemologists for 6. The latter reading was to protect me from being sucked into economics' scientism. During that year, with one exception, I would not allow myself to write. The exception was: whenever I came across something that potentially raised a theoretical question for me, I would write a note and hide it at the back of a desk drawer.

On day 366 I opened that drawer and read its eleven question-raising notes, and I was hugely disappointed. The purpose of my notes had been to give me topics to explore deeply and to write about, but among the eleven I found none that pointed toward a serious intellectual adventure. But a week later, catching my breath at the top of a tor, it dawned on me that between three of my notes there was possibly a deep theoretical interconnection.

My year's reading of economics had been structured unconventionally. It was focused on neither orthodox nor heterodox economics nor some school of the latter. Nor was it focused on any real-world economic problem, like inflation or unemployment. Instead, it was centered on the conceptual foundations that had shaped economics, orthodox and heterodox, from Adam Smith onwards. My reasons for setting it up like that came from my reading how physics had made its major advances through the centuries. Whereas economists, orthodox or heterodox, are loath to find shortcomings in their basic concepts, theoretical physicists dream of finding them because they know that it is how physics makes its major advances. It seemed improbable to me that economics as a science was more advanced than physics. Hence the focus of my year's reading.

In so far as a scientific theory is founded on a particular concept, if that concept is found not to correspond to reality, then that science needs a new theory to replace the ill-founded one. Following such discoveries, large questions start to appear that are unanswerable by existing theory, thereby making new theoretical development immediately needed. This is why creative theoretical natural scientists dream of the discovery of mistaken concepts. But in economics, which is often more an ideology than a science and where billionaire money plays an increasingly wide role, such questions are rarely asked.

The real-life procedures of the natural sciences are radically different. When reading natural scientists' accounts of how their science had advanced, I repeatedly came across the same underlying story. A theoretical science had leaped forward when it had spotted and then scrutinized an assumption, often an implicit one that for generations had imperceptibly but inexorably determined both what it explained and what it didn't. This made a strong impression on me because it echoed Keynes. Just as Einstein and others had enormously extended physics' power of understanding by dropping its assumption that its empirical domain could be entirely explained by micro-reduction, Keynes, but without such a deep understanding and with huge opposition from ideologists and the rich, had done the same – at least potentially – for economics. Hence when after noticing that three of my eleven reading notes seemed inexplicably connected and in a way that suggested an irreducible macro dimension, the prospect of an intellectual adventure glimmered irresistibly in front of me.

The possibly deep interconnection that I saw between my three reading notes was market-value's metric. In so far as economics is quantitative, it has no concept as structurally deep as market-value; and just as physics had for centuries been mistaken about the underlying metrics of mass, time, and length, for me it was conceivable that economics could be similarly mistaken about market-value, and blind to what its metric entailed in the real world. For example, should an overnight jump in stock market indexes be reported as an increase the economy's market-value or as a redistribution of its market-value? In other words, is market-value an absolute quantity or a relative one?

One of my three notes between which I sensed a deep conceptual connection referred to an obscure paper by Gary S. Becker.[3] Its attraction for me was not its author's renown, but that it questioned in a causal and quantitative way the law of demand. Another of my notes referred to Patinkin's 1965 "discovery" that a numeraire can represent only a part of the market-value of the aggregate endowment.[4] Patinkin offered a solution for model builders, and my third note, having realized that his solution in a real-world context was bogus, pointed to one that was both empirically possible and logically consistent with his discovery. The realization that each of these three notes implicitly raised questions related to the structure of market-value as a quantitative order led me to ask myself for the first time ever **"What exactly is market-value's metric?"**

I had no answer. Nor could I find anyone who had an answer to my question. I found mathematical models whose assumptions included a metric for market-value, but they of course were totally irrelevant to answering my empirical or real-world question. Several major 19th-century economists had flirted with answering the empirical question but had lacked the technical skills – then largely still non-existent – needed to describe a metric. And I found no one in the 20th-century who had even asked the question.

I soon realized that I had accidentally stumbled onto a huge unanswered question, but that whereas I had been hoping to find a large theoretical question, I had found a purely empirical one. And, of course, I also realized that if the answer were found to be non-Euclidean it would – if it were ever taken on – have enormous consequences for economic theory. But no economic theory was needed in answering it. All that was required to identify market-value's observable structure was to use abstract algebra to describe its real-world existence. I did not have that vocabulary, but I set about acquiring it. I also studied the concepts and methods of measurement developed by natural scientists.

When the time came that I was able to apply both this knowledge and abstract algebra to market-value, it meant that I was now perceiving economic reality through a perceptual lens whose use I had not previously had. And using it, I was soon fascinated by two things I had not knowingly seen before, things that were at the level of foundational concepts. One was that market-value's metric was indeed both non-Euclidean and entailed an irreducible macro dimension to the economy. The other was that – unlike mass, length, and time – it is only through its measurement that market-value as a real-world quantitative order comes to exist.

[3] Becker, Gary S. (1962) "Irrational Behavior and Economic Theory", *The Journal of Political Economy*, Vol. LXX, No. 1, February , pp. 1-13.

[4] Patinkin, Don (1965) "The Value of Money", *The Quarterly Journal of Economics*, Vol. XXXII, Nov. pp. 38-65.

Soon I was dedicated to detailing and enunciating my findings and then considering their implications for economics.

But why was I dedicated? At the time I had no career ambitions, nor desire for public recognition, nor obligations and connections with any "school" or sub-school of economics, nor even much hope that what I might find and write-up would be published. My only reason for pursuing the project was the pleasure it gave me to first-hand explore what for me was unknown. Pure hedonism, in other words, was my project's driving force.

So much so that when years later I finished my first book, I was sad my project was finished. My attempts to get it published were as expected unsuccessful, but I did take the time to summarize my findings in a series of papers which I managed to get published in non- mainstream journals. That done, I moved on to another intellectual adventure in a different field and that, unlike the former, soon came into the public eye.[5]

Meanwhile decades have passed, and the historical situation in which economics exists today is not only increasingly hugely different from what it was forty years ago, but also different in ways that, with reflection, relate to the findings of *Market-value*. When I began that project the global ecological crisis was still only on the back-pages and the enormous upward redistributions of income and wealth were not yet readily visible. Those redistributions, which both accelerate the ecological crisis and increasingly spread anti-democracy, come about not because of gigantic increases in the marginal products of billionaires but because, as my book begins to explain, financialization and globalization have made it increasingly easy for the ultra- rich to manipulate market-value measurement.

So it is that today I find it conceivable, although still not probable, that my hedonistic indulgence of decades past will find a substantial readership. More important, I wish for economists who allow themselves to be, like me, perplexed but intrigued by all the real-world questions that arise when we change the analytical gestalt through which we perceive today's economic reality. And so it is that I am grateful for Oliver Schlaudt's questions and which along with hopefully many others I leave for younger generations to answer.

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[5] For a short summary see, Fullbrook, Edward (2022) pp.142-154.