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MONETARY AND FISCAL POLICIES: LIMITS, FALLOUTS AND REMEDIES

ABSTRACT
Financial and Economic development trough integration processes is a complex and slow event, in which market fallouts and policy actions are intricately linked, unpredictable and hardly manageable as well. While local market factors perform a primary role and hold up responsibility in shaping the single financial market, policymakers need to understand and support these global mutual developments by providing an adequate framework for cross-border expansion of financial institutions and related actions. Such conduct, in order to escape pirate investing, cross border exploitation of financial resources and fallout effects of wrong monetary and fiscal policies, must consider the morphology of world logistics and linked branch and subsidiaries global production networks. Progress in financial integration crucially depends on similar private and public choices, when not competing and out crowding each other.

Keywords: *monetary, fiscal policy, efficacy, recession, crisis*

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1. INTRODUCTION

The global growing economic convergence, within the EU financial markets, may be explained by stressing the ongoing fallout of interstate finance activities, after the mutual recognition agreement, and the consequent Central Banks' ruling functions in all related financial matters, but particularly in the monetary policy. The mutual recognition principle, as adopted by the EU Commission and ratified by all the member states, in the US was implemented after the corresponding Riegle – Neal Interstate Banking and Branching Efficiency Act, enacted in the year 1994, and both legislative frameworks have been showing almost identical developments and corporate governance attitudes.

Cross-border activities and related financial in and out sourcing and investments, have received a major impetus during the recent years, mainly by the introduction of the single currency, the euro and its general positive public adoption. This opportunity has been restrained by the prevailing growing sovereign debt increases, the consequent financial bubbles eruptions, the recurring financial and trade imbalances and the general framework may only be understood at full range when the remaining policy obstacles to cross-border banking and finance networks are removed, the resulting financial stability local challenges detected and properly addressed by adequate remedies.

2. PRELIMINARY REMARKS

I would, first of all, recall with Baumol the necessary clarifying attitude in facing such intricate problems: "*A primary aim of the economist is to understand business behavior rather than to make recommendations to businessmen. His understanding of economic processes provides part of the foundations for the analysis of the operation researcher*." (BAUMOL, 1972,5) EU policymakers have already adopted several actions with this regard, in order to provide adequate and ready resources to face the new world financial scenario:

- European Financial Stability Facility (EFSF),
- European Stability Mechanism (ESM),
- European Fiscal Compact (EFC),
- European Banking Authority (EBA),
- Economic and Financial Affairs Council (ECOFIN),
- Emergency Liquidity Assistance (ELA),
- Long-term refinancing operation (LTRO),
- Single Supervisory Mechanism (SSM),

as evidenced by the underway infrastructure work, to release potential prudential barriers to financial market extremes. Unfortunately, the diverging European public imbalances are showing a long trend discrepancy in what was the original set of financial standards, the inflation rate should be no more than 1.5 % above the rate for the three EU member states with the lowest inflation over the previous year; *Maastricht criteria* for budget deficit: deficit must generally be below 3% of gross domestic product (GDP). Debt is also closely watched by the Maastricht criteria; the national debt should not exceed 60% of GDP.

As a general rule, the different taxation patterns, diverging labor costs and standards, enlarging logistic facilities and related communication technology, have definitely induced a widespread delocalization and outsourcing process that have dramatically changed the geography of world industrialization activities. Meanwhile, finance, communication processes and numeric controlled production, have transformed in few decades all world industrial production chains and displacement towards a modularized global structure, the local national markets have become part of larger entities heading toward globalized single connected markets (Hofman, Wiggins, 2008).

The concept of modularity interaction between local area markets and a global single market, is the only path to understand the present economic crisis. In economics, a surviving module is a structure part of a larger system but it should also work detached on its own, in much the same way that a modular piece of complex structure might function either by itself or as part of larger agglomerate. In real economy, modularity is operating at any level, from a state to a broader system like the UE, the NAFTA, the ASEAN, the globalized open single market. Modularly arises spontaneously in systems when institutional frameworks evolution occurs relatively slow and where information - like technology - may be swapped throughout the area, free and in real time.

After the reunification of a split world, as relict of the cold war at its end in 1991, the finance network and the international corporations have started an evolving mutation, and innovation process, in the form of business practices and financial products and have sharply relocated themselves through a new world trade network in real time.

3. THE EVOLUTION

From previously centralized managed multinational structures, corporations have become global, a tree-like organization that reflects local producing branches, autonomous while strictly connected by means of projects, design, patents, technology, trademarks and similar joining relationships. The amount of interchangeability among single units create the modularity which can be exploited in taking advantage of local facilities, or competitive factors, implying increased efficiency, lower costs, better quality, and finally chances of survival, modernization and useful allocation of resources.

The network structure allows single local units to shift from local markets to global market in an increasing profitability and speed.

At same time, this deep model transformation has changed itself within the slow model evolution from a neoclassical *laissez faire* market vision, to a Keynesian and neo Keynesian State interference trough the planning, Central Authorities like the Tenessee Valley Authority [2] clearly reflected in the literature left by American New Deal which, as long as the post war economic planning, in a deep State redistribution policy, which was especially addressed to increase the purchasing power in the economy concerned about demand much more than about supply.

Nevertheless the quotations reached by the Dow Jones index at the beginning of 1928, before the great depression, were again on the financial screens only in the year 1954. The political tensions and the huge depression, in common judgment by both (Mundell, 1998) and (Keynes, 1920, 1988) lead to the second world war and the Bretton Woods reform *de facto* reinstalled the gold standard trough the Monetary Fund alignments and a soft laissez faire market adjustment until the 15th August 1971 Nixon declaration restarted the *fiat money* scenario, which had already been the root of the great depression as a consequence of the monetary financing of the first world war trough the suppression *de facto* of the gold standard.

Gold itself has never been a special commodity with powers linked to growth, welfare and prosperity, it might have been be a barbarian relic too, but it has represented

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[2] "*No, our basic trouble was not an insufficiency of capital. It was an insufficient distribution of buying power coupled with an over-sufficient speculation in production. While wages rose in many of our industries, they did not as a whole rise proportionately to the reward to capital, and at the same time the purchasing power of other great groups of our population was permitted to shrink. We accumulated such a superabundance of capital that our great bankers were vying with each other, some of them employing questionable methods, in their efforts to lend this capital at home and abroad.*" Point 17, <Address at Oglethorpe University> Roosevelt, Franklin D. May 22, 1932 Reprinted in *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 1, 1928-32, (New York City: Random House, 1938), p. 639.

always an exogenous limit to political *fiat money* expansion, which as evident in the last forty years monetary disorder led to the huge internal imbalance and political struggle grounds that has now been generally choking the economy trough the fiscal burden, the sovereign huge debt and the Western crumbling economies.

4. THE DOLLAR FUNCTIONS AND TREND

The US internal and external deficits have been supporting each other because of the international monetary function of the dollar, as long as the gas and oil and external imbalances are cleared by means of the US currency, but for all the remnant Countries, no foreseeable solution appears likely to readdress the global financial public imbalances, which have been leading to larger local political coalitions, in most of the countries left without reliable currency, with imbalanced budgets and foreign trade prevailing liabilities.

Public spending, public mismanagement an public corruption have been the fallouts of the *fiat money* Central Banks' policies linked more to political pressures than to Keynesian and post Keynesians justifications.

As a matter of fact, the extraordinary monetary growth is the only explanation to the huge financial stock exchange excursions up to the 14.500 D.J. index value, to the recurring bubbles in the financial market, starting since the 1987 one, the dot com and Enron – Worldcom – LTCM collapses around year 2000 and the subprime lending with the linked derivative bubbles bursting in year 2007 – 2008 and the financial dead end we are all facing nowadays.

The subsequent TARP remedies, the huge monetary base inflows of the last decades are interesting points from two points of view:

- why such a huge monetary expansion has not stimulated the economic activity in any visible way, apart from the Keynesian liquidity trap explanation, which may not be valid over such a long span of time, there is no classic solution to this everlasting inefficiency of both monetary and fiscal policies,
- why such a huge monetary expansion has not affected the level of prices an has not had any inflationary fallout.

The answer, undoubtedly lies in two simple explanations, considering the basic ground of two epochal events that have affected the whole world economy at the beginning of the last twentieth century decade.

The first huge impact comes from the end of the Yalta order and the end of the cold war which was splitting the world into two different areas. The end of the Cold War may be seen when the Soviet Union released its grip on its eastern European satellite countries. One by one, in 1989 those countries declared themselves democracies. The Berlin Wall fell, the disintegration continued until Moscow dissolved the Soviet Union in 1991. The Commonwealth of Independent States replaced the Soviet Union; the end of the Cold War came on December 26, 1991.

The end of the Cold War left a world in which the United States was the last remaining super power. No other nation challenged the United States militarily, economically or politically. The last time something like this was real was just during the Roman Empire times. That is when Roman civilization defeated its enemies to become the unchallenged power in its day.

The second epochal scenario comes out of the collapse of the dollar standard in 1971, releasing the huge monetary expansion which led to the inflationary seventies.

The two concurring events, the monetary expansion and is political fallouts coupled with the end of the cold war are at the base of the resurgence of the global economy since the last nineteenth century first globalization which had already produced a huge economic and population growth with large scale migrations and new allocations, especially in the booming Argentina and US. The new twentieth century globalization produced a traumatic imbalance upgrading and revaluating three basic economic resources:

the OPEC oil revenues enlarging the euro dollar financial resources in the London interbank market, already booming when the oil barrel price for a long time below twenty dollars, surged to new 100 dollars level, the new gas rich countries with large gas fields like Russia and Middle and Eastern Countries joining the suppliers in the rich energy market, the fall of the Berlin wall opening the access to Eastern and Far Eastern 2 billion workers tendering low cost labor, crowding out the too expensive labor in the welfare Western Countries finally starting the ongoing large scale mass reallocation of industrial facilities in Asia.

Meanwhile, the new industrial huge Asia output has been swelling up the world GP from 23 to about 85 US$ trill, in the fastest, swiftest, largest economic growth ever seen under the sun, out of any known development model. The relevant factor is the outbreak of the free market forces, in a pure *laissez faire* model based mostly on the financial circuit China - America based on supply allocation from one side and financial internal deficit offset on the other.

5. REMEDIES AND LIMITS

The new model, without any previous example, has induced to many spread misunderstandings, the most immediate remedy was the linkage about the monetary policies and the missing local response from a Keynesian point of view, especially in Countries like Japan, but any European Country may be considered as well suffering such an inconsistency in economic policies.

The fact is that three competing economic theories have been fighting each other over two centuries, neoclassical, Keynesian and Marxian, leaving a paradox final victorious side, the Asian overriding competitor in a complex political infrastructure, a free market, a free economy and a contradictory single party democracy.

The concentration of the financial reserves in Asia, the low labor costs of that area, the presence of huge natural resources in both OPEC Countries and Russia especially, have reshaped the economic geography of the world, leaving Europe out of development contest. The single currency, introduced in the 1999 have not reached the original aim to introduce a new world reserve currency.

The traditional monetary policy and the fiscal income redistribution programs have created the same common unexpected goals of promoting foreign trade imbalances since most of consumption has been directed towards Asian productions, which have substituted most of western production on a large scale basis.

On the other side, the high labor costs and the high taxation rates have induced a large scale migration toward Asia of most of the high technology and large scale mass productions, in almost all the production classes. This further event has severed the traditional inflation effects into two different paths, the financial instruments price increase called *capital gains*, while the traditional services and products inflation tendencies have been outset by low and steady Asian prices, especially after the reminbi 1994 devaluation as China was releasing its Marxian schemes.

The low cost Asian productions have actually offset most of the Western industries leaving most of Western Countries to face identical labor unemployment levels and financial distressed intermediaries.

At same time, the Asian surpluses have been financing the internal American deficits becoming the first most indebted Country in the history.

In Europe, the Keynesian theory has failed in promoting any kind of growth. Despite the significance of economic growth and other major social goals, there is no longer a widely accepted theory about this issue. The Keynesian system that regulated Western economies for more than two decades has been discredited, the New Classical economics that destroyed the old Keynesianism is widely believed to be against the Western welfare State, and the New Keynesian economics, that has risen from the ashes of the old one, is a thin and meagre doctrine that casts no light on money, capital, trade cycles, unemployment or deficient demand. Of course, pragmatism rules and macroeconomic policies are often implemented even in the absence of a theory.

However, pragmatism without principles means policy without consistency or direction, and it leaves policy makers with no systematic way to evaluate and understand their failures or develop an improved new approach.

The New Classical school emerged during the 1970s as a general failure of Keynesian economics to explain both inflation, largely affecting world currencies and general recessions with large scale unemployment. New Classical and monetarist criticisms led by Robert Lucas, Jr. and Milton Friedman respectively forced the rethinking of Keynesian economics. In particular, Lucas made the Lucas critique that cast doubt on Keynesian model synthesized in Hoover study (Hoover, 1992). This strengthened the case for macro models to be mostly based on microeconomics. Meanwhile, Friedman considering the stagflation proposed that the Phillips curve did not exist and would fail.

He theorized of an existence of a natural rate of unemployment that contradicts the then accepted relationship between inflation and unemployment rate. The stagflation of the 1970s seemed to proved him right and has been appearing in the twentieth century on a large scale but offset in its price indexes by the industrial Chinese revolution.

This intellectual crisis has arisen out of the conflicting demands of theory and the globalization fallouts. Some form of Keynesian theory is the only way to explain aggregate demand phenomena:

- appropriate adjustment between demand and supply of money,
- price stability,
- credit control,
- creation and expansion of financial institutions,
- suitable interest rate structure,
- debt adjustment,

but economists have come to realize that Keynesian theory has show inconsistencies, as the fundamental principles of modern mainstream microeconomics requires new answers to delocalization and new global macroeconomics disorders: supply, demand and production, therefore employment and progressive large imbalances.

There has been a strong desire to save the theory (Krugman, 2008), but the old brand of Keynesian economics has become unacceptable, partly because it relied on an assumption that markets are persistently irrational and not integrating (Hunter, 2009) and never self adjusting.

The New Keynesian economics can be regarded as a reductionist attempt to escape the present dilemma, by refusing any Keynesian assumptions that may seem inconsistent with classic standard microeconomics, but of course it concludes by rejecting Keynesian core phenomena as well.

Dubious methods are employed to reject the salient facts in order to save the theory and the preferable way is to extend the theory, so that it does explain the present dead end. This is, in the first instance, a microeconomic issue arousing out of a macroeconomic approach.

6. SOME NEW APPROACH

New classical macroeconomics emerged as a school in macroeconomics during the 1970s. As opposed to Keynesian macroeconomics, it builds its analysis on an entirely neoclassical framework. Specifically, new classical macroeconomics (NCM) emphasises the importance of rigorous foundations, in which the macroeconomic model is built in analogy to the actions of individual agents, whose behaviour should be modelled by microeconomics. New Keynesian economics was developed partly in response to NCM - it strives to provide micro foundations for Keynesian economic analysis but, apart from everything else, there lies the major obstacle.

It took people a long time to realize that government officials are self-interested individuals, and that government involvement in economic activity is especially pernicious because the government can’t fail. Revenues have to cover costs, the government is not subject to that micro economic constraint and this general rule seems to affect the whole world community, without exceptions.

Several assumptions are common to most New Classical models. Primarily, all agents are assumed to be infinitely live, rational (utility-maximising) and possess rational expectations. At any one time, the macro economy is assumed to have a unique equilibrium at full employment or potential output and this equilibrium is assumed to always have been achieved via price and wage adjustment (market clearing).

New classical economics has also pioneered the use of representative agent models. Such models have recently received severe neoclassical criticism, pointing to the clear disjuncture between microeconomic behaviour and macroeconomic results, as indicated by Kirman (1992), and the fallacy of such composition. In some ways, this critique is akin to the Cambridge capital controversy, which discredited the neoclassical aggregate production function.

The most famous New Classical model is that of Real Business Cycles, developed originally by Robert Lucas, Jr., Finn E. Kydland, and Edward C. Prescott, building upon the ideas of, among others, John Muth (Kidland, Prescott, 1990).

Body of macroeconomic thought based on the role of rational economic agents and the theory of rational expectations, emerging during the 1970s. It is characterized by an extreme form of Chicago monetarism, which argues that demand management intervention by governments is ineffective, even in the short run, and advocates far reaching tax cuts, the return to gold (Laffer, 1979) and the new supply side economy. It is based largely on the ideas of the US economists John Muth (1930-2005) and 1995 Nobel laureate Robert Lucas, Jr. (born 1937), and the co-recipients of 2004 Nobel prize in economics - US economist Edward Prescott (born 1940) and Norwegian economist Finn Kydland (born 1943).

The Neoclassical-Keynesian Synthesis was wildly successful and dominated macroeconomics in the post war reconstruction period. For a long time, the Neo-Keynesian system was synonymous with the *Keynesian Revolution* and was highly influential in both theoretical, applied and policy work. Abba Lerner (1944, 1951) was among the first to recognize the implications of the Keynesian system for government macroeconomic policy: by appropriate fiscal and monetary policies, a government could try to "steer" the economy away from extremes and thus smooth out the business cycle (Hart, 2011). This policy effectiveness was given an enormous boost by the new econometric model-building techniques and optimal policy design criteria, developed by many researchers which helped governments design and estimate the impact of various fiscal and monetary policies on employment and inflation.

The Neo-Keynesian system came firstly under sustained attack in, the late 1960s and early 1970s, when the full effects of the unrestricted monetary supply, due to the unexpected Nixon declaration, took effect; it was suggested that instead of pursuing *unemployment equilibrium* in an imperfect system, *prolonged disequilibrium* should be analyzed in a system without ad hoc rigidities. The proposition "Walrasian Keynesian" synthesis could not have offset the imbalances from an equilibrium and monetary stimulus, the only pro tempore solution was, as long as it lasted the *supply side* solution. Same assumptions appear in the British Monetary Policy committee reports, responsible of the monetary policy in UK: what the Committee relevantly considers in its reports as land historical mark, is:

- the integration of China, India and the former Communist countries of Eastern Europe into the world economy;
- the ICT revolution and the associated dotcom boom-bust;
- the emerging-market debt crisis and the collapse of Shoals - Merton LTCM in 1998;
- the sharp correction in international equity prices and the associated global slowdown since 2001;
- the attacks on the World Trade Centre and subsequent conflicts in Afghanistan and Iraq; and
- the tripling of oil prices over the past three years.

While at a domestic level, the MPC has also had to contend with:

- the effects of the 25% rise in sterling between 1996 and 1998;
- the tripling in house prices between 1997 and 2006;
- ongoing labor market reforms, including the introduction of a National Minimum Wage and substantial, and highly uncertain, net inward migration, particularly from the Accession countries.

The reasons for the change in the MPC's operational target and the effects of this change on the level of inflation and its control - the significance and response by the MPC to

- the high levels of house price inflation and mortgage borrowing;
- the impact of oil price changes on inflation;
- the forecasting record of the MPC;
- the expertise of recently appointed MPC members;
- the conduct of fiscal policy, the UK fiscal rules, the suitability of the stability and growth pact, and the inter-relations between monetary and fiscal policy; and
- improving the supply side of the economy.

The Committee also examined a number of other issues, but these come to be the likely facts that have affected the European and world economy most of any other event. [3]

On the German side of European monetary attitudes, it appears meaningful what Stephen King has been writing: "*Pre crisis, it was assumed the achievement of price stability would keep everybody happy ... monetary policy could be regarded as politically neutral. No longer. Since the recession developed world economies have stagnate and central bankers have had little choice but to keep rates close to zero and*

[3] <http://www.bankofengland.co.uk/publications/Documents/other/treasurycommittee/mpc/tsc070219.pdf>

to pursue increasingly unconventional monetary policies, in the hope that they will trigger a robust recovery". [4]

From the debt point of view, the fiscal policy seems not to have produced a relevant effect on the US and European economies during the last twenty years since both the trade balance and the employment rate have increased according to the deficit spending policy.

7. THE PRESENT DILEMMA

Here are the actual figures of what the total debt was when each US President left office and the specific percentage increase.

Table 1: US Internal deficit according to the presidencies 1970 - 2010[5]

Ford	USD 0.654 trillion
Carter	USD 0.930 trillion, 42%
Reagan	USD 2.68 trillion, 189%
Bush	USD 4.18 trillion, 55.6%
Clinton	USD 5.7 trillion, 36%
Bush	USD 10.7 trillion, 75%
Obama	USD 16.00 current

The fiscal policy connected to the Reagan flat rate and the monetary policy linked to the deficit spending actually seem no to have affected significantly the macroeconomic variables as most of the US production have been shifting to Asia. From an analytical quantitative point of view, with (Hunter, 2009) I would say *Where Keynes went wrong*. The combined effects of internal and external deficits produced a combined balanced effect, due to the role of the dollar as a global currency, notwithstanding its declining value: "*The most compelling explanation for the historic rise in the US current account deficit is that it stems from a broad set of forces ..... The rise appears to have coincided with a pronounced new phase of globalization*." (Greenspan, 2007,350).

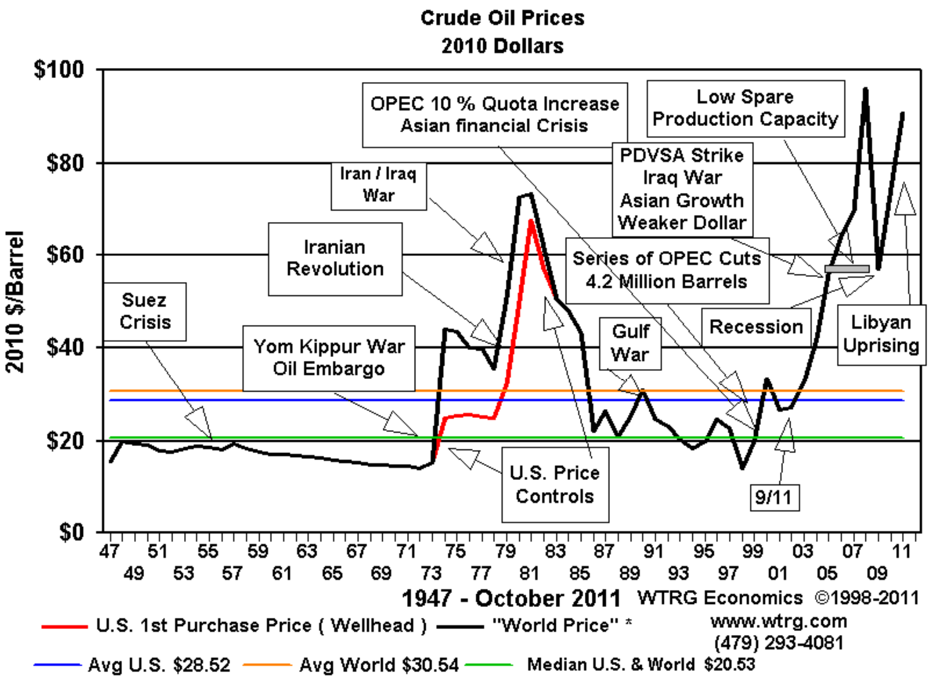
[4] "*The era of independent central banks is coming to an end*". Deutsche Bundesbank Auszuge aus Pressenartikel Nr. 3 16 Januar 2013, seite 14, Stephen King Financial Times, January 11, 2013-04-15.
[5] <http://www.presidentialdebt.org>

Table 2: World GDP from year 2000

Year	2000	2005	2007	2008	2011
GDP (cur. USD bil)	32,001.93	45,232.14	54,891.06	60,587.02	81,172.27
GDP gr. (yr.%)	4.1	3.5	3.8	2.0	1.7
Inflation, GDP deflator (yr. %)	4.7	4.9	5.4	8.1	4.0

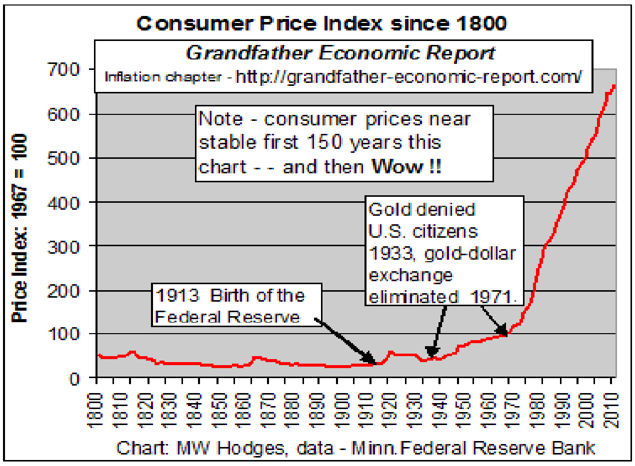
Source: <http://www.worldbank.or/>

Figure 1: Crude Oil Prices 1947 – October 2011



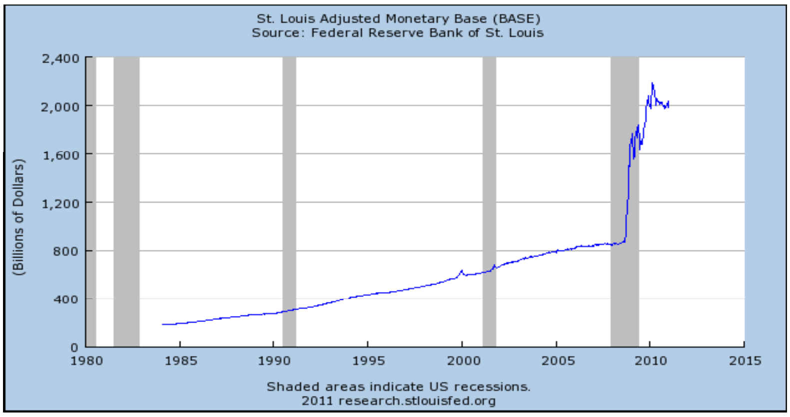
Source <http://www.wtrg.com/prices.htm>

Figure 2: Consumer Price Index 1800 – 2010



Source: <http://grandfather-economic-report.com/inflation.htm>

Figure 3: Monetary Base USA 1980 – 2012



Source: <http://research.stlouisfed.org/fred2/series/BASE>

Same risk has been outlined in considering the financial side of the crisis affecting Western financial markets and the OTC over the counter derivative transactions and bubbles, originating from the huge financial inflow of capitals from China, after the 1999 modernization Act (González-Páramo, 2011)[6], the Gramm Leach Bliley Financial

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[6] "It would be foolish to argue that what we have experienced in the last four years is the sole result of an exceptionally large adverse shock. Major structural changes in financial markets gave life to a gigantic securitization market which allowed financial intermediaries to diversify their portfolios and, hence, to reduce their exposure to risk. Or so market participants liked to believe. As in the case of collateralized mortgage obligations (CMOs) and credit default swaps on CMOs and CDOs, many securitised products had an unknown or very uncertain risk profile due to the novelty of the financial products and the lack of data.

Services Modernization Act actually allowed the Enron and Worldcom disasters associated just after the black box LTCM hedge fund fall, created with a shortsighted leap from the Academy to the trading floor by Shoales and Merton, 1997 Nobel prize winners for Economy, and declared bankrupt in 1998 after the LTCM sudden impressive collapse.

8. CONCLUSIONS

Meanwhile, the Keynesian liquidity trap has distrusted all the Krugman and other Keynesian believers as Summers, Geithner, Stieglitz, still believe that an economy boost might arrive either from a monetary expansion fiscally produced or paper made, as the three printed TRAP experiences. The only balancing armistice in such a monetary impasse is a steady economic decline and a growing unemployment and unavoidable social tensions growth. I personally believe that we are going trough a new economic epoch, where all the previous instruments and perspectives are not valid any more.

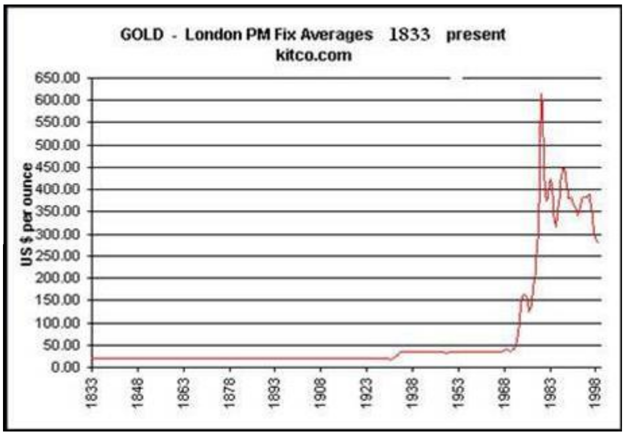
The first real problem is to devise a new real gold rule, may be gold itself, as the cold war fears, which have always dismantle any attempt to reinstall the gold standard, had shown too many political implications, but the monetary functions must be reestablished in a new free contest, in a global economy and as long as saving, value measuring and consumption deferring necessities are not resolved, the free market forces and their strength will surprise everyone in new global reshaping of our market realty where even mistakes take a part in shaping a new scenario every day.

The modularity and the integration in the global market sees to be the only way out in this perspective since there is no way back to the past. The custom barriers are impracticable and the protection would be only apparent: the critical size to be competitive and survive in the global market is, for any firm the only chance to pursue a long life and successful activity, when its productions are easily tenderable in the global market and in the general productions likely successful outside national borders and local consumption.

Monetary policy and fiscal redistribution are short sighted and could only survive in an old framework far from the modern goals and prerequisite to survive, both as a brand and as a likely requested production.

The systemic risk associated with these assets was naively underpriced, and the consequence was an excessive exposure to risk".

Figure 4: Gold Value 1833 – 1999



Source: < http://www.kitco.com/scripts/hist_charts/yearly_graphs.plx>

Financial markets and financial evolution reflect the symbiotic relationship between public exigencies and states, larger or smaller and the everyday life of any single living person, in its choices dilemmas which require a clear and valuable mean of exchange generally called money in the mankind history.

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