Theory of inclusive infinitics for the pure and perfect eradication of poverty and inequality within capitalism

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Disclaimer: The views and opinions expressed here are those of the author and do not necessarily reflect the policy or position of any entity in contact with the author.

Abstract:

The Theory of Inclusive Infinitics that we create and present in this paper is designed for the pure and perfect eradication of poverty and inequality within capitalism. It is a new theory of economic and social inclusion that allows us to show, in a strictly mathematical simple way, how the capitalist and democratic system can achieve the pure, perfect, unsurpassable and fundamental elimination of poverty and inequality. This seems to be an elegant solution to the “political problem of mankind” as stated by John Maynard Keynes in the 1930s. Therefore, the capitalist and democratic system appears both perfectible and fundamentally impassable, from the point of view of its margins of systemic progression extending to the universal elimination of poverty and inequality. Indirectly, the theory of inclusive infinitics provides mathematical proof of the futility of any anti-capitalist revolution, like any new taxes, which would be proclaimed in the name of the fight against poverty and inequality, insofar as the insurmountable solution lies in democratic capitalism itself, without requiring any new taxes to achieve it.

Keywords: capitalism; state; inclusive infinitics; economic inclusion; economic policy; poverty; inequality.

Résumé :

La théorie de l'infinitique inclusive que nous créons et présentons dans cet article est une nouvelle théorie de l'inclusion économique et sociale qui nous permet de montrer rigoureusement, mathématiquement et simplement, comment le système capitaliste et démocratique peut atteindre l'élimination fondamentale, pure, parfaite et indépassable de la pauvreté et des inégalités. Cela semble une élégante solution au « problème politique de l'humanité » tel qu'énoncé par John Maynard Keynes dans les années 1930. Dès lors, le système capitaliste et démocratique apparait tout à la fois perfectible et fondamentalement indépassable, du point de vue de ses marges de progression systémique s'étendant jusqu'à l'élimination universelle de la pauvreté et des inégalités. En creux, la théorie de l'infinitique inclusive apporte la preuve mathématique de l'inutilité de toute révolution anticapitaliste, comme de tout nouvel impôt, qui serait proclamé(e) au nom de la lutte contre la pauvreté et les inégalités, du moment que la solution indépassable réside dans le capitalisme démocratique lui-même, sans nécessiter aucun nouvel impôt pour l'atteindre.

Mots-clé : capitalisme; État, infinitique inclusive; inclusion économique; politique économique; pauvreté; inégalité.

Introduction:

Despite its strong historical resilience, capitalism is vilified for its systemic tendency to generate extreme inequality in society. Numerous recent publications, including from the OECD, the World Bank, and Nobel Prize winner Joseph E. Stiglitz (Le prix de l'inégalité, LLL), Thomas Piketty (Le capital au XXle siècle, Seuil), manifestations of outraged people, Occupy Wall Street and others, and more recently reports from the NGO Oxfam in 2014 and 2015, successively presented in a timely manner to the Davos World Forum, exist to support this.

As such, the report from the NGO Oxfam reveals that the 85 top billionaires in the world represent an accumulated wealth equivalent to that of the poorest half of the population of the planet, which is made up of 3.5 billion people, among which there are likely “disadvantaged geniuses,” as we will call them. The report also indicates that almost half of world wealth is now held by only 1% of the world population. This top 1% of wealth is evaluated at 110,000 billion or 110 trillion dollars. Consequently, this same report indicates that “if we do not do anything about it, the undermining of political institutions will take place and states will principally serve the interests of the economic elite, to the detriment of other citizens.”

For Christine Lagarde, General Director of the IMF: “with such numbers, it is not surprising that the increase in inequality is at the center of current preoccupations, not just for groups who fight constantly for social justice but also, more and more, for political officials, central banks, and company directors.”

It is certain that if governments do not act, on a proven, scientific basis, the depth of poverty and inequality may become a self-sustaining fatality that is intellectually accepted. This is because the question remains the following: poverty and inequality affect millions of citizens in capitalist societies, and in total, billions of people in the world, but is this a systemic fatality? On a more positive note, with analysis of poverty and inequality already well-established, what remains is to find a systemic solution or cure, in response to the following question: is it possible, in theory or in practice, for capitalism, or more specifically, for economic policies under capitalist regimes, to achieve (or not achieve) the elimination of the poverty and inequality that have been a feature of capitalist societies since their beginnings, and which still are today? Are poverty and inequality truly “endogenous” or “consubstantial” to the capitalist system, which is therefore unable to eliminate them through simple economic policies, without having to resort to an anti-capitalist revolution? Through its ability for resilience and its aptitude for constant change, allowing it to overcome the crises it causes, can capitalism overcome the challenges of poverty and inequality, which are one of the profound markers of these crises, and which constitute the basis of all the criticism and denunciations of the capitalist system?

Without going over the literature on the links between poverty, inequality and capitalism, which would require me to interminably recount numerous controversies, within the limited scope of this article, we aim to directly propose a response to these questions, in the context of an approach which we call the economic theory of inclusive infinitics, or more simply put, inclusive infinitics. This is a new theory of economic and social inclusion, which is compatible with an economic policy the strategic target of which is the eradication of the poverty and inequality of capitalist regimes.

Infinitics is a concept that we specially created on March 5, 2015 in the context of defining our approach to anti-poverty capitalist inclusion, before posting it on our blog “Capitalisme inclusif pour
tous" on the website Le Monde.fr. Infinitics\(^5\) refers to the scientific quest and the utilization of quantitative infinity represented by the symbol \(\infty\) in our researching of supreme solutions, notably in political, economic and social sciences. The goal of inclusive economic infinitics is in particular to show how capitalism can mathematically achieve the pure, perfect, universal and supreme elimination of poverty and inequality, as a solution to the political problem of humanity as stated by John Maynard Keynes\(^6\) in the 1930s. According to Keynes, “the political problem of humanity consists in three things: economic efficiency, social justice and individual freedom.” Inclusive economic infinitics leads to a solution of this type, and seems to be the supreme version of this type of solution, which is lodged in the heart of the capitalist and democratic system.

As for method, this goal (to allow capitalism to achieve the fundamental elimination of poverty and inequality) is carried out strictly without changing in any way the known principles and mechanisms of private property, the free market economy and liberal democracy. Rather, it is enough to explore them in depth and to use them as levers, within the context of capitalism inclusive for everyone; in other words, a modified version of capitalism, which has been transformed and improved to produce both performance and economic and social inclusion instead of the poverty and inequality that characterize contemporary capitalist societies.

We are going to show that, despite the power of appearances, which play like the shadows of Plato’s cave, poverty and inequality are not necessarily caused by capitalism, but rather are the toxic byproducts of inconsequential and inadequate economic policies that can be corrected by aligning them with the teachings of economic infinitics, which allows for the elimination of poverty and inequality, not by leaving capitalism behind, but by deepening the systemic alliance between capitalism and liberal democracy.

In other words, inclusive economic infinitics mathematically demonstrates that the capitalist and democratic system is both perfectible and fundamentally invincible in its margins of systemic progression, which extend towards the elimination (fundamental, pure, perfect, universal and supreme) of poverty and inequality among citizens. Implicitly, inclusive infinitics establishes the mathematical uselessness of any type of anti-capitalist revolution, as well as any new taxation regime which could be proclaimed in the name of the fight against poverty and inequality in society or in the world. This means that the supreme solution to poverty and inequality resides in capitalism itself, without the need for any new taxation system to achieve it. A proof of the fundamental elimination of poverty and inequality under the conditions of the free market economy and liberal democracy, this may well reveal to be a solution to the political problem of humanity.

The point of departure for inclusive infinitics and capitalism inclusive for all citizens is the evaluation of the wealth of the state, under the hypothesis, or rather, the doctrine that under democratic regimes, the state belongs to all citizens. The initial question and answer are: under a democratic regime, who does the state belong to? Response: to all citizens, men and women, of course. Therefore, in principle, citizens are rich, at least in their property held by the political and financial group called the state. Subsequently, an economic policy may be defined to obtain the highest possible levels of state wealth and to distribute it among its sovereign stock holders, which are all citizens. This economic policy is associated with and leads to the introduction of the state onto the stock market, and to the invention of “sovereign preference shares” issued by the state on the stock market and distributed to all citizens as the sovereign shareholders of the state. All citizens would therefore be the holders of capital securities and not one of them would continue to hold the status of simple proletarian.

This announces the possibility of the entrance of humanity into an inclusive civilization of shared prosperity, possible in each country, allowing to avoid the systemic divide between rich and the poor, as all citizens will be bound to the fate of sovereign shares issued by the state on the stock market and distributed to all of its citizens as a legal obligation. As a result of the teachings of inclusive infinitics, which, to overcome poverty and inequality in the context of capitalist democratic regimes,

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5 Ngassiki, Daniel, 05.01.2015, *Le capitalisme inclusif pour tous ou la social-démocratie du XXIe siècle*, article on the blog “capitalisme inclusif pour tous au XXIe siècle” on the website Le Monde.fr.

without an anti-capitalist revolution or a new taxation system, the system must go through a new economic policy and through the introduction onto the stock market of the political and financial group called the state, with the latter being treated as the property of all citizens, who will in turn be treated as the sovereign shareholders of the state. Eventually, we see that inclusive infinitics brings about a veritable inclusive transformation of capitalism, which possible to transform into the pure and perfect elimination of poverty and inequality within the context of the capitalist regime.

I- The Evaluation of the Wealth of the State as Property of All Citizens

We are convinced that democracy has not put sovereign power into the hands of the people, in politics, as to then be satisfied with their misery on an economic level. In truth, by placing political sovereignty into the hands of the people, liberal democracy has thus also placed the property of the state into the hands of all citizens, including all men and women. Therefore, we accept, through conviction or by hypothesis, the idea that under a democratic regime, the state is the sovereign property of all citizens, and that these citizens must be treated as the only legitimate owners of the political and financial group called the state. This implies that they should also be treated in a manner equivalent to that of the owners of private sector enterprises listed on the stock market.

If the state is poor and has little wealth, then the citizens will not earn much by being treated like the owners of the state. However, ignoring that they are owners of the state is the case in practice: today, the state behaves as if it belongs to nobody, and much less a collectivity, globally and impersonally. However, if the state has or can have at its disposal a high net worth, then the citizens, owners of the state, are fundamentally rich rather than fundamentally poor; that is, if they weren't short-changed of the financial effects of their ownership of the state. In this second case, they would become rich from the moment that they stopped being short-changed and dispossessed of the financial effects of their ownership of the state.

Citizens can stop being swindled through the introduction of the state onto the stock market, and through the creation of sovereign shares issued by the state, to be distributed to all citizens as a legal right, as the sovereign owners of the state. We sustain that to overcome extreme poverty and inequality, in each country, the political and financial group called the state will have to be turned into a company with sovereign preference shares that are respectful of the status of the state. These sovereign preference shares will be legally accorded to all citizens in a universal manner. They will be non-voting shares, as to respect the sovereignty of the state; without dividends, because the state is an non-profit entity; exempt from taxes on earnings and capital gains, to make up for the absence of voting rights and dividends, and to serve as an attractive lure for investors, they will be listed on the stock exchange and exclusively distributed through their issuing in equal quantities to all citizens as sovereign owners of the political and financial group called the state.

It is worth mentioning that stocks are securities allowing for the materialization of the property of a company. In general, they come with the right to vote, dividends and the liquid value of that security on the market. Without their ownerships, the company's property is false, illusionary, easily challengeable and without financial effects. There are two types of shares: ordinary shares and preference shares. In terms of the Trade Code, “preference shares” are distinguished from “ordinary shares” in that they are “combined with particular rights of any nature whether temporary or permanent” (art. L.228-11 of the French Trade Code, inspired by the Anglo-Saxon device of preferred stocks or preferred shares). These particular rights are privileges and restrictions that are in conformity with the statute, the preferences and the expectations of issuers and/or investors interested in the concerned shares.

Citizens are the owners of the state in that they are the primary sovereigns of the democratic regime; that which is acquired. Innovation, change, justice, and progress; the Holy Grail of politics in the XXIth century, is to accord to these citizens ownership rights over the state, to which they are legally entitled. This reform is baptized “capitalism really inclusive for all (citizens)” because it allows for all citizens to transform into the holders of financial securities in capital and the beneficiaries of
capital gains on the stock market, on the sovereign shares that they could or will hold. With that, no citizen will retain the status of simple proletarian. Each of them will be individual owners, without exceptions.

For example, 5,000 shares per citizen\(^7\) at a regulated or animated floor price of 20 euros on the secondary market means 100,000 euros in financial wealth per citizen immediately, with the possibility of increases over time; in other words, the possibility of market capital gains. All of that is, fundamentally, without a cost to the state (this is the distribution of free shares to legitimate shareholders, through accounting entries).

These sovereign shares issued by the state and distributed to all citizens are listed on the stock market. **These will be sovereign preference shares, without voting rights or dividends, and which are exempt from any taxation on equity and capital gains.** These features are defined in this way as to be respectful of the status of the state, which is a sovereign, non-profit entity which is unable to come under the control of third parties other than all citizens, and which is unable to issue dividends. We call this reform "capitalism inclusive for all citizens\(^8\)" because it will give access to the ownership of equity and market capital gains to all citizens. All citizens would become owners, and none of them would retain the status of simple proletarian. This would therefore be a double gain: that of capitalism as well as that of democracy, translating as a new generation of popular sovereignty with financial effects and securities for everyone; in other words, a new, universal, capitalist market social justice, created through the universal granting of sovereign preference shares issued by the state, listed on the stock exchange, subject to changing supply and demand conditions for these financial securities on the secondary market.

It is still necessary for the wealth of the state to be high or to become high through the choice of management in the context of adequate economic policies. That is exactly the goal of **economic infinitics**,\(^9\) which is a sort of fine-tuning of economic instruments (budgetary balance, interest rate based on growth rate) allowing for the achievement of a fundamental infinite wealth for the state, to serve as a lever for the pure, perfect and supreme eradication of poverty and inequality.

### I-1. The Traditional Assessment of State Wealth

Many authors, in recent works, among them Thomas Piketty, in *Capital in the XXI\(^{th}\) Century*, support the idea according to which states will have, from now on, almost zero net wealth, or even a negative one, because of their levels of debt, with net wealth being the difference between the value of assets and debts.

The case of France is very illustrative. This country boasts of being "one of the few countries in the world to have its accounts certified [sic], which constitutes an advantage in the context of a growing international demand for sincerity and transparency of public accounts." At this point, the essential thing for us is to reveal that public accounting thus showcased leads to forecasting a negative net worth of the state, understood as the balance between assets and debts on the balance sheet of the state. In the official presentation of the accounts of the French state 2013 exercise, it is clearly written:

> "The resulting wealth of the state (or accounting result) has increased to 59.6 billion € in 2013, going up from 35 billion € with respect to that of 2012. This very important increase is mainly explained by the reduction in net state expenditures (-23.5 billion €, notably through inventory operations on funds) and through the progression of fiscal products (+13.5 billion €). The net

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7 With ownership rules, such as the obligation of life-long ownership of one fifth (20%) of the free universal allowance given to each citizen as a sovereign shareholder of the state.

8 Daniel Ngassiki, 05.01.2015, *Le capitalisme inclusif pour tous ou la social-démocratie du XXIe siècle*, article on the blog “capitalisme inclusif pour tous au XXIe siècle” on the website Le Monde.fr.

9 Daniel Ngassiki, 29.03.2015, *L’infinitique économique inclusive ou la victoire suprême du capitalisme et de l’inclusion économique*, article on the blog “capitalisme inclusif pour tous au XXIe siècle” on the website Le Monde.fr.
situation, which represents the difference between total assets (969.1 billion €) and debts (1,906.8 billion €), is raised to -937.7 billion €. Just like almost all countries using accruals-based accounting, the net situation is negative, as it doesn't include the main immaterial asset of a state; that is, its ability to tax."10

This accounting illusion regarding the habitual assessment of state wealth appears where it is least expected to appear. In *Capital in the XXIth Century*, Thomas Piketty, after brilliantly covering the historical information of public wealth in France and England, supports the same analysis and advances the following facts:

“According to official estimates carried out by the statistical institutes and central banks of each country, net public capital is almost completely non-existent in the United Kingdom, and at barely 30% of national revenue in France (that is, twenty times less than the stock of national capital)... In any event, there is no doubt that net wealth is currently at very low levels in both countries – and in particular, does not represent a significant amount when compared with the total of private wealth. The fact that public wealth represents less than 1% of national wealth, like in the United Kingdom, or around 5%, as in France, or even 10%, in the event of a very large under-estimation of public assets, only has one, limited importance for our remarks... The fact that interests us here is that private wealth constitutes, at the beginning of the 2010s, almost the entirety of national wealth in both countries: more than 99% in the United Kingdom and around 95% in France... In both countries, net public wealth was sometimes positive and sometimes negative over the course of the past three centuries.”11

When we take into account that the private sector owes the public sector taxes and future taxes, in reality it is the private sector that – as a taxpayer – pays public debt (or at least the interest on the revolving public debt which is not repaid). The staggering of fiscal payments over time may be thought of as a virtual debt repayment schedule. In addition, these conclusions indicating a public wealth that is insignificant compared to private wealth are quite troubling, as these are economies with a large amount of taxation. On the market, assets are evaluated based on the earnings they may generate, and for the private sector, these earnings are taxed in an obligatory way and without direct compensation, to the profit of the state. The latter is implicitly the financial owner and compulsory usufructuary of a large portion of private sector wealth. Therefore, fundamentally, taking the future into account and not just the past, the wealth of the state, properly evaluated, cannot be near zero, or negative, when that of the private sector is very large. Capitalism, implicitly and fundamentally, makes rich people useful managers and guardians of future state revenues, as state wealth is highly implicated in their own wealth, except in the case of tax evasion.

Let's assume that a taxpayer is the holder of perpetual bond securities to the tune of 100,000 euros paid at 5% per year; that is, 5,000 euros in interest earnings. If the tax rate that he pays on this interest is constant at 25%, we can consider that the state is implicitly the usufructuary owner of a quarter of these bond securities, even when its own historical net asset appears to be null or negative. By evaluating this situation correctly, it is impossible to claim that the state has zero wealth, and a 0% portion of the wealth, when the taxpayer has 100,000 euros in wealth and 100% national wealth, in the case that national wealth were hypothetically limited to these bond securities. The distribution is actually 75% for the contributor and 25% for the state, considering only the distribution of gross earnings created by the private sector.

Therefore, it appears that states have at their disposition, not a net wealth which is “very close to zero” – as if it were possible to purchase the states implicated for a symbolic euro – but rather in reality a fundamentally inexhaustible wealth, in the way we see it. The contradiction comes from the difference in point of view between accounting and finance. As they say in physics, if he does not take care, the observer often influences the information at the same time as his instruments. In this case, it depends on whether he is looking to the past or the future, and whether he uses accounting or financial mathematics, and the owners on paper or the fundamental owners as beneficiaries of the

revenue flows that are generated by the observed wealth. Accounting is necessarily geared towards the past, records the historical ups and downs that make up stocks and draws net balances that it evaluates in the present. Finance, on the other hand, is necessarily geared towards the future, estimates future revenue flows in their distribution by beneficiary, and brings them into the present, through the technique of discounting. Finance involves other parameters that accounting does not take into account, aside from numerical cash flows (observed or estimated): it takes into account time and interest by using discounting formulas. In accounting, time is necessarily historical, constraining and short; in finance, the time to come can run infinitely, and the interest rate can cover a wide breadth, including a value close to zero that multiplies discounted flows. This changes everything, for lessons to be learned on the structural composition of wealth, and for the perpetual horizon of the state.

In fact, there is one accounting illusion that must be avoided when it comes to evaluating the wealth of the state; because the state has at its disposal perpetual time, in other words, infinite time, which disqualifies accounting (as it does statistics and econometrics), since it is unable to analyze historical cash flows over a limited time. Over the scale of time, the past and the present of the state are nothing compared to the future, which is infinite. In the same way, the wealth of the state extracted from the past is nothing when compared to the future wealth of the state, which has the possibility of being infinite itself. In any case, over perpetual time, past cash flows are not sufficient to evaluate or explain future cash flows and situations. On the horizon of perpetuity, the present and the future of the distribution of wealth is not entirely determined by the past nor by methods based on the results and trajectories of the past. In economics and finance, the present judgment of an economic agent depends more on the future than on the past, just like the situation of a salaried employee or an investor in front of his banker: the future comes into play through the taking into account of projections. People who use accounting or statistics are not wrong, but unfortunately, are fundamentally misguided, because the past is not enough to determine neither the future nor the present, because the future is used to determine the present situation of economic agents. In finance, the present depends more on the future than on the past of accounting, statistics, econometrics and history, which allow to sufficiently explain the past, but not completely the present nor the future. In any case, accounting is never useful for the evaluation of wealth except when all assets are precisely re-evaluated and all rights well-covered, which in general isn’t taken into account in the addition of assets to their historical price taken from the past.

In finance, people turn towards the future and can buy and sell that which has not yet been produced. As Keynes said: “When a man buys a capital asset or an investment, he buys the right to the series of future expected revenue that he hopes to receive, during the duration of this capital, the sale of its production, deducting the current expenditures necessary to obtain said production.”

Based on expected future cash flows, today we can determine a wealth in the form of the actual value of the cash flows that it will create. From this point of view, net wealth is the mathematical sum of discounted net future cash flows, aside from the fact that these future cash flows are anticipated, and therefore necessarily uncertain.

Strangely, perpetual or infinite time makes the formula for calculating wealth more simple and elegant, in the context of certain hypotheses related to the nature of future expected cash flows. In the case of constant future cash flows, in perpetuity, we are going to see that the reduced formula is effectively very simple and elegant; and according to us, beautiful and elegant in its simplicity.

I-2. State Wealth Supposing Constant Net Annual Revenue over Time

It is better to use the methods of finance in determining state wealth. In this sense, we can use the mathematical formulas that apply to the treatment of perpetual bonds in fixed or progressive annuities. One of the fundamental and exclusive features of the state is that it is a perpetual sovereign entity: the state does not die and has at its disposal perpetual sovereign revenue. It is the executive of

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political sovereignty, and it belongs, in fact, to the holders of sovereignty. This principle is that of the continuity of the state. Even when the size and the emblems of the state change, the sovereign power of a “enterprise that tends to monopolize the use of legitimate violence” over a territory (Max Weber) will always remain for us, with the ambition to state the law, to apply it and to make citizens accept it through the idea of consent, the founder of a legitimate political order, according to contemporary authors when they discuss the state.  

For the purposes of this article, the state is the sovereign and perpetual entity that has at its disposal public instruments and resources of all types, notably political, legal and financial (fiscal and non-fiscal), that allow it to take collective ambitions upon itself, including those aiming for the well-being of all citizens. In return, fundamentally, the state is the property of all citizens, and we are going to establish the evaluation of its wealth.

Applying the variables $K, R, i, t, n$ to the state, which respectively designate: net wealth ($K$), net revenue ($R$), the interest rate ($i$), the time period ($t$), the number of periods ($n$). These parameters are defined as the following:
- $K$ = the net wealth of the state, calculated through the discounting of its net future cash flows (as annual budgetary balances);
- $R$ = the annuity of net revenue (or of net annual revenue) of the state paid at the end of the period. This is the budgetary balance equal to the total of annual revenue deducting expenditures. When it comes to determining wealth, only “current expenditures” should be deducted; one should avoid counting investment or capital expenditures among the expenditures to deduct; given that capital expenditures are a direct component of wealth (or capital). $R$, calculated from a wealth point of view, is therefore what we call the “substantial, fundamental or wealth-based budgetary balance.” In a restrictive sense, this balance is calculated not including capital expenditures (which contribute directly to the makeup of wealth); in a broader sense, it is also calculated by not including interest on debt, under the assumption of the neutralization of interest on the debt, in relation with the direct or indirect financing of the state from the central bank and an interest rate which is potentially zero that can be applied to the state by the central bank. These are conditions that are well within the reach of the state in terms of desirable policies or adjustments, given the fact that the state is the sole, majority or leading shareholder of the central bank. The fundamental budgetary balance is therefore to be calculated without polluting it nor distorting it, nor degrading it through capital expenditures and interest on the debt. Under these conditions, we understand that the budgetary balance $R$ is strictly positive over the long-term, and that strictly positive value is essential to the following demonstration.
- $i$ = the annual interest rate applicable to the state for financing and discounting;
- $t$ = the period (time);
- $n$ = the number of periods in years, which tends towards infinity for the state (perpetuity is a fundamental, exclusive and effective status of the state; this is not a hypothesis).

Let's say that the wealth of the state is the sum of its net future discounted revenue, each of them dated and received at the end of the year:

$$K = \frac{R}{1+i} + \frac{R}{(1+i)^2} + \frac{R}{(1+i)^3} + \cdots + \frac{R}{(1+i)^n} = \sum_{t=1}^{n} \frac{R}{(1+i)^t}$$

We observe that $K$ is the sum of the $n$ first terms of a geometric series of which the first terms is $u_1 = \frac{R}{(1+i)}$ and the common ratio is $q = \frac{1}{1+i}$. From this, we get the computation formula for such a sum, supposedly known:

$$K = \frac{u_1 (1-q^n)}{(1-q)}$$

Here $q < 1$, for $i > 0$.

\[
\lim_{n \to \infty} K = \lim_{n \to \infty} u_t \cdot \frac{(1 - q^n)}{(1 - q)} = u_t \cdot \frac{1}{1 - q} = \frac{R}{(1 + i)} \cdot \frac{1}{1 - \frac{1}{(1 + i)}} = \frac{R}{i}.
\]

Likewise, in the event that the budgetary balance $R$ is constant, when $n$ approaches infinity (the perpetuity of the state) we obtain the following elegant formula, which is applicable to the discounted wealth of the state:

\[
\lim_{n \to \infty} K = \frac{R}{i} \quad \text{With } i > 0 \text{ and able to approach zero.}
\]

The function $K(i) = \frac{R}{i}$, with $R$ as a positive constant, is decreasing with $i$, for $i > 0$. The more $i$ decreases, the more $K$ increases.

This relationship provides a supplementary reason to justify the old Keynesian idea of the "euthanasia of the rentier," designating the choice of a small real remuneration of rentiers as leisurely lenders, for a better state of the economy. Speaking of the euthanasia of rentiers, we cite the words of Keynes\textsuperscript{14}: "The most advantageous policy consists therefore in lowering interest rates with respect to the curve for the marginal efficiency of capital until complete employment is achieved. These criteria will lead to, without a doubt, a much lower interest rate than the one that has been in effect up until now... This state of things would be perfectly compatible with a certain degree of individualism. However, it will still imply the euthanasia of the rentier and subsequently the progressive disappearance of the additional oppressive power that the capitalist has to exploit the value conferred to capital by its rareness."

The function $K(i) = \frac{R}{i}$ is a relationship between the wealth of the state, in other words, that of the people, and the interest rate. If $i$ approaches 0, $K$ approaches infinity, and at the same time as favoring employment as indicated above by Keynes.

\[
\lim_{i \to 0} K = \lim_{i \to 0} \frac{R}{i} = \infty
\]

An interest rate approaching zero may permit the state to have at its disposal an infinite, inexhaustible wealth. Humanity, in all cases the people, would behave better in a world of low interest rates, particularly with respect to the financing of the state and the evaluation of its wealth through the discounting of its future revenue.

Let us use the example of a constant net revenue (fundamental balance) of 50 billion euros per year for the future and an annual interest rate of 0.20%. Therefore, the net wealth ($K$) of the state would be:

\[
K = \frac{r}{i} = \frac{50 \text{ billion}}{0.20} = 25,000 \text{ billion Euros.}
\]

A larger simulation allows for the obtaining of the following table, which determines the assessed capital of the state as a function of the budgetary balance and interest rate.

Table 3: Net State Wealth in Billions of Euros
(from the formula $K = R/i$)

<table>
<thead>
<tr>
<th>Net revenue or balance R in billions of Euros</th>
<th>0.05%</th>
<th>0.10%</th>
<th>0.20%</th>
<th>0.25%</th>
<th>0.5%</th>
<th>2%</th>
<th>5%</th>
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<td>10,000</td>
<td>2,500</td>
<td>1,000</td>
<td>500</td>
</tr>
<tr>
<td>100</td>
<td>200,000</td>
<td>100,000</td>
<td>50,000</td>
<td>40,000</td>
<td>20,000</td>
<td>5,000</td>
<td>2,000</td>
<td>1,000</td>
</tr>
<tr>
<td>200</td>
<td>400,000</td>
<td>200,000</td>
<td>100,000</td>
<td>80,000</td>
<td>40,000</td>
<td>10,000</td>
<td>4,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Through such a formulation, the net wealth from the past is inconsistent, ridiculous and negligible. For a population of 64 million people (the case of France in 2014\textsuperscript{15}), a wealth of 25,000 billion euros would make for an average of more than 390,625 euros per citizen. If the interest rate were cut in half, the theoretical wealth would double, reaching 50,000 billion euros, and 781,250 euros per citizen. Based on the wealth taken from the Insee survey of 2009-2010\textsuperscript{16}, such an amount is only held by the top 10% of the wealthiest households of the population. That would signify the greatest victory against inequality. The level of the interest rate applicable to the state depends largely on policies, and notably the monetary policy implemented by the central bank, of which the state is the sole or leading shareholder, legally or in reality. Poverty and inequality, in this case, are not necessarily linked to capitalism in a general and vague way, but are precisely the result of a high interest rate, far from zero, in addition to the absence of the concrete ownership of the state by its citizens and the introduction of the state onto the stock market, the latter of which is a tenet of capitalism.

In the event that the positive interest rate $i$ approaches zero, the net wealth of the state approaches infinity. It is the same with the net wealth per citizen, which would also be infinite, regardless of the population count! Poverty would be overcome, as well as wealth inequality. If despite that, citizens remain treated as poor like is the case today, it is not the fault of capitalism, but rather is only the political problem of the lack of effective ownership of the state by the citizens, and an economy which has been long subject to high interest rates for the financing of the state. In other words, the fault is due to a policy of popular sovereignty without financial effects, without the materialization of the sovereign ownership of the citizens over the political and financial group called the state, which nonetheless belongs to them in law. The state of widespread poverty results from the lack of the introduction of the state onto the stock market and the lack of the distribution of sovereign shares to all citizens, who are the sovereign, primary owners of the state, which has or could easily have at its disposal a wealth approaching infinity, except that nobody is aware of it. The fault of poverty among citizens is not a feature of capitalism; it is a fault of politics. The fault lies with the governing politicians and legislators at the head of states, including, in addition, the central bank. The fault lies with a policy of popular sovereignty that is inconsequential and without financial effects. Sovereign and poor citizens, all the while being the owners of a state that could have infinite wealth at its disposal: this is a paradox of political blindness: it is not the fault of capitalism as a system but rather of the men that run states, since the capitalist system mathematically holds all of the instruments that allow for the universal elimination of poverty and inequality. The fault lies with the men who do not know or do not want to manipulate the instruments of capitalism for a victory against poverty and inequality.

In the case that the interest rate $i$ is null ($i = 0$), we must consider the initial formula before simplifying it and then see that all the denominators would be each equal to 1 and $K = n.R$. Under these conditions, wealth $K$ also approaches infinity when $n$ approaches infinity, given that $R$ is positive in principle or may become positive, in the context of the proper management of the state budget.


I-3. For Illustrative Purposes: The Substantial or Fundamental Budgetary Balance
Applied to the Accounts of the French State (All Public Administrations) 1960-2011

Table 4 below presents the synthetic budget of the French state in a large sense, incorporating all public administrations; in other words, the state in the restrictive sense, to which central administrations, local public administrations and social security administrations are added, as all of them benefit from compulsory levies. Three balances allow for the net revenue of the state to be analyzed (in the broad sense). A first balance, called the primary balance, is calculated by isolated interest on the debt; it is mainly used in the analysis of the sustainability of public debt. If this primary balance is positive, that means that the state can use it to pay a part of the interest on the debt; in other words, to reduce, however so little, the public debt (capital plus interest owed) with its own surplus revenue. In the contrary case, when the primary balance is negative, the state has no other choice in the immediate future other than to increase its debt levels to service its debt, putting medium-term reforms aside.

Table 4: State Budget Balance for all Public Administrations
Case of France 1960-2011 (in billions of euros)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A – Total revenue</td>
<td>17.0</td>
<td>50.0</td>
<td>203.0</td>
<td>486.0</td>
<td>722.0</td>
<td>869.0</td>
<td>910.0</td>
<td>941.0</td>
<td>965.0</td>
<td>929.0</td>
<td>958.0</td>
<td>1015.0</td>
</tr>
<tr>
<td>B – Total expenditures (except debt interest)</td>
<td>16.0</td>
<td>49.0</td>
<td>199.0</td>
<td>485.0</td>
<td>703.0</td>
<td>874.0</td>
<td>906.0</td>
<td>942.0</td>
<td>973.0</td>
<td>1026.0</td>
<td>1045.0</td>
<td>1063.0</td>
</tr>
<tr>
<td>C – including the acquisition of assets (non-financial)</td>
<td>1.4</td>
<td>5.0</td>
<td>15.0</td>
<td>37.0</td>
<td>46.0</td>
<td>59.0</td>
<td>60.0</td>
<td>65.0</td>
<td>66.0</td>
<td>68.0</td>
<td>62.0</td>
<td>63.0</td>
</tr>
<tr>
<td>Fundamental Balance (=A-B+C)</td>
<td>2.4</td>
<td>6.0</td>
<td>19.0</td>
<td>38.0</td>
<td>65.0</td>
<td>54.0</td>
<td>64.0</td>
<td>64.0</td>
<td>58.0</td>
<td>-29.0</td>
<td>-25.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Primary balance = A-B</td>
<td>1.1</td>
<td>1.1</td>
<td>4.2</td>
<td>1.7</td>
<td>19.0</td>
<td>-4.5</td>
<td>3.9</td>
<td>-0.9</td>
<td>-8.0</td>
<td>-97.0</td>
<td>-87.0</td>
<td>-48.0</td>
</tr>
<tr>
<td>D – Interest on debt</td>
<td>0.5</td>
<td>1</td>
<td>5.4</td>
<td>27</td>
<td>42</td>
<td>46</td>
<td>47</td>
<td>51</td>
<td>57</td>
<td>46</td>
<td>51</td>
<td>55</td>
</tr>
<tr>
<td>General balance = A-B-D</td>
<td>0.6</td>
<td>0.1</td>
<td>-1.2</td>
<td>-26</td>
<td>-22</td>
<td>-51</td>
<td>-43</td>
<td>-52</td>
<td>-65</td>
<td>-143</td>
<td>-137</td>
<td>-104</td>
</tr>
</tbody>
</table>

Source: Insee and France-inflation.com17: Expenditures and earnings of public administrations since 1959; substantial (or fundamental) balance calculated by the author.

We introduce a new notion of balance, beside the primary balance: that of the substantial or fundamental balance, considered from the angle of the makeup of the net wealth of the state. This balance is calculated by stating that investment expenditures increase the wealth and productivity of the state, and are not lost by the wealth of the state. The substantial or fundamental balance is determined before taking into account investment expenditures and interest on the debt, and is therefore equal to the balance of total aggregated revenue and expenditures not including investments or interest on the debt, which is equivalent to the primary balance plus investment expenditures. With respect to interest on the debt, the hypothesis is its fundamental neutralization to zero under two

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arguments.

First argument: the state can finance itself at very low rates, near zero, by working with the central bank, and the latter can implement such a low rate reserved for sovereign institutions benefiting, like itself, from the sovereign privileges of the state. This hypothesis implies a certain moderation of the idea of the independence of the central bank with respect to the state. This independence is an ultra-liberal idea that is too recent to be considered as unchangeable and established by history. Fundamentally, the central bank is a specialized agency of the state, which is its sole, majority or leading shareholder. In an extreme picture, the independence of the central bank causes the state to be the obliged client and to be at the whim of financial markets, making the amount of high interest recorded in the state budget weigh down on the totality of citizens. This interest would be much less if the financing of the state was mainly ensured by the central bank, which in addition, pays dividends to the state. With the net of these dividends paid or not to contribute to equity capital, the interest that the state would pay to the central bank would not be a financial abyss, and would correspond to a negligible net interest rate. In any case, with or without the independence of the central bank, the argument for a low rate on state debt remains valuable in the case of accommodating monetary policies, in particular with respect to the state. When crises occur, central banks, independent or not, reduce interest rates to make them approach zero: why should we wait for crises to do that, if we know in advance that low interest rates are necessarily favorable to the economy, and in particular, favorable to the elimination of poverty and inequality? It is true that inflation comes into play, and it is true that central bankers are afraid of the risks of inflation (and deflation as well), but does the quantitative theory of money that founds a large number of monetary policies remain valid?  

<table>
<thead>
<tr>
<th>Country/region</th>
<th>USA</th>
<th>Euro Zone</th>
<th>Great Britain</th>
<th>Japan</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central bank</td>
<td>FED</td>
<td>ECB</td>
<td>BoE</td>
<td>BoJ</td>
<td>BOC</td>
</tr>
<tr>
<td>Prime rate (per year)</td>
<td>0.250%</td>
<td>0.050%</td>
<td>0.500%</td>
<td>0.100%</td>
<td>0.750%</td>
</tr>
<tr>
<td>Date of last modification</td>
<td>16/12/2008</td>
<td>04/09/2014</td>
<td>05/03/2009</td>
<td>05/10/2010</td>
<td>21/01/2015</td>
</tr>
</tbody>
</table>


Second argument: the second argument leading to the fundamental restriction of interest created by state debt is related to the fundamental and yet false accounting consolidation of the accounts of state agencies, despite official appearances, the central bank and treasury included. Even when validated, the operational independence of the central bank does not prohibit the fundamental false consolidation of accounts between the central bank and the public treasury, in thought if not in the shadows, for cases in which the state is the sole, majority or leading shareholder of each of these two institutions. On a theoretical level, the main characteristic of accounting consolidation is to annul inter-agency operations, in particular debts (and interest on debts). Scientifically and fundamentally, except for accountants, we should consider the debt of the state in the books of the central bank as being a neutralized debt, which should not count towards the net indebtedness of the state in the larger sense. Moreover, we consider, at least by hypothesis, that the effective interest rate paid by the state on the totality of its debt would be negligible after such an exercise of consolidation in the case

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18 We consider that the state is the “fundamental” shareholder of the central bank, as it is the state that defines the privileges and the tasks of the central bank, appoints its directors and receives distributable dividends from the central bank. This allows us to address the case of the FED, whose shareholders are private, made up of commercial banks, which does not stop the federal state from having the fundamental prerogatives mentioned above. Fundamentally, the FED works like an independent public central bank.

that the state is mainly financed by the central bank. In this context, the lack of sustainability of the debt of the state is an artificial problem created by economic doctrines and political choices as soon as we remove its sovereign privileges from the state, in particular the right to finance itself using the central bank, even with a debt ceiling, in relation to monetary sovereignty that is only delegated to the central bank.

Even if the central bank tends to be built upon an independent agency which is geared towards the interests of financial markets rather than towards those of the state and its citizens, it is not possible to believe that such a doctrine is called to prosper in perpetuity. The outcome depends on the changes in the power relationship between ultra-liberalism and democracy, and in our opinion, we are fundamentally betting on the victory of democracy, in other words, the more and more victorious affirmation of the interest of primary sovereigns, which are all citizens, with respect to the particular interests of the agents of financial markets. In other terms, on the horizon of perpetuity, the state (shareholder on paper or not) will end up being financed at a low rate from the central bank, to the benefit of all taxpayers, rather than at a right rate from financial markets, to the benefit of only large rentiers. Such is our theoretical hypothesis in the fundamental assessment of state wealth. An equivalent hypothesis is to assume an accounting consolidation, even false, between the central bank and the state, in the wealth of the state, or at least the discounting, in favor of the wealth of the state, and perpetual dividends from the central bank.

The history of human societies takes the path of the progressive elimination of privileges based on certain tax brackets in favor of universal privileges, open to all (democratic logic) instead of those reserved for certain people as a function of their wealth (ultra-liberal, censitary or capitalist logic).

Returning to Table 4 illustrating the calculation of budget balances of the state, aside from the impact of the financial crisis post-2008, which led the state to increase its expenditures on social benefits and transfers and to register a substantial deficit balance, the rest of the time, the substantial or fundamental budgetary balance, which serves as a measurement of net revenue of the state, is positive. That is the general case, and that of our official hypothesis: the formula for the assessment of discounted net wealth does not require a budgetary balance that is continually positive each year, but only that it be mainly or globally positive in perpetuity. However, as a rule, it is more reassuring to systematize a strictly positive budgetary balance each year, even if from time to time it is very small.

The third balance is calculated in a very common way, from the difference between the total revenue everything included and total expenditures everything included, and is quite normal for it to carry a deficit, given the type of bureaucratic and electoralist management of public administrations, a bureaucratic and electoralist pressure in the management of the state that is not at all made up for by the lack of pressure on stock market mechanisms, which are the only mechanisms that are able to serve as an impersonal spur against the mismanagement of organizations manipulating significant financial resources that belong to others as social goods. The introduction of the state into the stock market is the best way to profoundly provoke the proper structural if not systemic management of the state: the interests of citizens would then be combined with that of a state clearing positive budgetary balances, without sacrificing the public investment treated separately.

We consider, therefore, that is it still possible for the state to adopt a policy for the greater good of the nation as long as, over the medium and long term, its net revenue R is positive, and to manage to finance itself at an interest rate that serves as a discounting close to zero. The interest rate close to zero can be achieved by making the central bank intervene either directly or indirectly.

Statutes like those of the European Central Bank (ECB), which allow people to believe in the inability of the central bank to finance or purchase/repurchase public debt cannot prosper in perpetuity. Even when the nominal rate displayed by the central bank can reveal to be a little higher than close to zero, it must be considered that the state is, in general, fundamentally, the only shareholder of the central bank, and therefore, the interest that the state pays to the central bank comes back to it in the form of effective or implied dividends (non-distributed benefits that directly strengthen the equity of the central bank, which fundamentally belongs to the state).

All of this combined (perpetual time, positive budgetary balance R, interest rate i approaching zero) allows to maintain, in the end, that the wealth of the state is technically inexhaustible, in the sense that it approaches or can approach infinity, since the discount rate in the denominator can
fundamentally – or at sovereign discretion – approach zero. This mathematical proof allows us to avoid going through statistical or accounting proofs, which are in any case unavailable for a perpetual duration. As the saying “time is money” teaches, we must retain the idea that the largest resource of the state is perpetual time, which leads to infinite wealth, when the discount rate approaches zero. The second priceless resource of the state is its relationship with the central bank, which has unlimited financial capacity by delegation of public sovereignty, given that the central bank has the capacity to establish the interest rate applicable to the state, and that it is required to pay dividends to the state for better fortunes. The net of these dividends, the interest rate that the central bank applies to the state is, or could be made to be, almost zero.

Political sovereignty, the tax system, perpetual time, and the financing at almost null rates in a potential relationship with the central bank: this is what distinguishes the state from all other economic agents and which makes (or can make) its net wealth theoretically infinite or inexhaustible, in finance, in both theory and practice.

Recommendation: the state should adopt the strategy of a positive “substantial or fundamental budgetary balance” and financing at an interest rate that approaches zero, in conjunction with the central bank, as to have at its disposal an inexhaustible fundamental wealth that mathematically approaches infinity. By definition, infinite wealth is such that it gives the state the means of correcting the problem of the poverty and inequalities that its owners, all the citizens, suffer from. Infinite wealth for the totality of owners is in theory, the same thing as infinite wealth for each of its owners, which is a victory against poverty and inequality, as each citizen will have at his or her disposal a theoretically infinite wealth.

At this point, we would like to recall the words of François Hollande, in one of his speeches as a candidate for the French presidential election, on March 03, 2012 in Dijon: “The state is the property of all citizens, and I will give them this justice and right.”\(^{20}\) In this case, the ambition of the politician was clearly limited, as it basically consisted in opening up the civil service and political posts to all French citizens, without discrimination based on gender, ethnic origin, religion, political beliefs, income or wealth. However, the words have both a limited scope and larger meaning, stated or not, for their author or for his critics. We put these words forward as our standard under the shining light of the framework of our work on the eradication of poverty and inequality in human societies.

I-4. Net State Wealth in the Case of a Net State Revenue Annuity in Geometric Series

Under the hypothesis that revenue \( R \) grows to an annual rate \( g \), the corresponding formula changes a bit.

The first term is still
\[
 u_1 = \frac{R}{(1+i)}
\]

The second is
\[
 u_2 = \frac{R(1+g)^2}{(1+i)^2} = \frac{R}{(1+i)} \cdot \left( \frac{1+g}{1+i} \right)^2
\]

and so on and so forth for the following terms.

The table of cash flows (paid at the end of the period) is the following:

Periods \( t = 1, 2, 3, \ldots, n \) 

Revenue flows

<table>
<thead>
<tr>
<th>Revenue flows</th>
<th>Current value at ( t=0 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>( R )</td>
<td>( \frac{R}{(1 + i)^1} )</td>
</tr>
<tr>
<td>( R(1 + g) )</td>
<td>( \frac{R(1 + g)}{(1 + i)^2} )</td>
</tr>
<tr>
<td>( R(1 + g)^2 )</td>
<td>( \frac{R(1 + g)^2}{(1 + i)^3} )</td>
</tr>
<tr>
<td>( \vdots )</td>
<td>( \vdots )</td>
</tr>
<tr>
<td>( R(1 + g)^{n-1} )</td>
<td>( \frac{R(1 + g)^{n-1}}{(1 + i)^n} )</td>
</tr>
</tbody>
</table>

So that the net wealth of the state is calculated in the following way:

\[
K = \frac{R}{(1 + i)} + \frac{R}{(1 + i)} \cdot \frac{1 + g}{1 + i} + \frac{R}{(1 + i)} \cdot \frac{(1 + g)^2}{(1 + i)^2} + \cdots + \frac{R}{(1 + i)} \cdot \frac{(1 + g)^{n-1}}{(1 + i)^n}
\]

We observe that \( K \) is the sum of the \( n \) first terms of a geometric series, the first term of which is \( u = \frac{R}{(1 + i)} \) with common ratio \( q = \frac{1 + g}{1 + i} \)

Therefore:

\[
K = u \cdot \frac{1 - q^n}{1 - q}
\]

In the case of the state, which benefits from perpetuity, we subsequently consider that \( n \) approaches infinity (the status of the perpetuity of the state rather than a hypothesis).

**1st case:** for \( g < i \) (or \( i > g \)) implying that \( q < 1 \):

\[
\lim_{n \to \infty} K = \frac{R}{(i-g)}
\]

By establishing a standardized policy based on the small difference between the interest rate applicable to the state and the growth rate of the economy or that of state revenue, the government is able to allow the state to have at its disposal a wealth that markets will evaluate as being very high. When that difference approaches zero, the net wealth of the state approaches infinity. This suggests that, when the interest rate is greater than the growth rate, the government, to achieve a high level of state wealth, must attempt to obtain an interest rate which is highly indexed and almost aligned with the economic growth of the country.

**2nd case:** for \( g > i \), we must consider the complete formula, adding all of the discounted revenues one by one, to remark that in this case, the sum \( K \) is the sum of increasing numbers up until the last one. It approaches infinity when \( n \) approaches infinity; in such a way that if \( n \) approaches infinity, wealth \( K \) of
the state also approaches infinity.

Moreover, we can write, by multiplying the numerator and denominator by (-1):

\[ K = R \cdot \frac{1 - \left(\frac{1 + g}{1 + i}\right)^n}{i - g} = R \cdot \frac{\left(\frac{1 + g}{1 + i}\right)^n - 1}{g - i} \]

That means that net state wealth becomes mathematically inexhaustible, and approaches infinity, as soon as the state can obtain from financial markets, and more easily, from the central bank, an interest rate that is permanently inferior to the rate of economic growth, and more specifically that of the net annual revenue as substantial budgetary balances. In other words, the government can allow the state to have at its disposal a wealth that experts or markets are going to mathematically evaluate as being inexhaustible or infinite, if it succeeds at creating or benefiting from a policy such as having the interest rate of its financing (and discounting) well-indexed to the economic growth rate, without surpassing it. This is a method which can be used to combat sovereign debt crises, and here it serves to indicate that there are numerous policies that allow the state to achieve infinite wealth when it comes to its fundamental evaluation by markets and economists.

3rd case: for \( i = g \)

In this case, the complete formula, adding discounted revenues one by one gives:

\[ K = n \cdot R / (1 + i) \]

\[ \lim_{n \to \infty} K = +\infty \]

Here also, \( K \) approaches infinity (when \( n \) approaches infinity, which corresponds to the perpetuity of the state).

Finally, in the three cases, which cover all possibilities (\( i > g, i = g, i < g \)), as soon as the substantial budgetary balance is positive, the wealth \( K \) of a state is only finite in the case that the interest rate is higher than the growth rate for net annual state revenue; and in that case, the government should aim to obtain a strong indexation between the two rates, to reduce to a minimum the difference between them, aiming to make it approach zero, as to have at its disposal a net wealth that approaches infinity. In the two other cases, let us hypothetically say that in the general case, in which the interest rate is less than or equal to the growth rate of net state revenue, the net wealth of the state necessarily approaches infinity (when \( n \) approaches infinity, which is a feature of the perpetual status of the state). In fact, it is the impact of perpetual time that contributes to this: time is money, and the state has perpetual time, which translates as inexhaustible intangible capital, which implies a total state wealth which approaches infinity.

We must reiterate that the state has a very particular economic status, to which no other economic agents can lay claim, even through serious hypotheses; that is, that the state has perpetual time at its disposal (and time is money); it has at its disposal a sovereign taxation system with no direct compensation, making all other agents its explicit taxpayers or its implicit “subsidiaries”; and finally, as the sole, majority or leading shareholder of the central bank, which is reality one of its specialized agencies, the state has at its disposal a privileged relationship with this high financial institution which is granted by definition with theoretically unlimited financial capabilities, without regulatory constraints. All of that implies that mathematically, the state has (or may have) at its disposal, an inexhaustible and infinite material and intangible wealth. This means, in particular, that the state is richer than all of the billionaires combined, as they are mortal. In the same way, the owner of the state, under a democratic regime, the people are also, regardless of their numbers, the fundamental holders of an inexhaustible and infinite wealth, and each of its members is therefore also as mathematically rich as any other, even billionaires (who are also citizens). However, people and their governments are not aware of this, for lack of knowledge of how to appreciate and become aware of the value of the wealth of the state. The best way to make them realize is to turn to the impersonal consciousness of the market, that is, the stock market, by proceeding to introduce the state onto the stock market, with its shares equally distributed among all citizens on the primary market. From then on, the correct assessment of state wealth and the imperatives of good state
management, which must be characterized by a positive fundamental budgetary balance and a low interest rate, will be sought out, followed, displayed and will impose themselves onto the collective consciousness, including within the context of democracy.

We must also state that like all economic agents, the state is unable to live or act beyond its means; except that the means of the state are fundamentally unlimited, clearly not in terms of available treasury, but in terms of wealth. If the state were introduced onto the stock market, the market would take this into account to a certain extent, correcting for the risk primes and the "irrational exuberance" of the markets, in the words of Alan Greenspan and Robert Shiller.

We suggest this theorem: based on the possibility of an organic law, the management of the state should be characterized by positive net revenue (fundamental budgetary balance) and financing at an interest rate that approaches zero or which is close to the growth rate without surpassing it, in conjunction with the central bank, to guarantee it the infinite evaluation of its wealth. In the interests of its primary shareholders, which are all citizens, good state management should mean positive net revenue (the fundamental or primary budgetary balance), which is somewhat comparable to the profit of private enterprises, except that it is a non-distributable result, destined to increase the net wealth of the state, and through this the wealth of all citizens, the primary owners of the state. Thus set forth, and benefiting from a very low rate, the net wealth of the state would approach infinity. From that point on, doted with infinite wealth, the state will finally have, theoretically, all of the means to overcome extreme poverty and inequality in society. This would be self-evident if the state were listed on the stock market, all the while belonging to the citizens, each of them holders of sovereign shares issued by the state.

The context of a positive fundamental budgetary balance may moreover be facilitated by a policy of payment of social benefits through sovereign shares issued by the state rather than through direct financial charges on the budget of the state. Freed from social benefits if these were paid for a few years in sovereign shares rather than in cash, or reduced social benefits following reforms, the state budget is going to have breathing room and regularly clear a largely positive net revenue (fundamental or even global budgetary balance). In any event, the state must stop treating disadvantaged citizens as needy people who feed on public charity through meager social subsidies, such as solidarity revenues (RSAs), and start treating them with dignity as the sovereign owners and primary shareholders of the state, remunerated by securities and/or revenue on their ownership of the state: sovereign shares and market capital gains in the case of cash. In this sense, social benefits in cash can be definitely eliminated and yet replaced, when needed, by social payments in sovereign shares that are previously purchased by the state or issued for the circumstances by special dispensation, only during the first years of the reform. If the state manages to have at its disposal an elevated or even infinite wealth, likewise, citizens will be the holders of sovereign shares, so what would be the purpose of social benefits, and even obligatory taxation without compensation? Ultimately, once the state is introduced into the stock market, obligatory taxation without compensation would be thrown into the garbage bin of history, as with any obligatory or voluntary tax being carried out with a direct compensation in sovereign shares issued by the state. At least, in the absence of social benefits, obligatory taxation should decline considerably, for ensured and well-distributed prosperity.

Without coming to that extreme adjustment (but which is however logical, possible and non-utopian), there is something else to point out. Just like all real numbers are inferior to infinity, all effective market capitalization of the state will always be inferior to the fundamental evaluation of the state, which is theoretically infinite, as soon as a net revenue which is globally positive is established, assumed to be constant or increasing over the long term, along with a discount rate that is fundamentally close to zero or inferior to the growth rate. This means a tidal wave which fundamentally and as a tendency pushes sovereign shares higher, the theoretical value of each share being mathematically infinite, as soon as the fundamental assessment of the state is manifest as wealth with an infinite net amount. That means that mathematically, poverty would be vanquished, as soon as the state is introduced onto the stock market, in a context marked by consistent management.

(positive net revenue – constant or growing – over the long term, perpetuity, regulated in advance by the fundamental law in a convincing way), a low interest rate approaching zero or inferior to the growth rate, without forgetting the distribution of all sovereign shares to all citizens.

The following proposition is therefore technically demonstrated and can be stated as a theorem: poverty is neither a mathematical problem nor an economic problem with no solution, but rather a problem of choices and political practices. That also means that in liberal democracy, poverty is an economic problem that is mathematically solved in economic sciences in the context of capitalism. In other terms, under a capitalist regime, liberal democracy is a political recipe that clearly contains a supreme mathematical solution to the topic of the poverty of citizens. This solution is determined by the budgetary balance of the state (which must be positive) and the interest rate applicable to the state (which must be low, approaching zero); and in a more complete sense, the solution takes a third factor into account: the growth rate of the county, and the interest rate must be equal or inferior to it, or at least differ from if by a margin approaching zero). These factors allow the state to obtain inexhaustible net wealth which approaches infinity; and therefore the citizens will obtain the same, as the primary owners of the state.

We can state that result in another way. We emphasize that the following extraordinary proposition is mathematically demonstrated, and that the net wealth of the state is fundamentally infinite, in other words, inexhaustible, or can easily become it, depending on the political choices of the government. Therefore, under a democratic and capitalist regime, poverty and inequality are artificial realities that consist of the political choices of legislators and governors (parliament, government and including the board of directors of the central bank), given that fundamentally and mathematically, citizens can easily each have infinite wealth, their real situation depending only on political choices concerning the fundamental budgetary balance and the level of interest rates applicable to the state, which must be equal to or less than the growth rate, in conjunction with the central bank.

If the central bank had as its goal (determined by politics) the victory of society over poverty and inequality, and not just inflation, the result would be more easy to guarantee, the choice of a very low interest rate for the state (lower than the growth rate) being practically sufficient to overcome poverty and inequality, in the context of capitalism inclusive for all (introduction of the state onto the stock market, universal distribution of sovereign shares issued by the state).

II- The Invention of Inclusive Infinitics: Definitions and Developments

- **Infinity**: that which does not have limits and which cannot be quantified by material means; that which is larger than everything (Larousse). We say: it is the supreme quantitative limit expressed by the symbol $\infty$. Infinity has no boundaries; it is the opposite of the finite, the opposite of that which has an end. It is unlimited; it is inexhaustible and equal to itself when it is divided by any positive number, no matter how big.

- **Infinitics**: this is a concept we expressly create here, to designate a new approach which consists in studying, tracking and using infinity, as well as grouping together all knowledge (problems and solutions) that lead to quantitative infinity. Infinitics is science based on the use of quantitative infinity. It is the search for quantitative infinity as a scientific Holy Grail, because all things touched by or reached by infinity become supreme or inexhaustible. Infinitics is the science of the supreme and of the invention of fundamentally supreme solutions; it aims to identify the conditions for attaining quantitative infinity in possible responses to scientific questions, including economic and political sciences. In economics, infinitics has the goal of seeking and inventing economic policies and solutions that lead to a society of fundamental abundance, brought about by the fine-tuning of decisive parameters that can lead to the attainment of quantitative infinity as a foundation or supreme lever. At this stage, economic infinitics revokes the ordinary hypotheses and conclusions of economics, notably scarcity, poverty and inequality in the context of a marvelous and non-utopian theoretical situation, particularly in finance.

- **Inclusive infinitics**: a science whose goal is research on economic and social inclusion at a
supreme state, in the image of and through quantitative infinity. Inclusive infinitics retains, for example, for the goal of its research, the determination, if possible, of conditions to fulfill so that each citizen may have at their disposal an infinite fundamental wealth, and therefore theoretically infinite revenue, as the supreme condition for the end of poverty and inequality. Is this fundamentally impossible? No, impossible is not infinitics. We will see that such a situation is not utopic at all. Inclusive infinitics allows for the discovery an elegant mathematical solution to the political problem of humanity, in the form of the fundamental, pure, perfect and supreme elimination of poverty and inequality, within the capitalist and democratic system, without any anti-capitalist revolutions or new taxation regimes. If that were demonstrated, it would mean that the fundamental elimination of poverty and inequality could be achieved without an anti-capitalist revolution and that poverty and inequality are not the essence of or a phenomena “endogenous” to capitalism, nor are they a certain destiny of humanity. Rich and poor, do not despair; infinitics is going to open your eyes to allow you to see clearly that capitalism can perfectly overcome poverty and inequality, without an anti-capitalist revolution or a new taxation regime, and that the capitalist and democratic system is socially supreme, fundamentally. Inclusive infinitics leads to the fundamental elimination of poverty and inequality among citizens, and shows the uselessness of all anti-capitalist revolutions and excessive taxation, deficit-oriented budgetary polices in the fundamental sense. Infinitics allows for extraordinary public performance without resorting to excessive taxation and budgetary deficits, but rather the contrary.

- **Infinitician**: A specialist in infinitics, the hunter and manipulator of the symbol $\infty$ in scientific constructions. The slogan of these specialists may be along the lines of:

  “To grab a hold of infinity, to reach Paradise
  With this symbol, transform the Earth
  And even Hell
  Through his beautiful work
  Supreme, pure, perfect and amazing
  Without poverty or inequality, everyone touched and blessed by infinity
  In his image, ultimate vehicle to reach Paradise
  Without faults, here and now
  Rigorously, purely and perfectly”

Each time that an infinitician stumbles upon a noble mathematical formula – a noble formula holds the possibility of an infinite value – he uses it to reach infinity. Infinity is everywhere, when you know how to read his identity card, letting you believe that he is playing at ubiquity when he is tracked. Veiled or revealed, it is the most widespread and multiple thing of the mathematical universe. The infinitician is supreme because he has chosen the symbol which is both the most powerful and the most widespread in intelligible possibilities.

For example, when someone sees the formula $K = \frac{R}{I}$ and pursues his course as if it were nothing, the infinitican would go directly to tracking infinity, by stating:

$$\lim_{I \to 0} K = \lim_{I \to 0} \frac{R}{I} = +\infty$$

For him, the wealth ($K$) of the state becomes potentially infinite, and therefore that of the citizens who are the owners of the state as well, with each of them having at their disposal a wealth equal to infinity, all that which is opposite to a world of intrinsic scarcity, poverty and inequality. This is astounding, with respect to the typical teachings of economics textbooks. **Among infiniticians, with a discovery of this type, the poverty of citizens becomes a simple illusion that results from the deforming effects of the appearances and prejudices that dance like the shadows of Plato's cave, an illusion**

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22 In fact, we have already demonstrated this in the first section of this article by indicating how the wealth of the state can reach an infinite value.
which also results from the deforming and impoverishing effects of the power of interests that make up lobbies, against the general interest of citizens, but not through the intrinsic fault of capitalism. There are still too many of us among men who take the shadows on Plato's cave for economic realities that oppose human intelligence.

II-1. The Extraordinary Properties of Mathematical Infinity and the Infinite Wealth of the State

To support statements which draw their truth from the infinite nature of state wealth, it is worthwhile to recall some useful characteristics of the notion of mathematical infinity, represented as $\infty$. It is not a number but rather a symbol signifying the absolute extreme limit, which can never be reached or surpassed, of all positive numbers ($+\infty$) and negative numbers ($-\infty$). Working with this symbol is to work with the limits of knowledge in the subject of numbers.

The following summary allows for the illustration of the status of quantitative infinity represented by the symbol $\infty$.

### Some Extraordinary Properties of Infinity

<table>
<thead>
<tr>
<th>Definition</th>
<th>Operations</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\forall N \geq 0$</td>
<td>$\infty \pm N = \infty$</td>
<td>As soon as we approach infinity, the addition or subtraction of a real number $N$, no matter how big it is, does not modify the resulting infinity.</td>
</tr>
<tr>
<td></td>
<td>$(-1) \cdot \infty = -\infty$</td>
<td>Positive infinity: $\infty$; negative infinity: $-\infty$</td>
</tr>
<tr>
<td></td>
<td>$\infty + \infty = \infty$</td>
<td>Infinity is a supreme limit.</td>
</tr>
<tr>
<td></td>
<td>$\infty - \infty = ?$</td>
<td>Indetermination.</td>
</tr>
<tr>
<td>$\forall N &gt; 0$</td>
<td>$\infty \cdot N = \infty$</td>
<td>Infinity is a supreme limit: multiplication (and division) have no effect on it.</td>
</tr>
<tr>
<td>$\forall N &gt; 0$</td>
<td>$\frac{N}{0} = \infty$</td>
<td>The zero is to take in the sense of a limit.</td>
</tr>
<tr>
<td>$\forall N &gt; 0$</td>
<td>$\frac{\infty}{N} = \infty$</td>
<td>We use this property often: if the wealth $K$ of a state is equal to infinity, its division by a positive number $N$ ($N&gt;0$), no matter how big it is, still gives infinity, with $N$ being able to be the number of shares to be issued by the state or the number of shareholders (population numbers) in the division or sharing of such a wealth. Concretely infinity = absolutely supreme.</td>
</tr>
</tbody>
</table>

### The Principle of Economic Infinitude (of the Wealth of the State)

The economic theory of inclusive infinitics is based on the existence of a policy which could lead the state to have at its disposal a fundamentally infinite wealth based on an assessment of wealth derived from the methods of finance. This is the basis of the principle of economic infinitude, which is as follows: **Principle of economic infinitude** of the wealth of the state: as soon as the fundamental capital of the state becomes (or can become) quantitatively infinite ($= \infty$), through discounting of its future revenue$^{23}$, its division by a positive number $N$ ($N > 0$) – designating, for example, the population

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$^{23}$ See Table 6 of this essay.
count of the number of shares that the state could issue – no matter how large it is, does not modify in any way the value of the fundamental wealth of the state, which will continue to remain infinite or inexhaustible. If the state belongs to all citizens through the economic consecration of the democratic regime, and if the state were introduced onto the stock market by issuing shares distributed in equal quantities (on the primary market) to all citizens as the primary shareholders of the state, then each citizen would have infinite fundamental wealth. From then on, no citizen would remain fundamentally poor, nor poorer than someone else, nor less rich than someone else; in other words, all citizens would be equal in terms of fundamental wealth as in rights. Citizens would all fundamentally become equals, before the economy as before the law. The scarcity (of wealth), the poverty of citizens and economic inequality among citizens would be fundamentally eliminated, without having to resort to any anti-capitalist revolution, taxation regime, including Piketty\textsuperscript{24}-type worldwide taxes on capital.

As owners of the state, each citizen could have at their disposal a fundamentally infinite wealth, made up of sovereign preference shares issued by the state and legally distributed to all of its citizens, in equal quantities on the primary market. The result would be a perfectly modified, transformed and improved capitalism, which is truly inclusive to all, without poverty nor systemic economic inequality. As citizens, we would logically cease to be poor or proletarian, as soon as we have at our disposal a wealth made up of capital financial securities with a fundamentally infinite value.

The economic theory of inclusive infinitics is applied to and advises the introduction of the state onto the stock market as a supreme solution to overcome poverty and inequality. This fundamental victory over poverty and inequality does not require any anti-capitalist revolution nor does it resort to new taxation regimes. Because it takes place within the framework of democratic capitalism, and is supreme, this allows us to spread this victory to the economic system which bears it and allows it, in other words, the democratic and capitalist system.

Clearly, that means that the capitalist and democratic system is perfectible and yet fundamentally supreme in its potential systemic progression extending to the fundamental elimination of poverty and inequality. The economic theory of inclusive infinitics leads to all that. Built upon such a foundation, capitalist inclusive infinitics is itself the supreme stage of economic and social inclusion. Therefore, inclusive infinitics is the science that provides to economics a supreme solution to the political problem of humanity, which is the fundamental victory of humanity against the poverty and inequality that overwhelm citizens without an ontological cause.

II-2. Conditions for Obtaining Infinite State Wealth and the Pure and Perfect Elimination of Poverty and Inequality

Let us go over the types of economic policies which lead to infinite state wealth, given that for the state, perpetuity is acquired, which is expressed as $n \rightarrow \infty$.

\textsuperscript{24} Piketty, Thomas, \textit{Le capital au XXIe siècle}, chapter 15, \textit{Un impôt mondial sur le capital}: “But for democracy to take control of the globalized financial capitalism of this century once again… the ideal tool would be a worldwide, progressive tax on capital accompanied by a large degree of international financial transparency” (p.835).
Table 6: Summary of Conditions Allowing for the Obtaining of Infinite State Wealth

<table>
<thead>
<tr>
<th>Definitions</th>
<th>State of parameters</th>
<th>Formula for calculating state wealth K</th>
<th>Result for K, given that for the state, $n &gt; \infty$</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the event that the state has the lifespan $n \to \infty$</td>
<td>R constant, $i &gt; 0$</td>
<td>$K = \frac{R}{i}$</td>
<td>$\lim_{i \to 0} K = \infty$</td>
</tr>
<tr>
<td>K is the wealth of the state calculated as the sum of future discounted revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First variant: R is the constant net annual revenue of the state, here $R &gt; 0$</td>
<td>R constant, $i = 0$</td>
<td>$K = n \cdot R$</td>
<td>$K = \infty$</td>
</tr>
<tr>
<td>$i$ is the interest rate applied to the state</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second variant: revenue R is a geometric series at rate $g$</td>
<td>$1^{st}$ case: $i &gt; g$</td>
<td>$K = \frac{R}{(i - g)}$</td>
<td>$\lim_{(1-g) \to 0} K = +\infty$</td>
</tr>
<tr>
<td></td>
<td>$2^{nd}$ case: $i &lt; g$</td>
<td>$K = \lim_{n \to \infty} \frac{(1 + g)^n - 1}{(1 + i)(g - 1)}$</td>
<td>$K = \infty$</td>
</tr>
<tr>
<td></td>
<td>$3^{rd}$ case: $i = g$</td>
<td>$K = \lim_{n \to \infty} \frac{n \cdot R}{(1 + i)}$</td>
<td>$K = \infty$</td>
</tr>
</tbody>
</table>

We can summarize the conditions for achieving infinite state wealth. We are assured of infinite state wealth in the following way:

- in the case in which net state revenue ($R$) is positive and constant (even without being very high), an interest rate equal or close to zero (approaching zero) applicable to the state suffices. If we obtain infinite wealth in that way, the constant nature of wealth $R$ is not a necessary condition, as long as $R$ is strictly positive. Any series of positive cash flows $R$ (and non-constant) can be written as the sum of a $n^{st}$ series made up of constant cash flows $R$ by taking the minimum of initial cash flows plus a complementary $n^{nd}$ series made up of the difference between the series of initial cash flows and the series made up of constant cash flows aligned with the minimum of flows. The $n^{st}$ series will give a wealth of an infinite value, to which a positive value (whatever it may be) will be added resulting from the $n^{nd}$ series, making an infinite wealth from this moment on; under the condition of breaking down the $n^{nd}$ series on the same principles, and so on and so forth, obtaining a succession of infinities, the addition of which also gives infinity. In this way, the discounted sum of any positive cash flows $R$ in perpetuity leads to infinite state wealth, when an interest rate (discounting) approaching zero is present. Therefore, it is enough for the state to force a positive net revenue or budgetary balance (even small) each year, over perpetuity, in the context of an organic budgetary law, and to obtain an interest rate approaching zero (fixed by the central bank), to acquire infinite wealth assessed according to the methods of fundamental finance (based on the sum of discounted future revenue). This policy will be enough to obtain infinite state wealth, allowing for the fundamental elimination of poverty and inequality, without an anti-capitalist revolution, but only by putting the state on the stock market in the form of a stock exchange listing of the state.

- in the case that net revenue (or fundamental budgetary balance) of the state is geometrically increasing at rate $g$, it is enough for the interest rate applicable to the state to be less than or
equal to the rate of economic growth; and in the contrary case, it is necessary to aim for the smallest discrepancy possible, approaching zero, between the interest rate and the growth rate, to preserve a very high amount of state wealth, which is able to approach infinity.

To summarize, a somewhat complicated economic policy – characterized by a positive budgetary balance and an interest rate close to zero for the state, or more generally, an interest rate that is always less than or equal to the rate of economic growth – fulfills the conditions of infinite state wealth, equivalent to the fundamental absence of poverty and inequality among citizens. That is because if the state has infinite wealth, that is the same as saying that it has all the means to overcome poverty and inequality, as such a wealth cannot be exhausted, even when it is widely distributed among numerous beneficiaries, regardless of their numbers.

The state must therefore impose and inscribe in its Stone Tablets the political rule to come and to be globally respected each year, in perpetuity; a rule which is completely sufficient to allow the state to overcome poverty and inequality (see Table 6):

\[
\begin{align*}
\forall R > 0 \quad & \Rightarrow \quad \text{The wealth of the state, } K = +\infty \\
\{ \quad i \leq g \quad & \Rightarrow \quad \text{See Table 6.} 
\end{align*}
\]

Above is the Holy Grail of economic policies in infinitics, R being the net annual revenue of the state, or the wealth-based or fundamental budgetary balance of the state, over perpetuity; i being the (real) interest rate applicable to the state; g the rate of (real) economic growth applied to R; K the net wealth of the state. The wealth-related budgetary balance of the state R is calculated not including expenditures on investments or interest on debt. This is the "primary" balance, not including investment expenditures. It is to be regulated by law as being positive, to be anticipated and treated in a convincing way. N.B. Nobody judges the results of the management of a private enterprise by mixing current operating expenses with investment expenditures. When we encourage the use of a surplus budgetary balance, it is important to emphasize that this is a budgetary balance not including investment expenditures or interest on the debt, through a wealth-based approach to economic policies and the management of the state. Investing is never a bad thing for a private enterprise nor for the state, and even less so for the state (taking into account the Keynesian approach). That which must be reduced is the operating expenditures of the state, in the fundamental interest of all citizens, both rich and poor.

That means that the nation must benefit from an economic policy thus defined: a budgetary policy characterized by a positive net state revenue corresponding to a wealth-based surplus budgetary balance and a monetary policy based on an interest rate (real) applicable to the state, less than or equal to the rate of economic growth. A coordination of that nature between budgetary policies and monetary policies (policy-mix) leads to infinite wealth for the state. It is enough to monitor the following three instruments: the wealth-based budgetary balance decreed by the government and the interest rate applicable to the state fixed by the central bank, based on the growth rate of the economy, which it must not surpass.

A low interest rate, which is at least lower than the rate of economic growth, will reduce expenses and the debt ratio, and will stimulate investments, in particular state investments. Public and private investments are going to stimulate the growth, and therefore subsequently the earnings and net revenue of the state. Therefore, a positive net revenue will be easily achieved; the process will lead to infinite net wealth for the state, expressed as a fundamental victory against poverty and inequality. In fact, as soon as the state has a wealth recognized as infinite at its disposal, it has, by definition, mathematically, the means to overcome poverty and inequality, notably through a simple policy of capital endowment based on a source which has become inexhaustible (if \( K = +\infty, \forall N = 0, \frac{K}{N} = +\infty \)). This is not a case of public charity or fiscal redistribution, but rather the introduction of the state into the stock market accompanied by the issuing of sovereign preference shares distributed legally among all citizens as the legitimate sovereign owners of the state.

Inclusive infinitics therefore identifies with a wealth-based approach to economic policies, allowing to clarify the conditions of a victory of humanity against poverty and inequality, in the context of the search for a fundamental solution to the political problem of humanity, in other words, the elimination of poverty and inequality within the capitalist system.
I-3. But Why Does Poverty Appear to Be So Generalized?

Why, despite this clear fundamental solution, are we trapped in the illusion of generalized poverty among citizens, in all countries and in the whole world?

We are under the illusion of generalized poverty among citizens for the simple reason that the state is not yet treated as the property of all citizens. In addition, the state is in the situation of an underdeveloped country that likely has gold, diamonds or oil in its soil, but maybe without knowing it, and in any case without producing them and without putting them on the market, as to sell them and receive financial compensation. As an opportunity, a potential “richness” is not exploited and put on the market; it is not economically taken into account, and its owner could die of hunger or live in a situation of extreme poverty and even be treated as a plague (which is the case when people are saddled with a net wealth which is very close to zero and even negative). Is the state not denigrated often? Yes, it is often denigrated! For ultra-liberals, it is the problem, never the solution. Here, it does not appear as the problem, but as the solution, in alliance with capitalism and democracy. This is not always the fundamental nature of things which is emphasized, but only appearances (the shadows on Plato's cave\textsuperscript{25}) which are often taken into account in the judgment of men, depending on the state of science, all of the prejudices that are fashionable in the collective consciousness and the “animal spirits”\textsuperscript{26} that lead men. Between the fundamental value and the market price, there are the animal spirits of investors. On one hand, the state and the citizens who own it have not yet properly realized or grasped the idea of basing themselves on the proper evaluation of their wealth carried out according to the best methods of finance. On the other hand, the state is not listed on the market, nor is it evaluated by the market, and in other words, it is not yet listed on the stock market, with sovereign shares distributed to the sovereign shareholders of the state, listed on the stock market. As long as the state is not put on the market, and more exactly, as long as it is not listed on the stock market, it will never be properly valued. It will be valued according to the methods of accounting, which are geared towards the past, and not the methods of finance, which are geared towards the future. As long as citizens are not clearly proclaimed the owners and sovereign shareholders of the state, the wealth of the state will not legally belong to them, with all of its financial effects. Without listing the state on the stock market, the poverty of citizens, even though they are the legitimate owners of the state, will be the dominant idea in the minds of men, conditioned by appearances and prejudices.

However, states have at their disposal an inexhaustible Holy Grail, which is more precious and more luxurious than oil, gold and diamonds; so luxurious that even the multi-billionaire Bill Gates, like all other billionaires, is too poor to purchase it: it is perpetuity, infinite time, which characterizes the duration of the life of the state. Perpetuity is a greatness that must be appreciated by associating it with the English saying “time is money,” which is dear to financiers. In other words, states are objectively rich in an inexhaustible way, which would be more evident if they were listed on the stock market. In addition, if we also take into account political and fiscal sovereignty; that is, supreme power, including that of making all mortals pay, as well as the ownership of the state over the central bank provided with the financial power to create/loan paper or electronic money without regulatory limits. If we did that, the financial power of the state would appear to be unsurpassable or unlimited. It is certain that no person or group of people is richer than the state and can buy a whole state themselves (in perpetuity); except for another state which is more powerful on a diplomatic and military level, which would be able to absorb it, in the continuity of state matters.

Under the conditions where fundamental state wealth becomes mathematically infinite, the consequence is that, in terms of fundamental market capitalization, the number of shares that the state can issue and/or the price of the sovereign share issued by the state do not have pre-established

\textsuperscript{25} Platon, La République, Book VII, GF Flammarion; see also http://remacle.org/bloodwolf/philosophes/platon/rep7.htm
limits to their values, as they can only be limited by the animal spirits of economic agents. Only political pragmatism and the supply and demand of sovereign shares, under the impact of the “irrational exuberance” of investors moved by “animal spirits” identified by behavioral finance\(^\text{27}\), will lead to real prices of a limited amount with high valuations, leaving room for enormous opportunities for gains. This will provide the definitive proof that stock market prices are not completely determined by only fundamental values (in the case of currency, the fundamental value of the sovereign share would be infinite, largely above the effective price of the stock market, sanctioning the teachings of behavioral finance or animal spirits). That is the defining characteristic of finance. The tendency will be for each person to buy the sovereign shares and be able to sleep, without the risk of waking up and having shares of a company which declared bankruptcy over the weekend in their portfolio, when they had intended to pass them on to their children and grandchildren. The most precious thing in the world will become the continuity of the state; the flags and proper nouns of states could disappear, but if the international community has a role that it must enforce, it is the continuity to perpetuity of state matters, starting with the financial perpetuity of sovereign shares of states, when they are issued. That is a status that no other economic agent can “sell” on the market; as economic agents, whether physical or moral persons, are all mortal, except the state.

The choice is simple: to refuse to introduce the state onto the stock market is to maintain our gaze fixed on the past and to force ourselves to live only with the limited means of the past. Accepting the introduction of the state onto the stock market is to turn our head towards the future and to allow ourselves to become aware and value, starting now, the unlimited resources of perpetual sovereignty, which translates as potentially infinite wealth for both the state and its owners, the citizens, given that time is money, and perpetuity the most powerful lever in infinite richness, with the least efforts. The other choice to make is that of budgetary surpluses; budgetary deficits enrich the rich rentiers and deepen inequality, by applying pressure for the raising of interest rates, causing the payment of high interest in favor of rich rentiers, causing the impoverishment of debtor citizens as well as the impoverishment of the state and all citizens as shareholders of the state. Only budget surpluses and relatively low interest rates with respect to the growth rate can enrich the state and its shareholders, and allow us to overcome poverty and inequality. This is true for the state as for enterprises in the private sector: only proper management from year to year and surplus results enrich the legitimate shareholders when they are properly recognized with individual ownership and property titles.

I-4: The Law of Inclusive Infinitics or the Holy Grail of Economic Policies

From all that has been previously said, it appears that the owners of the state, the citizens, are the owners of a political and financial group which has at its disposal a fundamentally inexhaustible wealth, which means that they are necessarily rich, and not necessarily poor, except that they do not hold the financial property titles over this political and financial group named the state, which belongs to them, through the recognition of the democratic regime. In this, citizens have been swindled, and governors and legislators are to be questioned continually until the legal reparation of that factual state politically, economically and socially, the destroyer of the well-being of the totality of the sovereign people.

Economic infinitics applies to and leads to the proposal of the introduction of the state onto the stock market, and the distribution of sovereign preference shares to all citizens, as the sovereign owners of the state. This reform, accompanied by an adequate economic policy aiming to achieve infinite state wealth, is the solution to the political problem of humanity, which is the fundamental and supreme elimination of poverty and inequality, within the context of a capitalism which is truly inclusive to all, without exceptions.

To conclude, we believe we have discovered, in the domain of economic sciences, the law stated below, which we call the law of inclusive infinitics. It allows to achieve the fundamental, pure, perfect, universal and supreme elimination of poverty and inequality, in capitalist and democratic

\(^{27}\) See the book *Les esprits animaux*, cited in bibliography.
regimes. This law, mathematically established, is the following: The state can achieve infinite wealth (or capital) if it adopts a perpetual economic policy defined as a surplus budgetary balance (fundamental or primary), even a small one, and an interest rate less than or equal to the growth rate. Under a capitalist and democratic regime, such infinite wealth means ipso facto the pure and perfect elimination of poverty and economic inequality among citizens, regardless of their numbers, as soon as we consider that the state belongs to all citizens, and that we assume that the state has been introduced into the stock market, and its sovereign preference shares are listed on the stock market and legally distributed to all shareholders, which are all citizens, including all men and women. Implicitly, this law provides the mathematical proof of the uselessness of any anti-capitalist revolution and any new taxes that could be proclaimed in the name of the fight against poverty and inequality in society or in the world, given that neither an anti-capitalist revolution nor a new taxation regime are necessary for the fundamental elimination of poverty and inequality by the capitalist and democratic system. The law of inclusive infinitics also means that we don't need a high growth rate to overcome poverty and inequality, and that the only requirement is the permanent indexation of the interest rate as to maintain it as inferior or equal to the rate of economic growth. This law seems so extraordinary that we also call it the Holy Grail of economic policies. It allows capitalism to eliminate poverty and inequality in a pure, perfect and supreme way, regardless of the population count. It is a non-utopian solution that establishes a rigorous and supreme victory of democratic capitalism over any imaginable political and economic system, whether effective or utopian, known or not yet known. It is the mathematical solution to the political problem of humanity, which is the victory against poverty and inequality in human society, combined with the efficiency assured within the context of the capitalist market and the individual freedom associated with liberal democracy, which forms a part of the general context of the progress of inclusive infinitics.

Conclusion

The goal achieved in the economic theory of inclusive infinitics is to show how capitalism can mathematically achieve the pure, perfect, universal and supreme elimination of poverty and inequality, as a solution to the political problem of humanity as stated by John Maynard Keynes in the 1930s. That political problem of humanity consists in three things: economic efficiency, social justice and political freedom. Inclusive economic infinitics leads to this solution, and is the supreme version of this solution, which is lodged at the heart of the capitalist and democratic system. Thanks to economic infinitics, this solution may be unveiled and achieved without resorting to any anti-capitalist revolution nor new taxation regime.

Inclusive infinitics shows that poverty, inequality and tax systems are not fundamentally “endogenous” or “consubstantial” to capitalism, which can eliminate them and go without them without perishing, by becoming a capitalism inclusive to all; that to say, a capitalism that is modified, transformed and improved to produce better performance as well as economic and social inclusion instead of the poverty and inequality that are features of contemporary capitalist societies. As for method, this goal is achieved without strictly changing anything in the known principles and mechanisms of private property, the free market economy and liberal democracy; rather, it contents itself with exploring them in depth and using them as levers.

In truth, despite the power of appearances, which move around like the shadows on Plato's cave, poverty and inequality are not fundamentally caused by capitalism but rather are the toxic byproducts of inadequate economic policies that can be corrected by aligning them with the teachings of economic infinitics, which allows for the elimination of poverty and inequality, not by leaving capitalism behind, but rather by deepening capitalism in its systemic alliance with liberal democracy. Inclusive infinitics is so extraordinary that in barely exaggerating a little bit, we can take it for a technique that allows for the mathematical obtainment of paradise on earth, or to turn the earth into a paradise; or rather, a society that has at its disposal theoretically unlimited financial means, without systemic divides between the rich and the poor, and without poverty or economic inequality among its citizens. Under the light of infinitics as a new scientific approach, this is not utopian, but rather
completely possible to demonstrate and carry out, within the context of capitalism inclusive for all in the XXI\textsuperscript{th} century.

Just like capitalism inclusive for all, inclusive infinitics is applied through the introduction of the state onto the stock market, a situation through which capitalism acquires the means to produce the end of poverty and inequality among citizens, without having to resort to any anti-capitalist revolutions or new taxation regimes, including in particular the worldwide tax on capital brilliantly proposed by Thomas Piketty in \textit{Capital in the XXI\textsuperscript{th} Century}; without even resorting to increasing the current taxation regime; but the contrary, as even the reduction of obligatory direct taxation without compensation can be considered.

Finally, with this theory, we now have an elegant solution to the \textit{political problem of humanity} as stated by John Maynard Keynes in the 1930s. The political problem of humanity consists in three things: \textit{economic efficiency, social justice and political freedom}.\textsuperscript{28} In fact, the proof of the fundamental elimination of poverty and inequality under the conditions of the free market economy and liberal democracy reveals to truly be a solution to the political problem of humanity. Fundamentally, the capitalist and democratic system can perfectly rise up to the challenge of the elimination of poverty and inequality among citizens, regardless of their numbers, by grouping together three sufficient conditions in the context of a perpetual economic policy: a fundamental surplus budgetary balance, an interest rate for the state which is less than the rate of economic growth, and the listing on the stock market of sovereign preference shares issued by the state and sovereignly distributed by law among all of its citizens as the legitimate owners and primary shareholders of the political and financial group called the state.

Therefore, we dare say that, as of mid-2015, capitalism should appear in a new, more brilliant light. Nobody should talk about capitalism any longer, or vilify it, without reciting this theory of inclusive infinitics, which mathematically demonstrates how the capitalist system can achieve the pure, perfect, universal and supreme elimination of poverty and inequality. Despite the power of appearances, which move around like the shadows on the walls of Plato’s cave, poverty and inequality are not a fault of capitalism nor do they stem from it, but on the contrary, capitalism is the best opportunity to overcome them. Poverty and inequality are nothing but the harmful effects and age-old fault of economic and social policies that are inconsequential and inadequate, and which can be corrected in an appropriate time span through an alignment with inclusive infinitics; as the latter is the economic and financial perfecting of the systemic alliance that must be woven between capitalism and democracy in the XXI\textsuperscript{th} century.

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Bibliography:


