

Thomas E. Chamberlain, Ph.D.

***No economy can flourish in the midst of macroeconomic instability. Wild fluctuations in the price level, the exchange rate, the interest rate, or the tax burden serve as a major deterrent to private investment, the proximate driver of growth.***

**Spence 2008a,**

**Pg 69.**

## **ABSTRACT**

While significant advances in human wellbeing have been achieved over the past century, great numbers of the extremely poor around the world are in continuing danger of falling in absolute terms—a condition that places the entire human community at growing risk. However, recent advances in mathematical behavior/psychology (producing a new paradigm) coupled with cessation of great-power aggression due to fearsome nuclear arsenals makes possible our ascent to

the high plateau of general wellbeing, justice, and security. ... We may now conclude with conviction and confidence that market instability—the natural tendency of free and open markets to increasingly divide us into rich versus poor—is sufficient in itself to explain

inequality and poverty.  
This conclusion  
emerged, first, from the  
deepening of utility  
theory (and,  
accordingly,  
neoclassical  
economics) to its  
neuropsychological  
foundation (completed  
1993),

followed ten years  
later by a  
mathematical  
development that  
identified uneven  
expected risk across  
the  
population, due to  
uneven  
discretionary

power, as a cause  
of growing poverty  
(published on the  
internet  
in 2004). The  
discovery  
immediately  
recommended  
national and

international  
policies for  
economic  
stability and  
development  
(published in the  
same paper). ...In  
the present article

the primary  
emphasis is  
on the recent  
World Bank  
sponsored  
Growth Report,  
which  
acknowledges



the growing  
international  
departure from  
the Washington  
Consensus and  
provides  
recommended  
adjustments.

The  
prescriptions of  
the Growth  
Report are  
welcomed, but  
permanently  
institutionalized

(1) damping of  
rapid shifts of  
international  
finance/commerce  
along with  
(2)  
recapitalization

of the poor,  
both now  
analytically  
promoted and  
increasingly  
applied  
around the

world, are  
overlooked.  
These  
government  
measures for  
preserving  
and

developing  
human capital  
are necessary  
for  
market-econo  
my stability

and (long  
term)  
growth, while  
the private  
sector retains  
primary

responsibility  
for growing  
business/ind  
ustrial  
capital. As  
a further



# consideration, the complementary Discretionary -Power

# Principle of Justice for negotiating and accepting human

recapitalizati  
on (i.e.,  
increasing  
education,  
skills,  
health, etc.)

around the  
globe is  
recalled and  
discussed.  
Additionally,  
the

# discussion offered by Professor Sang-Ho Lee of

# Chonnam National University at the WEAI

Conference  
in  
Vancouver  
is provided  
in the

appendix,  
with  
responses  
to  
his



# comments.

# 090703Wor

# ld Bank

# Growth

# Report--As

# essment

and

Extension.p

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