

Vilfredo Pareto and Price and Market Interventions

The Letters Editor,

Vilfredo Pareto calculated that for a small, simple society of only 100 persons trading only 700 goods and services, it would require the solution of 70,699 simultaneous equations in order to equate supply and demand in the manner the free market does so easily.

The task of solving only two or three simultaneous equations is difficult enough, but solving 70,699 simultaneously is impossible! And, the equations keep changing all of the time as businesses compete to serve the consumer. Yet this complex equation is instantly, impartially and automatically solved by free exchange among persons who may be unable to count and who may not even read in some instances.

In a society of tens of millions or more, trading millions of items and services, imagine how impossible the task would be of keeping in touch with setting varying prices for the multitude of items which again, the market does easily and with impersonal and impartial effort.

Politicians believe that when the market does not produce the results with which they agree, they call it "market failure" and take interventionist steps to manipulate the economy to what they consider to be "fair".

All previous efforts in this field show continuing disasters. Now they are outdoing one another inventing new disasters like ETS and a super profits tax on resource projects.

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