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"Collective Market" Versus "Non-Market"Services: Conceptual Issues In Measuring Economic Reality

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Session Organizer: Barbara Fraumeni (University of Southern Maine, United States)
Session Chair: Barbara Fraumeni (University of Southern Maine, United States)

"COLLECTIVE MARKET" VERSUS "NON-MARKET"SERVICES: CONCEPTUAL ISSUES IN MEASURING ECONOMIC REALITY

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"COLLECTIVE OUTPUT MARKET" VERSUS "NON-MARKET OUTPUT" SERVICES: CONCEPTUAL ISSUES IN MEASURING ECONOMIC REALITY

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INTRODUCTION

The central idea advanced in the present essay is that the collective output and services market is the MARKET of all markets. Given this hypothesis, it appears natural to ask: Does the System of National Accounts 1993(SNA93) conceptual framework recognize and incorporate the collective market, and the role of government within it, sufficiently to live up to its claim of being "coherent, consistent and integrated"? Furthermore, can the notions of economic wellbeing, economic utility and economic welfare be valid, and comprehensive, if they do not explicitly include the wellbeing, utility and welfare derived from consumption of moral (immoral) collective services produced by government and other institutional units through the collective output-services market? The present essay aims to answer these questions. In addition, it hopes to make suggestions about constructing an amended SNA conceptual framework which would explicitly incorporate collective market production and consumption of collective services by government and other institutional units. SNA could, then, truly live up to its claim of reflecting, and providing, a coherent, consistent and integrated understanding of economic reality in all parts of the world.

SNA93, and the underlying effort to create them, are seminal, monumental events. Their central challenge has been to develop an updated conceptual framework of the economic boundary, which encompasses all economic activities, i.e., activities using scarce and, thus, costly resources and their services (inputs), to produce useful, i.e., capable of satisfying needs, outputs. The effort of SNA93 and its authors to meet this central challenge has involved two parallel tasks. The first task was to update, and solidify, preceding formulations of the conceptual framework which is used to define and measure the stock and flow variables existing within the economic boundary. The second, parallel and synchronous, task was to develop an updated, analytically valid and measurable, concept of economic welfare i.e., one that would, more accurately than previous ones, reflect economic reality as circumscribed by the economic boundary.

The present essay has two goals. The first goal is to determine whether the conceptual framework of SNA93 does indeed provide a complete and accurate understanding of, and consequently can be used to measure, economic reality and welfare. The second goal is to suggest selected changes in the SNA93 conceptual framework with the hope of filling in, or replacing, some of its vital boxes which can be perceived to be empty or of debatable validity. In order to achieve these goals, the essay is divided into two parts. The first part contains a presentation and evaluation of those central elements of the SNA93 conceptual framework which, in the opinion of the author, reveal potentially empty or black spots in its vision of economic reality and, consequently, of its SNA boundary. The second part embodies a proposal of partially updating (amending) the SNA93 framework by incorporating, what will henceforth be referred to as, the Mamalakis Conceptual Framework Amendments.

PART I

DEFINING AND MEASURING GOVERNMENT OUTPUT AND SERVICES: THE SNA NON-MARKET APPROACH

The Macroeconomic Conceptual Framework And The Macroeconomic Monetary And Fiscal Policies

"The goal of" the SYSTEM OF NATIONAL ACCOUNTS 1993 "publication is to describe SNA as a conceptual system"(SNA93:§ xlvii). "The System of National Accounts (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. It provides a comprehensive accounting framework within which economic data can be compiled and presented in a format that is designed for PURPOSES of economic analysis, decision-taking and policy-making."(SNA93:§1.1, p1). Similarly, in section "J.The aggregates of the system as indicators of economic activity and welfare 1.Introduction," it is stated that "The SNA consists of a coherent, consistent set of macroeconomic accounts designed for a variety of analytical and policy purposes."(SNA93: §1.68, p.13).

More specifically, according to SNA93, "J.The aggregates of the system" are expected to serve, "as indicators" of (1) "economic activity and (2) welfare" (SNA93:p.13).Thus, there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality.

"The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed."(SNA93: §1.70). In the case of the United Kingdom, official national accounts were introduced "during the Second World War" as a consequence of a stream "of economic thought" that saw that "...the most pressing at that time in terms of policy needs, was the development of economic management at the macroeconomic level." (Atkinson: p.4). National accounts would contain the statistical information needed by the United Kingdom to carry out the, necessary for national survival, goal of satisfying the sovereign collective need for safety, security and protection of life and property.

"The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare in terms of national income, stemming from the earlier, welfare economic tradition symbolized by Pigou, developed by Hicks, Samuelson and others, and implemented by Bowley and Clark." (Atkinson: p.4).

In terms of purpose, there is an inescapable, almost umbilical, link between, on the one hand, the traditional SNA conceptual framework and, on the other hand, the

macroeconomic monetary and fiscal policies relied upon to shape economic welfare. The SNA conceptual framework is one of macro aggregates (consumption, investment, exports, imports, domestic output, income, expenditure and so forth).And, monetary and fiscal policies are said to be macroeconomic because they use their respective instruments to shape the values of the macro economic aggregates. It is aggregate economic welfare and the macroeconomic monetary and fiscal policies, which determine it, that have reciprocal links to SNA93.

PART I is divided into five sections. The first (A) section presents a summary review of the SNA93 market and nonmarket dichotomy of the economy and of the characteristics of the SNA93 market economy .The second (B) section describes the SNA93 producers: institutional units and sectors. The third (C) section describes the SNA93 concept of a "market." The fourth (D) section provides a description of the SNA93 nonmarket economy. The fifth (E) section provides the first part of a critical evaluation of the SNA93 justification of its "non-market," "non-market output," and "non-market economy" terminology of its conceptual framework..

A
SNA93 DICHOTOMY OF MARKET AND NONMARKET ECONOMY

In order to better measure economic activity, SNA93 introduced the conceptual, analytical, design, dichotomy between a "market " and a "non-market" economy. Any attempt ,therefore, to determine the degree of success of the SNA93 conceptual framework in providing ,on the one hand, adequate indicators of economic activity, and ,on the other hand, quantitatively valid measures of such indicators of economic welfare ,needs to start with a presentation and evaluation of the "market" versus "nonmarket" economy dichotomy. Such a presentation is indispensable in the present paper because it facilitates a comparison of the SNA "non-market services" and the Mamalakis[1] "collective market services" conceptual approaches to measuring the services output of government as well as economic wellbeing.

1. This theory and framework are presented in Mamalakis (2005a).

In SNA93, the market economy is identified by the presence of (a) "market. output" and (b) "market producers". In a parallel manner, the SNA93 nonmarket economy is identified by the presence of (a) nonmarket output and (b) nonmarket producers. We plan to present the key characteristics of, and differences between, the "market economy" and "non-market economy". Before we do that, in order to avoid duplication, and facilitate the understanding of the diverse conceptual issues associated with measuring economic reality, a brief summary of the SNA93 classification of producers into institutional units and sectors is presented next.

1

B
SNA93 PRODUCERS: INSTITUTIONAL UNITS AND SECTORS

B1. SNA93 Institutional Units.

B1a. Definition
According to SNA93, producers are either institutional units or sectors. "Institutional units" are described in the System as "Economic entities that are capable of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities..."(SNA93:§4.1).

B1b. Types of Institutional Units
"4.3.There are two main types of units in the real world that may qualify as institutional units, namely persons or groups of persons in the form of households, and legal or social entities whose existence is recognized by law or society independently of the persons, or other entities, that may own or control them. …4.5.The second type of institutional unit is a legal or social entity that engages in economic activities and transactions in its own right, such as a corporation, non-profit institution (NPI) or government unit. .. . Some unincorporated enterprises belonging to households or government units may behave in much the same way as corporations, and such enterprises are treated as quasi-corporations when they have complete sets of accounts.(SNA93:§4.2-4.5).

As indicated in the preceding paragraph, "There are two main types of units …that may qualify as institutional units, namely" (1) "persons or groups of persons in the form of households, and" (2) " legal or social entities whose existence is recognized by law or society independently of the persons, or other entities.."(SNA93:§ 4.3). " . such as a corporation, non-profit institution (NPI) or government unit.... ."(SNA93:§4.5).

I. Persons Or Groups Of Persons
Households. " .. households as institutional units…may be defined as: a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food."(SNA93:§4.132).

II. Legal Or Social Entities
1.Corporations."Corporations are institutional units created for the purpose of producing goods or services for the market. They may be a source of profit to the units that own them. They are essentially producer units and do not themselves incur expenditures on final consumption." (SNA93:§4.18). When reference is made to "producing goods or services for the market", it is not made clear whether the production is incremental in nature, i.e., pertains to a single value added component, or cumulative i.e., pertains to an intermediate or final output (composite commodity) embodying multiple tangible(goods) and/ or intangible(services) value added components. Without such an explicit specification of the nature of output as incremental or cumulative in nature, the SNA93 conceptual framework and its market non-market dichotomy may not pass the self

imposed “adequacy” and “validity” tests. This argument is relevant to any segments of SNA93 using the terms “output,” “production,” “goods,” and “services.”

2.Non Profit Institutions(NPIs). “The functions of NPIs are similar in some respects to those of corporations but they can be broader in scope. NPIs are institutional units created for the purpose of producing or distributing goods or services but not for the purpose of generating any income or profit for the units that control or finance them. In contrast to corporations, NPIs may incur final consumption expenditures in respect of final goods or services that they provide to households.”(SNA93:§4.18).
3.Government Units.“ Government units may be described as unique kinds of legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area. Viewed as institutional units, the principal functions of government are to assume responsibility for the provision of goods and services to the community or to individual households and to finance their provision out of taxation or other incomes; to redistribute income and wealth by means of transfers; and to engage in non-market production.”(SNA93:§4.104). “ (b) Government units typically make three different kinds of final outlays: (i) The first group consists of actual or imputed expenditures on the free provision to the community of collective services such as public administration, defense, law enforcement, public health, etc. which, as a result of market failure, have to be organized collectively by government and financed out of general taxation or other income; (ii) The second group consists of expenditures on the provision of goods or services free, or at prices that are not economically significant, to individual households. These expenditures are deliberately incurred and financed out of taxation or other income by government in the pursuit of its social or political objectives, even though individuals could be charged according to their usage; (iii) The third group consists of transfers paid to other institutional units, mostly households, in order to redistribute income or wealth.(SNA93:§ 4.104, p.101).

B2. SNA93 Institutional Sectors

B2a. Definition
In turn, “The various sectors and sub-sectors of an economy are composed of institutional units that are resident in the economy, the total economy consisting of the entire set of resident institutional units.”(SNA93:§4.1). 4.18”. “..with the exception of NPIs, all institutional units of a particular type are grouped together within the same sector.”(SNA93:§4.13).

B2b. Types of Institutional Sectors
According to SNA93:§4.6 “The resident institutional units that make up the total economy are grouped into the following five mutually exclusive institutional sectors: The non-financial corporations sector. The financial corporations sector. The general government sector. The non-profit institutions serving households sector. The households sector.”
1.“Non-financial corporations or quasi-corporations are corporations or quasi-corporations whose principal activity is the production of market goods or non-financial

services."(SNA93:§4.68). "(a) All non-financial corporations and quasi-corporations are allocated to the non-financial corporations sector;"(SNA93:§4.13).
2."The financial corporations sector consists of all resident corporations or quasi-corporations principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation." (SNA93:§4:77). "(b) All financial corporations and quasi-corporations are allocated to the financial corporations sector;"(SNA93:§4.13).
3. "The general government sector consists mainly of central, state and local government units together with social security funds imposed and controlled by those units. In addition, it includes NPIs engaged in non-market production that are controlled and mainly financed by government units or social security funds."(SNA93:§4.9). "(c) All government units, including social security funds, are allocated to the general government sector; "(SNA93:§4.13).
4. "The non-profit institutions serving households sector consists of all resident NPIs, except those controlled and mainly financed by government, that provide non-market goods or services to households."(SNA93:§4.10).
5."The households sector consists of all resident households." (SNA93:§4.11)." These include institutional households made up of persons staying in hospitals, retirement homes, convents, prisons, etc. for long periods of time. As already noted, an unincorporated enterprise owned by a household is treated as an integral part of the latter and not as a separate institutional unit, except when the enterprise qualifies as a quasi-corporation."(SNA93:§4.11)."(d) All households are allocated to the households sector. "(SNA93:§4.13).

C
THE SNA 93 "MARKET"

A major SNA93 innovation, as far as the present essay is concerned, is embodied in its unique definition of a "MARKET," both as a noun as well as an adjective in relation to e.g., "output" (market output), and "producers" (market producers). The SNA93 "market" is identified through its links (a) to output and (b) to producers. Accordingly, the SNA93 market economy is identified by the presence of (a) "market. output" and (b) "market producers". In order to fully understand the nature and ramifications of the SNA93 definition of a "market," it is necessary to examine its meaning, as revealed by the following and subsequent paragraphs. We start with an examination of the notion of market output.

C1. SNA93 Market Output

"Market output is output that is sold at prices that are economically significant or otherwise disposed of on the market, or intended for sale or disposal on the market. Prices are said to be economically significant when they have a significant influence on the amounts the producers are willing to supply and on the amounts purchasers wish to buy. Apart from certain service industries for which special conventions are adopted, the value of the market output of a producer is given by the sum of the values of the following items for the period in question: (a) The total value of goods and services sold (at economically significant prices); (b) The total value of goods or services bartered; (c) The total value of goods or services used for payments in

kind, including compensation in kind; (d) The total value of goods or services supplied by one establishment to another belonging to the same market enterprise to be used as intermediate inputs; (e) The total value of changes in inventories of finished goods and work-in-progress intended for one or other of the above uses. Items (a) to (d) refer to values of all goods and services sold or otherwise disposed of, whether produced in the current period or previous periods."(SNA93:§6.45).

According to the preceding SNA93:§6:45, the fundamental characteristics of, and conditions for, an SNA market existence, are the following:

First, a "market" exists if there is an "output."(SNA93:§6.45). However, the "output," or the existence of production and of a corresponding "output," is (are) not sufficient to define an SNA "market." They are not the defining component of an SNA "market." In addition, second, the output must be "sold," or "otherwise disposed of," on the market, or "intended for sale or disposal," on the market. (SNA93:§6.45).Furthermore, third, the output must be sold (unless "otherwise disposed of") at a "price." Not any, price, however, is acceptable as a criterion in defining an SNA "market." Fourth, most importantly, there is the additional condition that the prices must be "economically significant." And, fifth, prices are considered to be "economically significant" "when they have a significant influence on the amounts the producers are willing to supply and on the amounts purchasers wish to buy."(SNA93:§6.45, p.128).

Thus, the core of the SNA output market is, in principle, determined by the nature of funding the costs of production. Production costs must be fully covered by revenues generated from the sale of the respective goods and services produced. The price at which the output is sold must be economically significant, as defined in the preceding paragraph. An SNA market exists when the output value can be fully measured both from the revenue (sales at economically significant prices) side as well as from the input (value added plus intermediate consumption) expenditure side. In the SNA market, the "outcome" is the "economically significant sale". And, in addition, these revenues from output sales are economically significant (sufficient) because they cover the input costs (expenditures) of production.

(SNA93:§6.45) includes, however, some significant exceptions to the "general" rule that a "market" exists only if and when the output is sold at "prices which are economically significant." First, also included in the boundary of the "market output is "(b) The total value of goods or services bartered;" Thus, "barter output" is recognized as an integral part of the "market output" and "market economy." Barter exchange and transactions are recognized as valid criteria in defining the SNA93 boundary of a "market" and of a "market output." Thus, SNA93 accepts here the additional, more elastic "barter exchange and transaction" criterion of a "market." This complements, and amends, the initial, stricter, "exchange and transaction at economically significant prices" criterion of a "market." "Second, also included in the boundary of the "market" and "market output is "(c) The total value of goods or services used for payments in kind, including compensation in kind;" Thus, the boundary of the "market economy" becomes even more elastic as it incorporates the "payments in kind", including the "compensation in kind," economy. The SNA93 boundary of a "market", of a "market output', and of a "market

economy" is further redefined to include the following two categories of output which do not involve sales at economically significant prices:"(d) The total value of goods or services supplied by one establishment to another belonging to the same market enterprise to be used as intermediate inputs; (e) The total value of changes in inventories of finished goods and work-in-progress intended for one or other of the above uses."

Thus, in addition to the "sale at an economically significant price" criterion, SNA93 also uses the complementary criterion of "otherwise disposed of on the market," or "intended for ...disposal on the market." However, the second criterion could be perceived to be tautological, since, on the one hand, the "market output" is defined as including "otherwise disposed of on the market," or "intended for … disposal on the market," while, on the other hand, output is defined as "market output" if it is "disposed of" on the market. This rather circular definition suggests that the SNA93 definition of a market may not easily pass the self imposed conceptual, analytical and design criterion of "adequacy."

We proceed next with an examination of the "market producers" component of the "market economy."

C2. Market Producers

The boundary of market producers, according to SNA93, includes (a)private corporations, both national and foreign owned,(b) public corporations ,(c) non-profit institutions engaged in market production and (d) households as market producers. The market institutional sectors are: (1) the non-financial corporations sector and (2) the financial corporations sector.

C2a. Market Institutional Units

1 Private Corporations. National or Foreign. 2.Public Corporations. 3.Non-profit institutions engaged in market production. 4.Households as market producers.

C2b. Market Institutional Sectors

1. Non-Financial Corporations Sector

(a) Public non-financial corporations;"(SNA93:§4.71). Resident non-financial corporations and quasi-corporations are public if they "are subject to control by government units, control over a corporation being defined as the ability to determine general corporate policy by choosing appropriate directors, if necessary. (a)By owning more than half of the voting shares..(b)As a result of special legislation…"(SNA93:§4.72).

(b) National private non-financial corporations;" and

"(c) Foreign controlled non-financial corporations."(SNA93:§4.71).

"4.7.All resident non-financial corporations and quasi-corporations are included in the non-financial corporations sector and make up most of the sector in practice. In addition, it includes non-profit institutions (NPIs) engaged in the market production of goods and non-financial services: for example, hospitals, schools or colleges that charge fees that enable them to recover their current production costs, or trade associations financed by

subscriptions from non-financial corporate or unincorporated enterprises whose role is to promote and serve the interests of those enterprises."(SNA93:§4.7).

Thus, the "non-financial corporations sector" includes both (1) " All resident non-financial corporations and quasi-corporations" which "make up most of the sector in practice" but, also, (2) "non-profit institutions (NPIs) engaged in the market production of goods and non-financial services …" NPIs are included in the "non-financial corporations sector" if and when they are "engaged in the market production of goods and non-financial services." Thus, the "market production of goods and non-financial services" criterion applies not only (1) to "All resident non-financial corporations and quasi-corporations" but, also, (2) "non-profit institutions (NPIs) engaged in the market production of goods and non-financial services."

The market non-financial corporations sector, therefore, includes not only (a)national and foreign private non-financial corporations but also (b) public non-financial corporations as well as (c) non-profit institutions wearing the non-financial corporate mantle.

2. Financial Corporations Sector

".The financial corporations sector includes all resident corporations and quasi-corporations whose principal activity is financial intermediation or facilitating financial intermediation. In addition, it includes NPIs engaged in market production of a financial nature (e.g., insurance), including those financed by subscriptions from financial enterprises whose role is to promote and serve the interests of those enterprises."(SNA93:§4.8).The category of "NPIs as market producers" includes "NPIs engaged in market production"(SNA93:§4.58) and "Market NPIs serving businesses."(SNA93:§4.59).

D
THE SNA93 NONMARKET ECONOMY

The SNA93 nonmarket economy is identified by the presence of (a) nonmarket output and(b) nonmarket producers. We begin with an examination of the notion of nonmarket output.

D1. Non-Market Output

SNA93 has introduced the concept of a "non-market output." Its component characteristics can be deduced from the following paragraph.

"…Other non-market output. This consists of goods and individual or collective services produced by non-profit institutions serving households (NPISHs) or government that are supplied free, or at prices that are not economically significant, to other institutional units or the community as a whole."(SNA93:§6.49).

The component characteristics of the SNA93 "non-market," "non-market goods," "non-market individual...services" and "non-market…collective services," and, implicitly

"non-market economy" concepts, which are described in the preceding paragraph, are the following:
First, for a non-market to exist, it is necessary to have production of "goods and individual or collective services." Second, this production must be by "non-profit institutions serving households (NPISHs) or government." Third, it is necessary that these goods and individual or collective services "are supplied free, or at prices that are not economically significant, to other institutional units or the community as a whole." Since, outputs are economic, according to Walras, if they are both "useful" and costly," the use of the term "free" can be ambiguous. It may create the false impression that these outputs are not costly and, thus, are not economic in nature, falling outside the "economic boundary." Furthermore, the use of the term "free" could be subject of further ambiguity because "prices" are quite often "not economically significant" when they are controlled and administered; when they are the consequence of an "unfree," "noncompetitive," "controlled" market. And, fourth, the costs of paying for factor services must be covered from revenues other than sales of output at economically significant prices. A central characteristic of an SNA93 "non-market", thus, is measurement of the value of its output exclusively from the input, cost side: value of output = value of costs (inputs). There is no "outcome based" measure of output value.

Thus, the distinction between "market" and "non-market" economy segments is based upon the following fundamental criterion: the nature of funding production costs. The market economy is defined by output value=output sales revenue=costs of production. The nonmarket economy is defined by output value=costs of production (inputs).

SNA93 does not place the primary conceptual, analytical and design emphasis on the NATURE of the outcome of output production. Instead, it elevates, as the central criterion of the respective production boundaries, the nature of funding the input costs from either(1) economically significant sales revenues-in the case of the market economy, or(2) other non sales revenues-in the case of the non-market economy.

D2. Nonmarket Producers: Institutional Units And Sectors

D2a. Nonmarket Institutional Units

Earlier in this essay it was stated that there exist four types of institutional units:(1)households, (2)corporations, (3)NPIs and(4)government units.

In the category of non-market institutional units are included the following:

1. Households as non- market producers
2. Corporations are by definition market producers
3. NPIs and NPIs engaged in non-market production

" The majority of NPIs in most countries are non-market rather than market producers. Non-market producers are producers that provide most of their output to others free or at prices which are not economically significant: that is, at prices which do not have a significant influence on the amounts the producers are willing to supply or on the amounts purchasers wish to buy. Thus, NPIs engaged mainly in non-market production may be distinguished not only by the fact that they are incapable of providing

financial gain to the units which control or manage them, but also by the fact that they must rely principally on funds other than receipts from sales to cover their costs of production or other activities. Their principal source of finance may be regular subscriptions paid by the members of the association that controls them or transfers or donations from third parties, including government."(SNA93:§4.60).

Thus, the criteria relied upon to circumscribe the NPIs engaged in non-market production include the following:(1) "provide most of their output to others free or at prices which are not economically significant: that is, (2) at prices which do not have a significant influence on the amounts the producers are willing to supply or on the amounts purchasers wish to buy."(3)" they are incapable of providing financial gain to the units which control or manage them," (4) "that they must rely principally on funds other than receipts from sales to cover their costs of production or other activities" Thus, the "value" of the " NPIs non-market production" is measured only from the input cost side (value of output=cost of inputs).There is no "outcome-based" measure of "output value."

"4.61. NPIs engaged mainly in non-market production may be divided into two main groups: those NPIs controlled and mainly financed by government and those NPIs providing non-market goods and services to households financed mainly by transfers from non-governmental sources - households, corporations or non-residents. The second group are described as "NPIs serving households" (NPISHs) and constitute a separate sector in the System.(SNA93:§4.61).

There exist, therefore, among "NPIs engaged mainly in non-market production" (1)those "controlled and mainly financed by government" and (2) ".those NPIs providing non-market goods and services to households financed mainly by transfers from non-governmental sources - households, corporations or non-residents. The second group are described as "NPIs serving households" (NPISHs) and constitute a separate sector in the System.(SNA93

4. Government units

"The economic objectives, functions and behaviour of government units are quite distinct. They organize and finance the provision of non-market goods and services, including both individual and collective services, to households and the community and, therefore, incur expenditures on final consumption. They may also engage in non-market production themselves. They are also concerned with distribution and redistribution of income and wealth through taxation and other transfers. Government units include social security funds."(SNA93:§4.19).

D2b. Nonmarket Institutional Sectors : General Government and NPISHs

There exist two non-market institutional sectors in SNA93:(1)the general government sector, and (2) the non-profit institutions serving households sector

"The general government sector consists mainly of central, state and local government units together with social security funds imposed and controlled by those units. In addition, it includes NPIs engaged in non-market production that are controlled and mainly financed by government units or social security funds."(SNA93:§4.9).

Thus, the "general government sector" includes not only(1), "central, state and local government units together with social security funds imposed and controlled by those units" but ,also,(2), "NPIs engaged in non-market production that are controlled and mainly financed by government units or social security funds." The boundary of the "general government sector" is circumscribed by using, first, the legal nature criterion of "central, state and local government units together with social security funds imposed and controlled by those units" and, second, in addition to the "non-market production", also, the "control" and "mainly financed" criteria. Accordingly, it includes "NPIs engaged in non-market production that are controlled and mainly financed by government units or social security funds."
In the SNA93 framework there exists, first, on the one hand, a direct link between the "market economy" and "financial" and "nonfinancial" "corporations." And, second, on the one hand, between the "non-market economy" and "NPIs" and the "general government" sectors, on the other hand.

Non-profit institutions are included (1) in the non-financial corporations sector as non-financial market NPIs, (2) in the financial corporations sector as financial market NPIs and(3) in the general government sector as non-market NPIs controlled and mainly financed by government units. Thus, according to SNA93,NPIs can produce any output and belong to any institutional sector. There exists no exclusive link between NPIs and a specific output. NPIs, therefore, can be part of any sector, except the household one.

E
SNA93 JUSTIFICATION OF ITS "NON-MARKET," "NON-MARKET OUTPUT," AND "NON-MARKET ECONOMY"TERMINOLOGY

The adequacy and validity of the SNA93 classification of, and distinction between, market and non-market outputs, welfare and so on, rests to a large extent on the economic arguments used to justify them. To a significant extent, these justification arguments will be explored in PART II, primarily because they are closely related to the counterarguments used to contrast the "SNA93" "non-market" to the mamalakis "collective market" "services" approach to measuring "government services." The discussion that follows below provides an introduction to the more complete reasoning which will be presented in PART II.

The rationale behind the "market" "non-market" terminology is difficult to detect. Some insights into it, however, can be deduced from the following paragraph:

"Other non-market output (P.13) 6.49. This consists of goods and individual or collective services produced by non-profit institutions serving households (NPISHs) or government that are supplied free, or at prices that are not economically significant, to other institutional units or the community as a whole.

Such output may be produced for two reasons: (a) It may be technically impossible to make individuals pay for collective services because their consumption cannot be

monitored or controlled. The pricing mechanism cannot be used when transactions costs are too high and there is market failure. The production of such services has to be organized collectively by government units and financed out of funds other than receipts from sales, namely taxation or other government incomes;"(SNA93:§6.49(a)).

According to first reason, output is classified as "non-market" because: "(a) It may be technically impossible to make individuals pay for collective services because their consumption cannot be monitored or controlled." The second reason is that (b)"The pricing mechanism cannot be used when transactions costs. are too high." And, thirdly, the pricing mechanism can not be used when "there is market failure."(The "transactions costs" and "market failure" arguments will be discussed in PART II). This reason would be adequate and valid only to the extent that the earlier SNA93 definition of a "market" were adequate and valid. To the extent that the earlier, SNA93 definitions and dichotomy between a "market" and "non-market" output and producers could be proven to be, using the SNA93 terminology, inadequate and invalid, the aforementioned reason could also be rendered inadequate and invalid. As already argued in preceding sections, "the nature of funding production costs" criterion of distinguishing between "market" and "non-market" output is rejected for being ill focused exclusively on a "cost-related" criterion In anticipation of the more detailed examination of the SNA93 concept of a market in PART II of this essay, the following points are made. First , it can be pointed out, that all "collective services"(which will be discussed in PART II of the essay) satisfy collective needs of all institutional units and sectors i.e., individuals, financial and non-financial corporations, NPIs and government units. Thus, in order for the aforementioned argument to become SNA93 conceptually adequate ,it would be necessary to reformulate it as follows: "(a)It may be technically impossible to make institutional units(individuals, corporations, NPIs and government units) pay for collective services because their consumption cannot be monitored or controlled." A collective market exists, however, according to the present essay, when (1) there exist collective needs, (2) when these collective needs create a demand for collective services, and (3) when there is a supply of collective services. The boundary of the collective market is clearly in harmony of the Walrasian "usefulness" and "costliness" criteria. The usefulness dimension of the economic reality of collective output markets is revealed by the "(1) existence of collective needs," and the parallel existence of a"(2) ... a demand for collective services." The costliness dimension of the economic reality of collective markets is, similarly, revealed by, and embodied in, the revealed existence of "a supply of collective services." The collective services being produced are costly and the costs are covered ,by definition, by institutional units Even if an exact quid pro quo may not be easily monitored and controlled, some general measures of quid pro quo are feasible and, actually, have been developed. The hardly rare view that "outcome-based" measures of the value of collective services ability to satisfy collective needs are inherently impossible can be seen as being too fatalistic. It greatly underestimates the ability of economists as well as non economists in general, and national accountants specifically, to develop conceptual frameworks that can provide outcome based measures of economic reality. Even if it were true (which is by no means universally the case) that it "may be technically impossible to make institutional units(individuals, corporations, NPIs and government units) pay for collective services because their consumption cannot

be monitored or controlled." a collective market would, and still does, exist. A "collective market" is defined by the "collective" nature of the underlying "collective" "needs," "demands," "supplies," "outputs," and "services." As is the case with the "individual" product markets for food, clothing, shelter, health, education and welfare, the defining characteristic of a market is the nature of the output(as revealed by the nature of the underlying needs), not the nature of the related transaction and exchanges. The nature of transactions and exchanges does not define a market. It defines the type or nature of a market.

The "market" versus "non-market" distinction of SNA93 also may not be in complete harmony with another fundamental and critical contribution of SNA, namely, that all institutional units and sectors can participate in all final composite commodity (individual and collective), intermediate value added, factor income (labor and no labor) and factor endowments(labor and no labor) markets.

All respective markets exist: final individual and collective outputs, intermediate value added and its components as well as factor incomes and endowments. Does the "market" "non-market" distinction apply to only "one", e.g., the final "collective" composite commodity market, or to more than one, e.g., the "collective" but not the "individual", composite commodities market? Can "markets" and "non-markets" exist for collective and individual final composite commodities? Or, does this distinction apply only to "final service composite commodity"? Or would it apply, even more narrowly, just to "final collective service composite commodities"?

And, if the distinction between "market" and "non-market" applies to final and intermediate "products" and "outputs", why would the distinction between "market" and "non-market" economies also not apply to all "input" markets whether these refer to intermediate inputs (outputs of another activity) or factor services and endowments. Is it possible, therefore, that the "market" "non-market" distinction creates more conceptual, methodological and measurement problems and difficulties than it solves?

The almost exclusive emphasis of SNA93 on measuring the "value of economic output" by using the criterion of "input cost funding"(funding dimension of costliness)(in terms of sales versus non sales revenues) may have diverted attention and resources away from the even more fundamental challenge of also measuring output value from the Walrasian "usefulness-outcome" side, especially when the "sales revenues-based" measure of output value is not available.

PART II

DEFINING AND MEASURING GOVERNMENT OUTPUT AND SERVICES:THE MAMALAKIS COLLECTIVE MARKET APPROACH

The fundamental challenge of SNA is to provide an accurate, quantitative, measure of economic reality. This challenge, it is generally agreed upon, is met best, by providing an accurate and valid measure of the value of economic output, i.e., of output which is both costly and useful (Mamalakis: 1996). In principle, it is also agreed upon, that accurate and valid measures of the value of economic output can only be obtained through accurate and valid measures of both its cost (liness) and the use (fullness).Measuring output value from the cost side generally is rather accurate and valid because of the existence of generally accurate and valid statistics of costs. Measuring output value using the "usefulness" criterion is far more problematic. When outputs are sold in free and competitive markets, "sales revenues" are normally used as a proxy variable for the "usefulness" criterion. Ideally, the usefulness criterion should be equivalent to an outcome, as revealed by the "degree of satisfaction" of a need, accomplished through the consumption/use of the respective output.

The objective of Part II is to provide a picture of economic reality that can hopefully permit an adequate and valid understanding of, and measure, the services (output) produced by government. This objective is pursued through an, as comprehensive as possible, examination of COLLECTIVE MARKETS. This examination is carried out in four sections.

The first(A) section, which is titled Collective Output Market, aims to reveal the critical role played by the notion of collective in focusing on outcomes and outcome based measures of incremental as well as cumulative outputs, in particular, but not exclusively, by government. In this section, the notion of collective leads to the presentation of such related collective market variables as collective needs, collective demand, collective supply and collective output. The nature of output emerges as a fundamental criterion of value.

The second(B) section, which is denominated The Arduous and Prolonged Process of Recognizing the Reality of Collective Markets, briefly traces the intellectual forces (revelation, reason, observation) which led, over millennia, to the recognition of various components of collective markets.

The third (C) section, on Mesoeconomics, hopes to reveal the enormous potential, of an updated and revised version of SNA, to facilitate mesoeconomic policies which are complementary to, and in countries in formative stages of development, far more important than, the monetary and fiscal macroeconomic policies facilitated by national accounting since WWII. Its focus is on the procedural, as well as consequentialist, relationship of government services to incremental and cumulative output values throughout the economy.

The fourth(D) section, which is labeled Moral and Immoral Commanding Heights, aims to reveal the role (or lack thereof) the golden rules play in value-based and outcome-oriented policies.

A

COLLECTIVE OUTPUT MARKET

Before we can proceed with an examination of collective markets, it is, first, necessary to present definition of a market which represents a more accurate picture of economic reality than the SNA93 definition. It is believed that the proposed definition is more consistent, with the pre 1993 tradition of SNA, than the SNA93 definition.

A1. The Mamalakis Notion Of An (Economic) Output Market

It is suggested here that an accurate and valid measure of economic reality, especially, but by no means only, of its government output segment, can be attained only by replacing the SNA93 "market" versus "non-market "dichotomy of output, producers, demand, supply, goods, services and economy by a universal denomination of all output, producers, demand, supply, goods, services and economy components of the economy as "market" ones.

The term "market" is used here as a simplification for the term "economic market." A "market" is considered to be an "economic market" when it involves the use of costly (scarce) and useful (capable of satisfying needs) inputs to produce costly and useful outputs. Henceforth, unless stated otherwise, the term "market" will be used as a synonym for the term "economic market." For an economic market to exist, the following conditions must be satisfied: (1) there exists a need. (2)There exists a desire to satisfy the need which creates a demand for a commodity, an output, which is useful in (capable of) satisfying it. There is a demand for a useful outcome i.e., an outcome that creates utility, wellbeing, welfare. (3)There exists a supply (production) of a commodity which, when consumed-used, is capable of satisfying the need.(4) Production of the output capable of satisfying the need can be attained only by using scarce, costly inputs. Thus, (5) an output market exists only if there exists also an input market for factor services, which add value, and for intermediate inputs.(6)All institutional units and sectors have needs, although not necessarily the same.(7)And, all institutional units and sectors can participate in all markets as producers of useful outputs, albeit to different degrees.(8)All markets involve an infinite number of transactions and exchanges .(9)The nature of transactions i.e., cash, barter and so forth, does not determine the "essence" of a market, which is defined by the criteria listed in this paragraph. The nature of the exchange e.g., cash, specifies the type of the market, e.g., a cash market, not its essence. Accordingly, a need can be for(a) final (composite) output; (b)the value added components of a final composite output;(c)factor services(flows) used up in the production of value added components; and (c)factor endowments(stocks) generating factor services in the successive stages of production. The use of the generic term market eliminates the infinite number of conceptual and measurement problems associated with the use, or non use, of the SNA93 "market" "non-market" dichotomy in respect to (1) final output flows, (2) value added flows,(3) factor services flows, (3)intermediate input flows,(4) stocks of factor endowments,(5) producers,(6)institutional units and sectors, and so forth.

Thus, there exist only market incremental and cumulative outputs, market producers, market needs, supplies, demands and so forth.

It may be of interest to point out , in the brief section which follows, titled
A2. The "Commodities" Versus "Other Goods And Services" Approach Of SNA 68, that SNA68 did not have the pervasive "market" "non-market" dichotomy of SNA93. The value of this section consists in revealing that the SNA93 market non-market conceptual framework is introduced bySNA93 and did not exist previously.

According to SNA 1968, ": commodities are goods and services normally intended for sale on the market at a price that covers their cost of production ;"(SNA68: paragraph 1.46, p.9). "; industries are productive units which produce nothing but commodities; and activities consist of industries together with the producers of government services and the producers of private non-profit services to households"(SNA68:§1.46,p.9). ".. production of unmarketed services (mainly government services)..." (SNA68: § 1.51, p.10)

Activities include industries, which produce commodities, and "government departments and non-profit bodies" engaged "in the production of unmarketed services (mainly government services...) (SNA68: §1.51, p.10). "The reason for widening the scope of productive activities in this way is to give explicit recognition to the productive services performed by government departments and private non-profit bodies."(SNA68: §1.51, p.10).

Resident producers of commodities and other goods and services are, according to SNA68 "…-industries, the producers of government services, the producers of private non-profit services to households and the domestic service of households-…" (SNA68: § 6.2, p.94).

A1 SECTION CONTINUED

After this brief presentation of the SNA68 conceptual framework, we return to the discussion of the conceptual framework founded on the universal existence and essence of "markets."

As already mentioned in PART I, "Such" non-market " output may be produced for two reasons: (a) It may be technically impossible to make individuals pay for collective services because their consumption cannot be monitored or controlled. The pricing mechanism cannot be used when transactions costs are too high and there is market failure. The production of such services has to be organized collectively by government units and financed out of funds other than receipts from sales, namely taxation or other government incomes;"(SNA93:§6.49(a)).

The generic, rather broad, definition of a market proposed here enables us to address the following, additional, arguments, advanced by SNS93, in support of the "market" "non-market" dichotomy.

"..The pricing mechanism cannot be used when transactions costs are too high and there is market failure. The production of such services has to be organized collectively by government units and financed out of funds other than receipts from sales, namely taxation or other government incomes;"(SNA93:§6.49(a)).

The beginning argument is that the "...The pricing mechanism can not be used" when ". transactions costs are too high..." First, the essence of a market is not determined by "pricing mechanisms." Only the type of a market can be determined by pricing mechanisms. Thus, there exist references to "free," "controlled," "administered," "black," and "gray" markets. In all instances, the noun "market" retains its identity. The market with administered prices does not become a "non-market." A controlled market does not become a "non-market." The market may "fail" by being "monopolistic" and "controlled" as a consequence of state or non-state action .It never loses, however, its identity as a market. It never becomes a non-market. More specifically, the "transactions cost" concept lacks substantive value. If it is a cost, it must be determined whether it is part of a production or other cost and, if yes, how it can be measured. It must be reconciled with the SNA conceptual framework. Within the collective markets framework of the present essay, failure, in a collective output submarket, to produce a necessary, for economic development, "collective service," can indeed impede economic development. This, however, has little, if anything, to do with the very ambiguous concept of transaction costs.

According to the subsequent claim, "...The pricing mechanism cannot be used when… there is market failure. ;"(SNA93:§6.49(a)).Within the Mamalakis framework and conception of a market, all markets can "fail" in the sense of not satisfying a need. Thus, we can have failure of final(cumulative value added) composite individual or collective output markets, of intermediate(incremental value added) output markets, of factor services markets and factor endowments markets. Since all institutional units and sectors can, and do, participate in all markets, any and all of them can be responsible for their success or failure. Neither their success nor their failure can be explained by, or attributed to, the pricing mechanism. The pricing mechanism may be a symptom, an indicator, a proxy variable of, the intermediate outcome of actions by market participants, but it not the outcome we are interested in. We are interested in the reasons behind the failure of collective and other output, as well as input, markets to produce the collective and other outputs needed to eliminate collective freedom, security of life and social harmony poverty, or food, shelter, clothing, educational, health and welfare poverty. The price mechanism reflects, and can shape, (especially collective) market forces. The price mechanism, however, only defines the type not the essence of a market. A market can fail, when prices are not free and competitive, because of intervention or nonintervention by government and /or other institutional units or sectors. It does not ,however lose its identity as a market. In the case of the collective market, the market of all markets, failure exists when one or more of the seven moral, fundamental ,collective needs are not satisfied. The fundamental problem here is that the presence and unique nature of collective markets is ,on unfounded a priory grounds, ignored and misunderstood. The greatest barrier to recognizing and transforming collective output markets has been their demotion to, and misrepresentation, as "non-markets." With both the consequential and procedural dimensions of collective output markets neither fully recognized nor adequately explained, the necessity and urgency of "outcome-based notions and measures of "collective output" "collective welfare," "collective wellbeing," and "collective utility" have been dangerously underestimated. According to the

"universal market based conceptual framework" any market can fail or succeed. The impression given by SNA93 that only "output markets" can "fail" and that, when such failure occurs," "fail proof" " output non-markets" can replace them, is not supported by either reason(deductive method) or empirical observation (inductive approach).All markets (whether they are called by SNA93 markets or nonmarkets) can fail or succeed.

A3. The Collective Output Market Approach Of Mamalakis

What IS government? WHAT does GOVERNMENT DO? WHY is government needed? HOW did government emerge? In order to answer these and many other related questions we need a Theory of Why government is needed. Any answer to these questions requires an understanding of all collective market dimensions: collective needs, demands, outputs, supplies of, and by, all institutional units and sectors. There is revealed, philosophical and economic reason why collective markets exist: basic and fundamental collective needs exist , these needs can be, and are, recognized and satisfied through collective markets, and the widely unequal degrees of recognition and satisfaction of moral collective needs can be corrected only through collective market action.

The Mamalakis conception of a market was presented in section. A. We turn now to a presentation of the Mamalakis conception of a collective output market. Because it is argued in this paper that the collective output market is the birth place of all societal constitutional orders, whether informal (oral) or formal (recorded); and because its procedural and consequentialist outcomes shape the SNA economic production boundary and the values of its contents, it is necessary to describe its key characteristics in some detail, even if some of them overlap with those listed when the mamalakis notion of a market was presented. Dealing with collective markets (needs, demand, supply, output, services and so forth), is the central and most neglected economic, including SNA, identification and measurement problem. Not only is collective output welfare a significant component of total welfare, wellbeing and utility but, also and furthermore, is THE singularly, most critical, determinant of the, utility-, wellbeing-, and welfare-shaping, level and growth of production. It is collective markets which determine whether (a) a nation will be prospering because its commanding heights are moral, and stabilizing centripetal forces dominate (USA, most of Europe and Japan), or, (b) it will be stagnant because its commanding heights are immoral, and centrifugal forces undermine and weaken its economic, social and political fabric (much of Latin America, Africa and Asia).

According to the collective output market approach.

1 ALL institutional units and sectors recognize the existence and seek satisfaction of one or more of their collective needs.

2 The collective needs can be moral, ethical, or, immoral, unethical. According to the present essay(and this list is neither final nor exclusive) there exist the following seven MORAL COLLECTIVE NEEDS: (1) safety, security and protection of life;(2)political freedom;(3)economic freedom;(4)equal treatment by government;(5)social harmony:(6)safety, security and protection of private property and (7)environmental sanctity(Mamalakis:2005a,2005b).According to the Golden Rules(Mamalakis:2005:b),

sustainable democracy and civil society as well as economic growth can be attained if all seven moral collective needs are satisfied The Mamalakis conception of moral Collective Markets, which is defined and guided by the Golden Rules, embodies the notion of a state created by the people to serve the people by catering to their moral collective needs. It is a state created with the GOAL of serving the PEOPLE by satisfying their collective needs, through the establishment of a MARKET, the collective one, as the MORAL MARKET of all MORAL MARKETS, a MARKET that creates and enforces benevolent rules guiding the multiple economic(costly and useful) transactions among IU and IS as they pursue a Good Life.. Recognition and satisfaction of the seven moral collective needs provide the roots of the global tree of justice.

3. ALL institutional units and sectors can, and do, participate, to different degrees, in collective markets, both from the demand and supply side. Thus, a collective output market arises when people (IU and IS) have collective needs, i.e., needs that can be satisfied in a non-rival and non-exclusive manner, and there is collective desire (consent) for collective satisfaction of these needs. A comprehensive and correct understanding of collective action outside the conception of collective markets is impossible.

4.There are, and there can be, as many exchanges and transactions in collective output markets as in any other markets. They can be in cash, barter or any other form. We present next the seven collective needs and their respective collective services submarkets.

A4. The Seven Fundamental Collective Output Submarkets

The fundamental collective markets for the seven collective services are: (1)Protection of Life, (2)Political Freedom, (3)Economic Freedom, (4)Equal Treatment By Government, (5) Social Harmony, (6) Private Property, and (7) Environmental Sanctity

All seven collective services submarkets have the following common characteristics.(1)The moral collective needs satisfied by them are complementary if the goal is to attain civil society, sustainable democracy and growth.(2)All institutional units can recognize and satisfy the respective moral collective needs. Each collective submarket is an inseparable component of the whole collective market. The overall market is an aggregation of the, complementary, component, submarkets.

The collective needs conceptual framework proposed in PART II of this essay is the result of using both the inductive and deductive method. Generalizations (inductive method) about collective needs, markets and so on, reflect and embody vast statistical evidence collected and empirical observations made by an infinite number of institutional units around the globe. SNA could use it. In addition, at least since Socrates, Plato and Aristotle, scholars postulated (deductive method) or recognized (inductive method) the existence of the collective needs of the Polis(city),i.e., that good life depends not only on economics (economia eco-oico-individual needs of the household and nomos-law-rules), i.e. the rules governing satisfaction of individual household needs, but also on politics, i.e. the rules of satisfying the collective needs of the polis-city. The use of both methods suggests that people know what good life is, that it depends on the recognition and

satisfaction of the seven moral collective needs, and, accordingly, they have a demand for collective services, which are expected to be jointly supplied by all institutional units and sectors.SNA succeeded in providing largely accurate and valid economic measures of "individual needs-output welfare". The present essay hopes to facilitate preparation of an accurate and valid measure of the millennially neglected " collective needs-output welfare" by using the Mamalakis theories of services, in particular collective ones, and of the corresponding role of government.(Mamalakis:1974; 1987; 1989; 1996; 1997; 1998; 2005a and 2005b).

1. Protection of Life

Collective Need For, and Service of, Safety, Security and Protection of Life

The collective service satisfying the moral collective need for the sanctity of life provides the first and foremost pillar of the sustainable democracy and civil society edifice. In the real world we can observe scenarios of prosperity, poverty and extreme poverty in respect to the degree of recognition and satisfaction of the moral collective need for safety, security and protection of life.

As stated at the beginning of PART I of this essay, "there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality." "The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed." (SNA93: §1.70). "The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare.." (Atkinson:p.4).

Accordingly, two questions can be raised: first , are the main "macroeconomic aggregates of the" SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for safety, security and protection of life of all institutional units? The answer is NO! Second, are aggregate production or consumption valid indicators of safety, security and protection of life welfare of all institutional units? Once again, the response is negative. Any measure of economic welfare which does not explicitly include the "welfare of safety, security and protection of life" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of safety, security and protection of life" is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for safety, security and protection of life, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value.

War and sanctity of life. It is suggested here that the economics of war would be examined best within the conceptual framework of the collective submarket in respect to the collective need for safety, security and protection of life. Our concern here is not, strictly speaking, on the economics of military science, i.e., the relationship between a

military goal, e.g., defeat of an enemy, or winning a battle, but, far more general, on the, broadly defined, economic benefits derived from a war, the economic costs of war, and consequently, on balance, the net economic benefits or costs of war. It is far more than a concern and analysis of just military science. It can be described as an exploration into the essence and foundation of the economic science of war, within the collective market conceptual framework, of which the military science is a subset. The golden rule of safety, security and protection of life must be adhered to during the ad bellum, in bello and post bellum phases of war. The fundamental economic goal is to provide maximum security, safety and protection of life through the minimal loss of life by the belligerent parties (both winners and losers).

2. Political Freedom
Collective Need for, and Service of, Political Freedom (Liberte)

In the real world we can observe scenarios of prosperity, poverty and extreme poverty in respect to the degree of recognition and satisfaction of the moral collective need for political freedom.

As stated at the beginning of PART I of this essay, "there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality." "The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed." (SNA93: §1.70). "The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare.."(Atkinson:p.4).

Accordingly, two questions can be raised: first, are the main "macroeconomic aggregates of the" SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for political freedom of all institutional units? The answer is NO!

Second, are SNA93 aggregate production or consumption valid indicators of political freedom welfare of all institutional units? Once again, the response is negative. No measure of economic welfare, economic wellbeing and economic welfare can be "coherent, consistent and integrated" unless it incorporates the utility, wellbeing or welfare derived from the satisfaction of the collective need for political freedom. Any measure of economic welfare which does not explicitly include the "welfare of political freedom" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of political freedom" is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for political freedom intertemporal as well as international comparisons of total output and welfare

will be of limited value. It is in the collective submarket producing the moral collective service for political freedom where the voice of the people ,vox populi, through elections, can determine who has the power of the state and how this power is used.

War And Political Freedom. A just war would exist, if and when, the golden economic rule of satisfying the collective need for political freedom guides ,and is an integral component of, jus ad bellum, jus in bello and jus post bellum. This is a necessary condition for attaining procedural democracy. It is not, however, a sufficient condition for attaining sustainable democracy and civil society.

War and Religious Freedom. Religious freedom and tolerance exist when no religious institutional unit controls the power of the state and uses it to establish a state religion. Acceptance of revealed ,religious, truth, which is compatible with truth based on reason, does not violate the moral freedom of religion or the separation of state and church principles. Sustainable democracy and civil society are completely incompatible, however, with any ideologies rejecting the freedom of religion principle. An outcome-based, sequentially both procedural and consequentialist, measure, by SNA, of the degree of satisfaction of the moral collective needs for political, religious and economic freedom, is necessary if intertemporal and international comparisons of welfare, wellbeing and utility are to be valid.

3. Economic Freedom
Collective Need for, and Service of, Economic Freedom (Liberte)

In the real world we can observe scenarios of p prosperity, poverty and extreme poverty in respect to the degree of recognition and satisfaction of the moral collective need for economic freedom.
As stated at the beginning of PART I of this essay, “there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality.” “The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed.” (SNA93: §1.70). “The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare.” (SNA93:§1.70). “The second is the expression of the level of national welfare..” (Atkinson:p.4).

Accordingly, two questions can be raised: first, are the main “macroeconomic aggregates of the” SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for economic freedom of all institutional units? The answer is NO! Second, are aggregate production or consumption valid indicators of economic freedom welfare of all institutional units? Once again, the response is negative Any measure of economic welfare which does not explicitly include the “welfare of economic freedom” component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the “collective welfare of economic freedom” is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for economic freedom, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value.

4. Equal Treatment By Government
Collective Need for, and Service of, Equal Treatment by Government (Egalite)

In the real world we can observe scenarios of prosperity, poverty and extreme poverty in respect to the degree of recognition and satisfaction of the moral collective need for equal treatment by government.

As stated at the beginning of PART I of this essay, "there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality." "The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed." (SNA93: §1.70). "The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare.." (Atkinson:p.4).

Accordingly, two questions can be raised: first, are the main "macroeconomic aggregates of the" SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for equal treatment by government of all institutional units? The answer is NO! Second, are aggregate production or consumption valid indicators of equal treatment by government welfare of all institutional units? Once again, the response is negative. Any measure of economic welfare which does not explicitly include the "welfare of equal treatment by government" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of equal treatment by government" is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for equal treatment by government, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value.
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5.Social Harmony
Collective Need for, and Service of, Social Harmony (Fraternite)

In the real world, we can observe a wide range of scenarios in respect to the degree of recognition and satisfaction of the moral collective need for social harmony. Accordingly, we can observe around the world various degrees of social harmony prosperity, poverty and extreme poverty.

Social harmony is the fifth fundamental pillar needed for the existence of the edifice of CIVIL SOCIETY, SUSTAINABLE DEMOCRACY AND ECONOMIC GROWTH. Social harmony poverty is as important an impediment to the attainment of good life as is poverty in the satisfaction of the other six, complementary, moral collective needs.

As stated at the beginning of PART I of this essay, "there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality." "The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed." (SNA93: §1.70). "The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare.." (Atkinson:p.4).

Accordingly, two questions can be raised: first, are the main "macroeconomic aggregates of the" SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for social harmony of all institutional units? The answer is no! Second, are aggregate production or consumption valid indicators of social harmony of all institutional units? Once again, the response is negative. Any measure of economic welfare which does not explicitly include the "welfare of social harmony" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of social harmony" is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for social harmony, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value.

War and social harmony: In every war there are those who gain and those who lose. Evening out the benefits (gains) and losses (costs) between, and within, the victorious and defeated population cohorts, is a necessary condition for attaining civil society, sustainable democracy, economic growth and peace. Social disharmony in the ante bellum period can feed civil as well as external war. Absence of social harmony can prolong wars and delay the arrival of peace. Creation of the fundamental pillar of social harmony is one of the seven preconditions for the establishment of CIVIL SOCIETY, SUSTAINABLE DEMOCRACY AND ECONOMIC GROWTH

Social harmony is often attained through a transfer of resources from the active-productive segment of the population to the inactives -the young, the old, the sick, the handicapped, and the wounded.

In the short run, social harmony can be advanced through cash and/or in kind redistribution of resources(transfers) from the haves to the have-nots ,from the better off to the less well off. In the medium and long term, social harmony can be best advanced through eleemosynary, charitable transfers satisfying the "means needs" of the poor i.e.,

increasing their labor and non-labor factor endowments and their corresponding income generating capacity.

6. Private Property Sanctity
Collective Need for, and Service of, Safety, Security and Protection of Private Property

In the real world we can observe scenarios of prosperity, poverty and extreme poverty in respect to the degree of recognition and satisfaction of the moral collective need for safety, security and protection of private property.

As stated at the beginning of PART I of this essay, "there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality." "The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed." (SNA93: §1.70). "The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare." (SNA93:§1.70). "The second is the expression of the level of national welfare.." (Atkinson:p.4).

Accordingly, two questions can be raised: first , are the main "macroeconomic aggregates of the" SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for private property of all institutional units? The answer is NO! Second, are aggregate production or consumption valid indicators of private property welfare of all institutional units? Once again, the response is negative. Any measure of economic welfare which does not explicitly include the "welfare of private property" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of private property" is incorporated.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for safety, security and protection of private property, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value.

It is suggested that there is a clear cut connection between the mesoeconomic dimension of recognition and satisfaction of the moral collective need for private property sanctity and the macroeconomic, monetary policy goal of price stability. Inflation can have disastrous mesoeconomic, mesopolitical and mesosocial consequences because it embodies a violation in the recognition and satisfaction of the moral collective need for private property sanctity. It embodies a recognition and satisfaction of the immoral, unethical need for weakening, even, destroying (erosion and redistribution) private property which is a central pillar and procedural foundation of civil society .While recognition and satisfaction of the moral collective need for protection of private property is an indispensible procedural foundation and centripetal component of a stable economic, political and social system, recognition and satisfaction of the immoral collective need for destruction of private property provides a central foundation of

unstable economic, political and social systems descending into the centrifugal abyss of chaos.

Failure of collective markets to satisfy the moral collective need for private property sanctity, it is suggested here, is a central cause of ephemeral democracy and the birth and perpetuation of oppressive political regimes.

SNA could, and should, provide measures of the degree of recognition (or lack thereof) and satisfaction (suppression) of the moral (immoral) collective need for protection of private property since it is a central dimension of economic reality, of its conceptual framework and individual and total welfare. Furthermore, the time may have come for the establishment of a separate FINANCIAL INTERMEDIATION (FINANCIAL MARKETS) MINISTRY , of mesoeconomic roots and orientation, to complement the macro oriented CENTRAL BANKS.
Within such a ministry, it is recommended that a supervision system for credit card exposure, where credit card loans can not be independent of income plus assets of card holder borrower, be established. Competitive financial mismanagement, in direct violation of, and affront on, the principle of recognition and satisfaction of the collective need for safety, security and protection of private property is a mesoeconomic reflection of economic reality.

The degree of satisfaction of the collective need for sanctity of private property could be measured by SNA ,with the help of such a Ministry, by means of indices of credit losses, indices of foreclosures, indices of bad bets in the subprime markets, and indices of bad bets in mortgage hedging operations.

7. Environmental Sanctity
Collective Need for, and Service of, Safety, Security and Protection of the Environment (Environmental Sanctity)

As stated at the beginning of PART I of this essay, “there are two separate, fundamental, aspects in respect to the usefulness of SNA93 in mirroring and measuring economic reality.” “The first is the adequacy of the main aggregates of the System as summary indicators of economic activities taking place within the economy as a whole and flows of goods and services produced or consumed.” (SNA93: §1.70). “The second is the more general question of the validity of using measures of aggregate production or consumption as indicators of welfare.” (SNA93:§1.70). “The second is the expression of the level of national welfare..”(Atkinson:p.4).

Accordingly, two questions can be raised: first, are the main “macroeconomic aggregates of the” SNA93 system an adequate indicator of the production and consumption activities recognizing and satisfying the moral collective need for environmental sanctity of all institutional units? The answer is once again, NO! Second, are aggregate production or consumption valid indicators of environmental sanctity welfare of all institutional units? Once again, the response is negative.

As long as official, published, national accounts statistics do not provide an explicit measure of the value of production and consumption of the collective service for environmental sanctity, measures, and intertemporal as well as international comparisons, of total output and welfare will be of limited value. Any measure of economic welfare which does not explicitly include the "welfare of environmental sanctity" component is incomplete. Valid international comparisons of SNA-based economic welfare can exist only if the "collective welfare of environmental sanctity" is incorporated. Independent Departments or Ministries of ENVIRONMENTAL SANCTITY, would, thus, be highly desirable.

War And The Environment. Never before in the history of mankind has the satisfaction of the moral collective need for ENVIRONMENTAL PROTECTION been as urgent as it is today. More specifically, the potentially CALAMITOUS impact of the "MODERN" tools of war on the environment (HUMANITY itself), above and beyond the ongoing deterioration, can lead to the disappearance of the human race: the ULTIMATE price paid by MAN for EVIL abuse of a GOD-NATURE given power. There may not be a POST BELLUM life. Thus, the golden rule of environmental sanctity is relevant to the ad bellum, in bello and post bellum periods.

B
THE ARDUOUS AND PROLONGED PROCESS OF RECOGNIZING THE REALITY OF COLLECTIVE MARKETS

The Multiple Dimensions of Collective Markets

Why have collective markets not been recognized, at least integrally, until now? According to the present essay (Mamalakis:2005a) because (1) of the absence of an operational theory of government: a theory of government both procedurally (based on principles) and consequentially valid. In turn, however, an operational theory of government could not be formulated without (2) a parallel theory of collective services. Creation of a theory of collective markets required knowledge based on (a) revelation, (b) philosophical reason and (c) economic inductive (observation of reality) and deductive reasoning. Once the complementary procedural and complementary dimensions of the theory of government and collective services were available (Mamalakis:2005a), formulation of the conceptual framework of collective markets became possible.

It is beyond the scope of this essay to provide a detailed history of the creation and evolution of the various components of the collective markets as envisaged in this essay .Only a brief review is possible.

Mosaic law provides a major building bloc. The ten commandments, with revelation as their origin, allude to the moral collective needs for sanctity of life (you shall not murder), sanctity of private property (you shall not steal, you shall not covet your neighbor's house), social harmony (honor your father and mother, you shall not bear false witness against your neighbor, you shall not commit adultery, remember the Sabbath and keep it holy) and so forth. The use of reason is the hallmark of the contribution of the

Greeks, par excellence Socrates, Plato and Aristotle, to understanding collective markets . Greece emerges as the birthplace of the idea of recognition and satisfaction of the moral collective need for freedom. Furthermore, Greeks place power at the center of the notion of collective markets. Their primary focus is on WHO has the power of the state: if the assembly(demos),there is democracy; if one person rules, there is monarchy and so forth. The philosopher kings, with their modest economic training, never really raised the fundamental question of how the power of the state is or should be used. The classical school of economics of the age of enlightenment, and in particular Adam Smith, are constrained by their adoption of the dichotomy between productive and unproductive labor, with government, with minor exceptions, being viewed as unproductive. The age of enlightenment, with its espousal of Socratian, Platonic and Aristotelian philosophic reasoning, lacked the economic reasoning necessary to fully recognize collective markets.

Neither the ancient Greek, Athenian, Socratian, Platonic, Aristotelian, political philosophers, nor those of the age of enlightenment (Adam Smith, John Stuart Mill, David Ricardo, and Robert Malthus), fully recognized the existence ,as part of economic reality, of collective markets, needs, demand, supply, utility, and action. In the last two thousand years, there has existed a vacuum in our understanding of both economic and political reality, because of the failure to realize the existence o f collective markets, of collective needs, and of the varying degrees of efficiency of collective markets in satisfying pivotal ,moral, collective needs.

Montesquieu' s seminal theory of separation of administrative powers into the legislative, the executive and the judiciary, introduced the notion of balance of powers as a means of constraining those who have the power from abusing it. Achilles' heel of the separation of powers theory is its lack of a theory of how the power of the state should be used. Constitutional guarantees of separation of powers in almost all countries has not prevented the most immoral, inhuman abuses of state power, genocide being only one of them. There is very little, if any, explicit recognition of the seminal role of collective markets, as described in this essay, by social choice, public choice and other theories, where collective markets are of central, foundational importance.

Explicit recognition by SNA of the different degrees of recognition and satisfaction of the moral collective needs and of the corresponding Golden Rules, as proposed in the present essay, will not put an automatic stop to current or future widespread abuses of power. However, absence of SNA measurement of adherence to the golden rules would make SNA complicit to ignoring or suppressing information about, often appalling, conditions of security of life, political freedom, social harmony, equal treatment, environmental protection and other related forms of poverty and hunger.

The theory of collective services and of the role of government (Mamalakis:2005a) used in this essay, aims to fill the collective markets empty box pertaining to how the power of the state is used, and to facilitate the formulation of mesoeconomic policies complementary to, and often, constitutionally anterior, to macroeconomic fiscal and monetary ones.

C
MESOECONOMICS

Aggregate utility, wellbeing and welfare are determined by the degree of satisfaction of needs of institutional units through consumption-use of final goods and service composite commodities. All final commodities are composite, in the sense of being the cumulative sum of value added components. The first dimension of mesoeconomics is its focus on the incremental value added concept, the very core of SNA. Mesoeconomics aims to identify the optimum circumstances for the generation of all incremental value added components embodied in the sum total of composite commodities produced and consumed. It differs from macroeconomics in the sense of focusing on the nature of the mesoeconomic constitutions which establish the rules of "value added" creation without which there can be no macroeconomic outcome. The second dimension of mesoeconomics is its sectoral or activity focus. The incremental value added components are connected to specific activities generating value added, such as agriculture, mining ,government and so forth. Third, meso economics is value oriented. Its focus is on the value of incremental and cumulative value added components in terms of satisfying final needs. Thus, mesoeconomics is, fourth , outcome oriented. Mesoeconomics focuses attention on allocative efficiency where the optimum combination of outputs has a unique consequentialist content.Allocative efficiency can exist only when the golden rules are satisfied ,i.e., only if the seven moral collective needs are satisfied. Thus, mesoeconomics elevates the moral collective market to the status of market of all markets because it determines the mesoeconomic constitutions governing all markets involved in value added creation. The agnostic perception of equilibrium being determined by the intersection of demand (moral free utility) and supply (cost), (technological efficiency) is amended by the moral golden rules of collective markets Public policy is offered a conceptual framework that can easily address multiple value considerations, including those related to income and wealth distribution. Fifth, mesoeconomics emphasizes the complementary procedural and teleological dimensions of all markets, but especially of the collective ones. Unless collective markets produce (by following the golden rules) moral mesoeconomic constitutions, meso crises reduce or deprive monetary and fiscal policies of their effectiveness. Mesoeconomics, therefore, is anterior to macroeconomics.Mesoeconomic policies are antecedent to monetary and fiscal policies.Mesoeconomics reveals, and incorporates, the neglected, ignored ,even belittled, but vital, collective market frontier.

D
THE GOLDEN RULES AND THE COMMANDING HEIGHTS

There exist two Golden Rules (Mamalakis:2005b). According to the first golden rule, which recognizes the essential complementarity between electoral democracy and civil society, sustainable democracy and economic growth can exist only when collective markets produce both electoral democracy and civil society. According to the second golden rule, which emphasizes the importance of, and vital complementarity between, the moral collective needs for safety, security and protection of life and private property, political and economic freedom ,equal treatment by government, social harmony and

environmental sanctity, the necessary condition for the existence of electoral democracy is recognition and satisfaction of the collective need for political freedom. Furthermore, the necessary and sufficient condition for the existence of civil society is recognition and satisfaction of all moral collective needs, including that for political freedom. Adherence to the Golden Rules, i.e., recognition and satisfaction of the seven moral collective needs, is something individuals and societies have lived and died for.

The golden rules can not, and do not, guarantee that people will be happy. The golden rules aim to guarantee that people live in an environment where they are free to determine what makes them happy or unhappy. The golden rules aim to create an environment within which collective needs are satisfied in a manner that permits institutional units and sectors to satisfy their individual needs without coercion by government or other institutional units and sectors.

Deviations from the golden rules can be many. Once in power, those in power may change the Goal of Government from that of serving the people by satisfying their moral collective needs, to using the Power of the State to remain in Power (satisfying their lust for power) and to the benefit of a person (a despot, a tyrant) or a group of persons (IU and IS) (oligarchy).The state then exists to be served by the people, as it pursues goals other than the good life of all.

According to the Mamalakis general market approach to SNA, allocative efficiency can be attained only when the best combination of outputs is produced with the least expensive inputs subject to the GOLDEN RULES CONSTRAINT. According to the Golden Rules constraint, the "best," in the combination of "outputs," must include all seven complementary moral collective needs for protection of life and private property, political freedom, economic freedom, equal treatment by government, social harmony and environmental protection. Recognition and satisfaction of the seven moral collective needs, under the umbrella of the Golden Rules, would guarantee the attainment, on the one hand, of collective submarket allocative efficiency, i.e., recognition and satisfaction of the seven complementary collective needs with the least expensive inputs, as well as, on the other hand, of universal market allocative efficiency, i.e., collective submarket allocative efficiency, as well as, individual submarket allocative efficiency, i.e., recognition and satisfaction of all individual needs, with the least expensive inputs, always within the boundary established by the binding collective market Golden Rules.

Because SNA93 is not derived from, or is based upon, a theory of government (or the state) that determines and explains WHO has the power of the state and HOW it should be used (and thus WHO should have the power), it also does not set out the desirable goal of serving the people. By focusing exclusively on the input cost side of the production of NONMARKET government services, it sidesteps the most fundamental dilemma in life, economic, social, political, namely the choice between COMMANDING HEIGHTS CONSTITUTED IN HARMONY WITH MORAL GOLDEN RULES and COMMANDING HEIGHTS SUBJECT TO IMMORAL REPRESSIVE RULES. This is accepted, even though an SNA cost based measure may lead to a higher levels of welfare, utility and wellbeing associated with immoral, repressive as compared to moral, liberal, commanding heights. A changing Zeitgeist is revealed by shifting, and ever changing

,degrees of recognition and satisfaction of the seven moral collective needs underlying the golden rules.

The essence of the economic development process is revealed through a focus, on the one hand, on mesoeconomics and, on the other hand, on the (meso) collective markets, where value (right versus wrong) decisions are made, It is at the mesoeconomic, collective market, level where the choice is made between moral (acceptance of the golden rules) and immoral (rejection and violation of the golden rules) commanding heights. Adoption of moral commanding heights brightens the prospects for economic development by advancing procedural democracy (through the satisfaction of the moral collective need for political freedom) as well as civil society (through the additional satisfaction of the moral collective needs for safety of life, economic freedom, equal treatment by government, security of private property, social harmony and environmental sanctity).Adoption of immoral commanding heights dims economic development prospects by imposing undemocratic regimes (through violation of the collective need for political freedom) and uncivil, repressive societies (through violation of some or all of the other six moral collective needs).

The golden rules can be used by policy makers to determine the optimal level and composition of aggregate demand, the optimal level and composition of the demand for collective services, the optimal level and composition of the supply of collective services, and, thus, also, the gap between the optimal and actual level and composition of the demand for, and the actual level and composition of the supply of, collective services.

War and golden rules. A war is defined, and considered, as just and fair if, and when, it is guided by, respects, advances and satisfies the golden rules. A war is defined, and considered, as unjust and unfair, if, and when, it is in violation, does not satisfy, and disrespects the golden rules. The golden rules are relevant to the overall, comprehensive justification of war, the reasons behind it, its strategy, and its direct and indirect consequences. The economic impact of war is positive if it is based upon, adheres to, and advances the golden rules. The economic impact of war is negative if it is not based upon, does not adhere to and does not advance the golden rules.

When the Commanding Heights of the Collective Markets are guided by the Golden Rules, they feed the benevolent flames and embody the Moral Spirits of Safety of Life, Political and Economic Freedom, Equal Treatment by Government, Social harmony, Sanctity of Private Property and Environmental Protection. Such a scenario is a permanent hope but rare reality. It is a dream dreamed but rarely lived. Recognizing and utilizing the unlimited, latent, Moral Powers of Benevolent Collective Markets could transform economics from Dismal into the Science of Optimism, Survival as well as of Sustainable Growth and Civil Society. The Center of (Who has the) power could become the Source of (How Power is Used) Benevolent Use of Power. There is no better place to recognize and incorporate the moral collective output markets than the SNA.

CONCLUSION

It is recommended that the SNA93 "market non-market" dichotomy be abandoned and replaced by the universal "market" concept. Furthermore, it is recommended that outcome based measures of collective services be provided. It is suggested that estimates of production and consumption of collective services be made by using the collective market conceptual framework presented in this essay. This focuses on the degree of recognition and satisfaction of the seven moral collective needs embodied in the Golden Rules and the parallel Moral Commanding Heights. Output value would be estimated both from the Walrasian cost(liness) and useful(ness) sides. Outcome based measures of usefulness, in respect to collective services , would be estimated by identifying the degree of satisfaction of the seven moral collective needs.. Standard macro economic accounts would be supplemented by meso economic accounts revealing the degree of satisfaction (or lack thereof) of the seven moral collective needs. Combined, the macro and meso SNA accounts could ,then, serve as adequate indicators of economic activity as well as valid measures of welfare.

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