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Wonderful Price Paradoxes even in Developed  
Conditions of almost Competitive Equilibrium

**Tbilisi**

*Philanthropic Research Academy named after A. Gunia*

*for the Digital Library of the Georgian Parliament*

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The present work of Revaz Lordkipanidze is prepared for students and wider readers, also providing some help to interested professionals. The work is a continuation of the researches under blessing of the Archimandrite Saba (Ghvtiso Shalikashvili) from Saint Church Qashveti.

According to specialization priorities (Economics, World Economy, International Economic Relations), Doctor of Economics Revaz Lordkianidze has successfully completed the course of Harvard University about US government reforms and continues research by courses of the Georgian Technical University.

**Edited and Reviewed in the Academy  
named after Economist A. Gunia**

## Wonderful Price Paradoxes even in Developed Conditions of almost Competitive Equilibrium

In the price question of the theory, in my opinion, the history of economic thought can be grouped into 2 main areas:

- 1) adherents of the English school A. Smith and D. Ricardo believe that the price is determined by the cost of the goods;
- 2) adherents of the German-Austrian-Swiss economic school consider that the price is determined mainly by the usefulness of the product.

To this it should be noted about some of the main features of these judgments:

- “The labor theory of value (LTV) is a theory of value that argues that the economic value of a good or service is determined by the total amount of "socially necessary labor" required to produce it, rather than by the use or pleasure its owner gets from it (demand) and its scarcity value (supply). LTV is usually associated with Marxian economics, though it also appears in the theories of earlier classical liberal economists such as Adam Smith and David Ricardo and later also in anarchist economics. Smith saw the price of a commodity in terms of the labor that the purchaser must expend to buy it, which embodies the concept of how much labor a commodity, a tool for example, can save the purchaser.”<sup>1</sup>
- “The "paradox of water and diamonds", usually most commonly associated with Adam Smith, though recognized by earlier thinkers, is the apparent contradiction that water possesses a value far lower than diamonds, even though water is far more vital to a human being. Price is determined by both marginal utility and marginal cost, and here the key to the "paradox" is that the marginal cost of water is far lower than that of diamonds.”<sup>2</sup>
- “Among the theoretical contributions of the early years of the Austrian School are the subjective theory of value, marginalism in price theory and the formulation of the

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<sup>1</sup> [https://en.wikipedia.org/wiki/Labor\\_theory\\_of\\_value](https://en.wikipedia.org/wiki/Labor_theory_of_value)

<sup>2</sup> [https://en.wikipedia.org/wiki/Marginal\\_utility](https://en.wikipedia.org/wiki/Marginal_utility)

economic calculation problem, each of which has become an accepted part of mainstream economics.”<sup>3</sup>

New very interesting considerations have emerged for understanding modern priorities of the values and their paradoxes [1-3].

In my opinion, and other not less significant factors influence on prices:

- 1) Competitive environment and possible monopolies;
- 2) Reasonable state economic policy and levels of production and life;
- 3) Unexpected paradoxes from God, which, even in developed equilibrium conditions, present real wonders.

I saw the laws of physics (Ohm’s law about electrical current and Einstein’s law about relativity) in Economics and conducted many researches to substantiate them [4-22].

In the theory of economic competition, I saw analogs of the Law of electric current, and in theory of economic relativity, I summarized the practice of price behavior. I consider, that some Christian masterpieces (for example Wonder-working Icon), natural resources (for example uranium and any other resources for  $mc^2$  by mass-energy equivalence ) and scientific and technological innovations (for example computer) can have a very huge price (even invaluable for Humanity) in the comparison to relatively minimal costs of their production. I offer also conclusions for construction new economic system in macroeconomics of post-crisis conditions in the world and competitive non-monopolistic equilibrium (between private and public properties) as optimal way of marginal results of economical system.

In modern conditions, we see the paradox of oil prices (Figures 1-2). Despite some jumps on the rise and the fact, that oil consumption is growing, the population is also growing and oil reserves are declining, but oil prices for the past 10 years have declined as a whole. God lets know that the use of new electric energy will increase soon, including water and the sun.

In conclusion, I have to express my sincere thanks to Harvard University for providing the opportunity of an invaluable course about economic policy with US Governmental grants and evaluation of my works (Please, see and use the letter from Harvard University).

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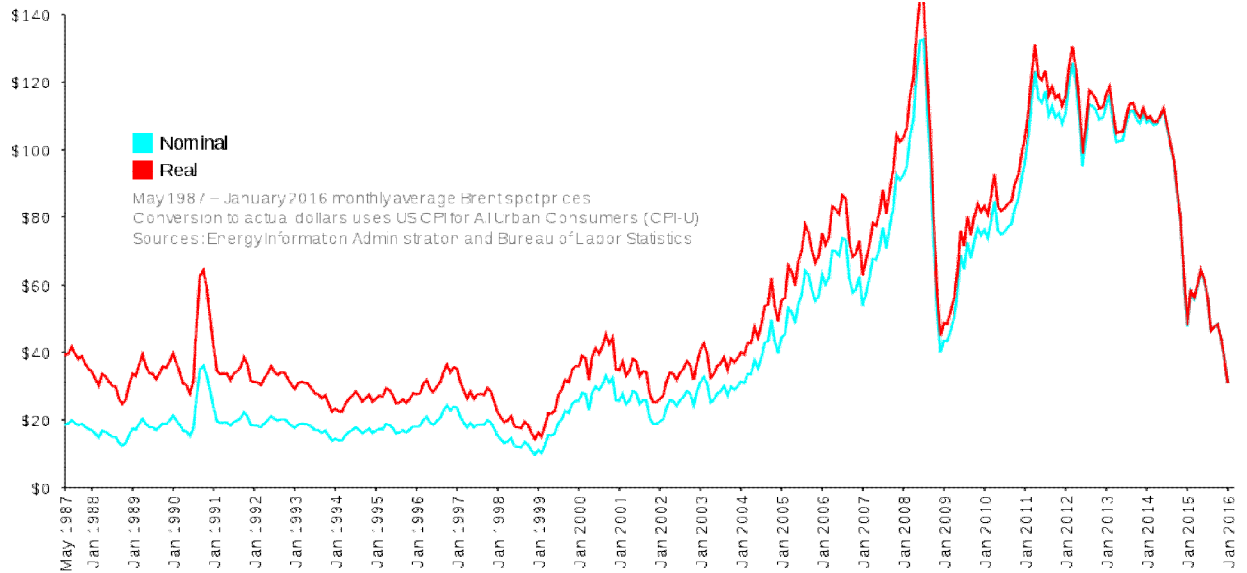
<sup>3</sup> [https://en.wikipedia.org/wiki/Austrian\\_School](https://en.wikipedia.org/wiki/Austrian_School)

## Figures 1-2

### *Price of soon the former "black" gold*

(Sources: [https://en.wikipedia.org/wiki/Price\\_of\\_oil](https://en.wikipedia.org/wiki/Price_of_oil)

[http://www.oilru.com/dynamic.phtml?fbclid=IwAR31H0GwCpz7wXfdJOcnoxz\\_GGalgtpP3hkoePqcPAdMolI-kR93ZQ8jY98](http://www.oilru.com/dynamic.phtml?fbclid=IwAR31H0GwCpz7wXfdJOcnoxz_GGalgtpP3hkoePqcPAdMolI-kR93ZQ8jY98))



# The letter from Harvard University



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Sincerely,

Debra Iles  
Senior Associate Dean for Executive Education  
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