Dear Director,

The enclosed comment on Mark-to-Market debate to Paul Solman of NewsHour and comment to the Federal Reserve could be of interest to you.

Sincerely,
Hugh Ching
http://www.post-science.com

Dear Paul,

Thank you for your accurate historical perspective on Mark-to-Market debate. The discussion on the financial crisis is getting close to knowledge, which should be the solution to all our problems, not politics or money.

The irrational market participant determines the irrational market price. When the market participant becomes rational, the market price would be rational. The Mark-to-Market accounting standard is based on the assumption that the market price is correct, but it is correct only when a correct solution of value is used by all the market participants.

To break this circular dependence that the Mark-to-Market depends on the solution of value and the solution of value depends on Mark-to-Market to implement, I shall submit the enclosed offer to the Federal Reserve to initiate a serious search for a correct solution to valuation. This will also break the deadlock between the irrational society and knowledge and between politicians and people of knowledge.

If Obama is serious about change, he should allow for the first time political power to be subordinate to non-violable laws of nature.

Today, the real estate appraisers seems to be completely ignored by the economics community. They are still the most knowledgeable people on real estate appraisal, even with appraisal methods obviously and admittedly by them to be wrong. From my experience attending Federal Reserve chaired sessions at the AEA conference, I am quite sure that the Federal Reserve knows very little about (real estate) valuation and about the nature of small business.

I believe that NewsHour through your impartial reporting and your patience and generosity to knowledge would making a decided difference in this fundamental debate on Mark-to-Market. Thank you.

Best regards,
Hugh

Subject: Have We Or Have We Not Solved The Problem Of Price Determination?

All of us should be forced by the financial crisis and the Mark-to-Market debates to ask the question:

Have We Solved The Problem Of Price Determination?

In particular, if Obama, Ben Bernanke, Tim Geithner, and all the economic and business reporters ask this question, we could have the price stabilized immediately and the financial crisis solved with far less spending. But, most of them try to avoid the problem, even when the problem is starting to stare them right in the face.
Well, to make a very long, about 5,000 years of human recorded history, story short, after the complete avoidance of my solution to price determination, which is endorsed by virtually all the authorities in real estate appraiser, by the US financial authority under Alan Greenspan and US government, I have the solution of price patented as:

"Quantitative Supply Demand Model Based On Infinite Spreadsheet" (Pat. No. 6,078,901)

The key words in the above title are Quantitative and Infinite. Using common sense, most market participants can only solve the problem of price qualitatively, resulting in the "invisible" hand of Adam Smith. The buyer generally wants the price low and the seller, high, resulting in a qualitative equilibrium, verified by Gerard Debreu with rigorous mathematics (fixed point theorem).

Right now there are three main parties to this Valuation Debate, which should precede the Mark-to-Market Debate. They are Party 1. The best thinkers in history, Party 2. The market participants, including, particularly, the government, and Party 3. Nature with its non-violable laws of nature.

Party 1 includes mainly Immanuel Kant, who is credited by David Hilbert, the teacher of the teacher, Richard Courant, of my mathematics teacher, Harold Grad, as the first person to consider infinity, John von Neuman, the co-inventor of the computer, Gerard Debreu, a pure mathematician, and Kenneth Arrow. They are still working on the problem of value, implying that the problem is still unsolved. Can they really be wrong? Party 3 agrees with them.

With the secretive Alan Greenspan out of the way, who caused all the financial crises following the Free Market principle of Milton Friedman, the disagreement will be between Party 2 and the other two parties. To speed up its implementation, I would, if desirable, be willing to release my solution for free use (infinitiespreadsheet.com) by the government and the people of USA. Together we can sell the software and its trade secrets, mainly, the rate of return calculation to all other nations. Even in the unlikely event that my solution, which has predicted both the S&L Crisis and the Subprime Woe, turns out to be wrong, the attention of the world would be turned from politics and money to knowledge, where lies the solution to all our problems.

### Hugh Ching, Post-Science Institute, 3-11-2009