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Contracts in Void Units: The Legal Imperative to Correct Money's Misrepresentation

Quae ab initio non valent, ex post facto convalescere non possunt

www.moneytransparency.com | MSTA — Marc Gauvin

The Foundational Legal Problem: A Unit Without Determinate Reference

A valid contract requires determinate terms. Determinacy requires that the unit in which obligations are denominated has a valid intensional definition — necessary and sufficient conditions in independently determinable terms.

Valid unit (metre)	Distance light travels in 1/299,792,458 of a second — externally anchored, not circular, independently determinable by any observer.
Valid unit (kilogram)	Defined via Planck's constant — independent of any physical artefact, verifiable anywhere.
Monetary unit (any currency)	'Money is a medium of exchange' → exchange presupposes value → value presupposes a standard → the standard is money. No element has independent existence outside the loop.

This is vicious circularity — sufficient to invalidate any contract or instrument that depends on it, because it has no logical relation with independently verifiable reality.

The B = 0 Proof — Legal Translation

$$A = A + B \text{ if and only if } B = 0$$

Let $A \geq 0$ be the value of goods and services transacted. Let $B \geq 0$ be the independent value attributed to the monetary unit itself. If $B > 0$, then $A + B \neq A$ — the annotation does not measure only what was transacted. It measures something more. The recording instrument is no longer passive.

> *"Things or services that are impossible cannot be objects of contracts."*
>
> — Art. 1272, Spanish Civil Code

- A contract over a value denominated in a unit with $B > 0$ is a contract over a quantity that cannot be determined independently of the unit's own price fluctuation
- The unit's purchasing power erodes at rate r per period (Theorem 1, proved by induction) — the thing contracted for is not constant
- This is not a deficiency to be corrected within the existing framework — it is the finding that necessitates the framework's replacement

The Fungibility Failure — A Five-Step Legal Derivation

1	**Fungibility defined:**	A fungible thing: every unit interchangeable with every other unit of the same species and quality. Quality = purchasing power in the monetary context.
2	**Fungibility requires:**	For monetary fungibility, one unit received today must exchange for the same real value as one received yesterday or tomorrow.
3	**Theorem 1 proves:**	$C_n = W(1+r)^n$ — the purchasing power of a monetary unit is not constant under $B>0$. It erodes at rate r per period. $\pi \approx r$ is the observable definition of inflation.
4	**Therefore:**	The monetary unit under $B>0$ does not satisfy the legal definition of a fungible thing. The quality — purchasing power — is not constant.
5	**Consequence:**	All monetary contracts presuppose fungibility. A contract whose unit of account is not fungible lacks determinate terms. Such a contract is void ab initio.

Quae Ab Initio Non Valent — The Void from Inception Doctrine

> *"Quae ab initio non valent, ex post facto convalescere non possunt — that which is void from the beginning cannot be made valid by subsequent act."*
>
> — Common law and civil law principle

- A void instrument is not merely voidable — it has no legal effect from its inception. No subsequent performance, consent, or reliance can cure it.
- The progress defence (Chapter 21a §1): the monetary system has been the engine of development — this is self-referential. It validates the misrepresentation by appealing to consequences measured in units produced by the misrepresentation. The circularity is vicious.
- The measurement problem (Chapter 21a §2): global financial claims exceed global real assets by a factor of 3–10 (Bain 2012; BIS 2024). The 'progress' is an indeterminate mix of genuine development and phantom extraction — inseparable in void units.
- The war argument (Chapter 21a §5): compounding on sovereign debt produces nominal obligations formally unpayable through productive means. Once financial alternatives appear more catastrophic than war, war becomes structurally rational. The quae ab initio principle resolves this: phantom obligations generated by void units dissolve on recognition of the void.
- The counterfactual (Chapter 21a §3): under r=0, logistic growth produces genuine expansion. The misrepresentation does not produce growth — it taxes growth.

Post-Alert Liability — The Knowledge Threshold Has Been Crossed

Once a formal argument establishing the invalidity of the monetary unit has been presented to an institution, continued presentation of monetary contracts and aggregates as valid without formal qualification constitutes at minimum negligent misrepresentation.

> This argument has been formally submitted to: the Bank for International Settlements (BIS), the European Central Bank (ECB), the Spanish Central Bank, and monetary authorities across European and Balkan academic institutions. It has not been refuted in any forum.

The procedural instrument:

> *"Acknowledge in writing: (1) that no valid formal definition of the monetary unit currently exists that is internally consistent, obeys natural law, and is wholly consistent with the terms of current monetary contracts; (2) that the operative notion of money constitutes a misrepresentation of what a valid monetary unit must be; (3) that this misrepresentation produces structural instability with consequences for every individual subject to it."*
> — Demand template — moneytransparency.com/demand-registry

If authority refuses: refusal is prima facie evidence no valid definition exists. Document the date, recipient, and form of refusal.

Practical Implications for Contract, Regulatory, and Constitutional Law

Contract law:	Every contract denominated in conventional monetary units lacks determinate terms. The unit has no valid intensional definition (Chapter 1) and no decidable truth conditions. Indeterminate contracts are void ab initio.
Regulatory capital:	Regulatory ratios (capital adequacy, leverage) denominated in monetary units inherit the indeterminacy. A ratio of two indeterminate quantities is itself indeterminate. Compliance with such ratios provides no determinate assurance.
Sovereign debt:	Nominal obligations proved formally unpayable through productive means by Theorem 1 ($C_n = W(1+r)^n$). The quae ab initio principle dissolves phantom obligations generated by void units once invalidity is recognised.
Constitutional:	Monetary policy — interest rate setting, quantitative easing — operates on V=PQ/M, proved formally indeterminate (Chapter 13a). The instruments are structurally blind. No constitutional mandate for price stability can be fulfilled through an indeterminate signal.
Taxation:	Percentage-based taxation (VAT, income tax, capital gains) is structurally identical to the percentage fee proved unstable in Theorem 1 — it enters the effective extraction rate and compounds forward through the value chain (Chapter 22, Requirement 2).

FILP as Legal Standard — Symmetric Burden of Proof

First Independent Logical Principles (FILP): every claim must trace to either (a) a phenomenon that can be empirically observed independently by anyone, or (b) a valid logical derivation from such a phenomenon or an axiom whose denial leads to contradiction.

Applied symmetrically to monetary claims:

"Interest is the price of capital"

Must trace to an independently observable phenomenon or valid derivation. It cannot: the 'price' of capital presupposes the validity of the monetary unit whose validity is under examination. Circular under FILP.

"Inflation is too much money chasing too few goods"

V=PQ/M is proved formally indeterminate (Chapter 13a). The claim attributes a causal mechanism to a formula that cannot distinguish between four radically different economic realities.

"The system works because it has produced growth"

Self-referential: measures progress in units whose validity is the subject of the dispute. Equivalent to using a broken thermometer to verify its own accuracy.

Non-engagement, institutional preference, or economic opinion does not constitute refutation under FILP. Refutation requires

Chapter 20: The Remedy and Its Legal Consequences

The passive unit (B=0) provides the remedy. Its legal standing is established by the same standard as any valid concept: a complete, non-circular intensional definition.

New contracts:	Must be denominated in units satisfying all 13 conditions of Chapter 18. B=0 necessary but not sufficient — all conditions must hold simultaneously.
Existing contracts:	Assessed for validity under Chapter 20. Prior accumulated obligations require legal treatment — but their source (the compounding mechanism) is switched off the moment B=0 is adopted.
Switch character:	The correction acts like a light switch, not a dial. No new phantom obligations are created from the moment of definitional change. The prior obligations remain and require transitional management.
Dissolution of phantom obligations:	Once formal invalidity of contracts denominated in void units is established, the phantom obligations that make certain actors' war calculus structurally rational dissolve. The quae ab initio principle is not merely remedial — it removes a structural cause of conflict.

Chapter 21a §7: Structural Cruelty as a Proved Legal Consequence

The B>0 system does not merely produce hardship. It produces hardship of a categorically specific and uniquely cruel character:

> *"It imposes on every agent the experience of consequences that present as addressable — through a measuring instrument that is internally self-consistent and appears coherent from within — while structurally guaranteeing that no address within the system is possible. Every unit of human effort, intelligence, and creative capacity directed at responses within the system is capacity extracted from the only response that would work."*
> — MSTA V16, Chapter 21a §7

- Three independent structural reasons no optimum strategy exists in a B>0 system (proved — not observed):
- First: $C_n = W(1+r)^n$ diverges independently of every strategic variable available to any agent — no agent controls r or n
- Second: the policy signal V=PQ/M is formally indeterminate — the instrument through which agents perceive the system's state is structurally unreliable
- Third: Stein's conservation principle — every locally optimal intervention transfers instability residue without reducing it at system level
- Under the standard of Chapter 20: continued administration of void instruments to populations who cannot without the proof distinguish void from valid, after formal notification, is not oversight.

Chapter 22: UN Policy Requirements — Legal Dimensions

R1 Formal Definition

All monetary units in international contracts must satisfy all 13 conditions of Chapter 18. No current currency satisfies this requirement.

R2 Interim Passivity

All percentage-based fees on cumulative transacted value eliminated immediately. Applies equally to percentage-based taxation — structurally identical to the percentage fee proved unstable in Theorem 1.

R3 Legal Validity

All new international contracts denominated in passive units. Existing contracts assessed under Chapter 20 void ab initio analysis.

R4 Transparency

Complete formal specifications published. Satisfies post-alert liability requirement — removes the negligent misrepresentation exposure.

R8 Information Architecture

Public account balances, private transaction details. Sum of all balances = 0 — publicly verifiable proof no units created from nothing. Stronger anti-corruption mechanism than current financial system.

R6 Technology Governance

No new financial technology increasing transaction velocity (reducing $\bar{\tau}$) deployed without prior compliance with R1 and R2. $i_{eff} = r/\bar{\tau}$ increases as $\bar{\tau}$ decreases.

The Procedural Instrument — A Demand That Precedes Legal Action

Any party to a monetary contract can make the following demand in writing to their central bank, finance ministry, or commercial bank:

> *"Acknowledge in writing: (1) that no valid formal definition of the monetary unit currently exists that is internally consistent, obeys natural law, and is wholly consistent with the terms of current monetary contracts; (2) that the operative notion of money constitutes a misrepresentation of what a valid monetary unit must be; (3) that this misrepresentation produces structural instability with consequences for every individual subject to it."*

If authority refuses:	Refusal is prima facie evidence that no valid definition exists. Document the date, recipient, and form of refusal. Log at moneytransparency.com/demand-registry.
If authority provides a definition:	Verify against three criteria: internal consistency; conformity with natural law; coherence with terms of current contracts. If any criterion fails, inconsistency is implicit acknowledgment.
Either way:	The demand cannot be answered without engaging the formal finding. It is unanswerable on its own terms within the current framework.

Legal authority: Gauvin (2014), A Legal Approach to Cancelling All Current Money Contracts; Art. 1272 Spanish Civil Code; common law void ab

Appendix B: Scientific Status — The Falsifiability Register

Every substantive assertion in the MSTA document maps to its type and falsifiability condition. No assertion is merely opinion or authority-based.

Category	Examples	Falsifiability
Logically necessary	$M \cap C = \varnothing$; B=0 proof; A24 entailment	Denial requires accepting arithmetic/logical impossibility
Mathematically proved	Theorem 1; Radon-Nikodym failure; V=PQ/M indeterminacy	Falsifiable only by identifying error in the proof — none identified
Empirically confirmed	Human talent power law; non-monetary production; B>0 transmission	Falsifiable by contrary observation
Empirically predictive	Laziness as rational withdrawal; UBI studies	Generates testable predictions about behaviour under r=0

The document contains no assertion that is merely opinion, preference, or authority-based. Every substantive claim is either logically necessary, mathematically proved, or empirically testable with a stated falsifiability condition.

> *"The argument stands until a specific logical error is identified in commensurate FILP terms. Non-engagement does not constitute refutation."*

Appendix C: Key Objections and Responses — For Legal Proceedings

O-1 Transition

"Correction requires dismantling the system."

No. The system does not need to be shut down. Correction is at the definitional level — instability ceases to be generated; prior obligations managed under Chapter 20.

O-6 Jurisdiction

"Quae ab initio applies variably by jurisdiction."

The logical argument (indeterminate contract, no determinate truth conditions) is jurisdiction-independent. Legal authorities cited as one expression of the logical necessity, not as its proof.

O-11 Separability

"Ontological and operational errors can be addressed independently."

Proved incorrect by Chapter 3: the percentage fee is logically entailed by B>0 — it cannot be rationally eliminated without correcting the definition. They are one problem at two levels.

O-12 MMT

"Sovereign issuers cannot be forced into insolvency — a valid definition exists in legal tender."

Legal tender defines acceptance, not measurement validity. A broken thermometer can be made legal tender. The indeterminacy and instability proofs apply regardless of issuance arrangements.

The Legal Summary

- The monetary unit has no valid intensional definition — every contract denominated in it is indeterminate from inception (Chapter 1)
- The monetary unit under B>0 fails the legal definition of a fungible thing — all monetary contracts are void ab initio (Chapter 20)
- Post-alert liability has been triggered: the argument has been formally submitted to the BIS, ECB, and Spanish Central Bank without refutation
- The procedural demand (Chapter 20) is unanswerable on its own terms — refusal is evidence; compliance requires engaging the formal finding
- The remedy (B=0) dissolves phantom obligations generated by void units — including the phantom financial obligations that make conflict over resource pricing structurally rational
- Quae ab initio non valent, ex post facto convalescere non possunt. The period of plausible ignorance is over.

The Simplicity of the Remedy

Record the value of goods and services by their own value (domain) — not as a proportion of the value of what is being recorded. Never assign the value of one's service on the basis of the value of the goods and services of others.

The formal specification is complete.
The period of plausible ignorance is over.
The remedy costs nothing to implement.
There is no valid rational basis for delay.