

# The Continuity Market: Value Formation in the PPP-GDP Split

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## Description

This paper examines the structural divergence between GDP growth (nominal output and asset valuation) and PPP reality (lived purchasing power, participation, and local economic circulation) under advanced automation.

It introduces the concept of the **continuity market**: a secondary valuation layer that emerges when systems such as the Engagement Credit Economy (ECE) measurably reduce systemic uncertainty in PPP space without commodifying participation itself. The paper shows how continuity—social legibility, participation density, governability, and predictability—functions as an unpriced economic asset whose degradation eventually destabilises GDP-space returns.

The analysis explains why the PPP–GDP split produces an initial profit-and-loss asymmetry between structural winners and losers, and why this asymmetry reverses endogenously as optimisation exhausts insurance, credit, labour, fiscal, and platform instruments. It further specifies a non-extractive enforcement architecture—technical, legal, democratic, and constitutional—designed to prevent continuity from becoming a new asset class while allowing markets to reprice reduced risk at aggregate level.

The paper positions continuity not as a moral good or redistributive aim, but as a necessary stabilising condition for market economies navigating post-labour transitions.

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## Abstract

Advanced economies are undergoing a structural divergence between GDP growth (nominal output and asset valuation) and PPP reality (lived purchasing power, participation, and local circulation). Under automation, productivity gains increasingly concentrate in capital returns while wage-based distribution mechanisms thin, producing a widening gap between aggregate growth and social continuity.

This paper introduces the concept of the **continuity market**: a secondary valuation layer that emerges when institutional systems reduce systemic uncertainty in PPP space without monetising participation. It shows how markets begin to price continuity indirectly—through insurance, credit, employment, property, and municipal risk—before political consensus forms, and explains why early capitalisation and individual-level data access would structurally destroy this mechanism.

A central contribution is the specification of an anti-capture enforcement architecture that prevents continuity from becoming a tradable asset while allowing markets to reprice stability at aggregate level. The argument positions continuity as an unpriced economic necessity for market economies navigating post-labour conditions, rather than as an ideological alternative to markets themselves.

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## Keywords

Use exactly these (order does not matter):

- continuity market, PPP–GDP divergence, purchasing power parity, automation and labour, systemic risk, institutional economics, social continuity, market stability, non-extractive design, engagement credit economy

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## Related/Supporting Material (optional)

- *Figure 1: The Continuity Market in the PPP–GDP Split*
- *Figure 2: From PPP Extraction to Instrument Failure*

**Ryder, J. F. (2025).** *The Engagement Credit Economy: A Policy Architecture for Post-Automation Societies*. Zenodo Working Paper, November 2025.

The Engagement Credit Economy (ECE) is cited as an example of an institutional architecture capable of producing the continuity effects described in this paper; the continuity market framework itself remains implementation-agnostic.

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## Document Structure and Companion Materials

This paper is released as part of a structured document set. The core theoretical argument is presented here. Enforcement architecture preventing market capture is specified in *Anti-Capture Protocols for the Continuity Market*. Anticipated critiques and boundary clarifications are addressed in *Addendum v1.1*. Operational stress tests and failure-containment scenarios are detailed in *Appendix A*. Together, these documents define the continuity market as a bounded, non-extractive valuation layer rather than a speculative or credentialised system.

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## I. The Structural Divergence

Advanced economies are experiencing a fundamental decoupling: **GDP (aggregate output measured in nominal flows) continues to grow while PPP (actual purchasing power and lived economic reality) stagnates or declines for large segments of the population.**

This is not a measurement anomaly. It reflects automation's core dynamic: productivity gains concentrate in asset values and capital returns while the distribution mechanisms—wages, employment, local circulation—thin structurally.

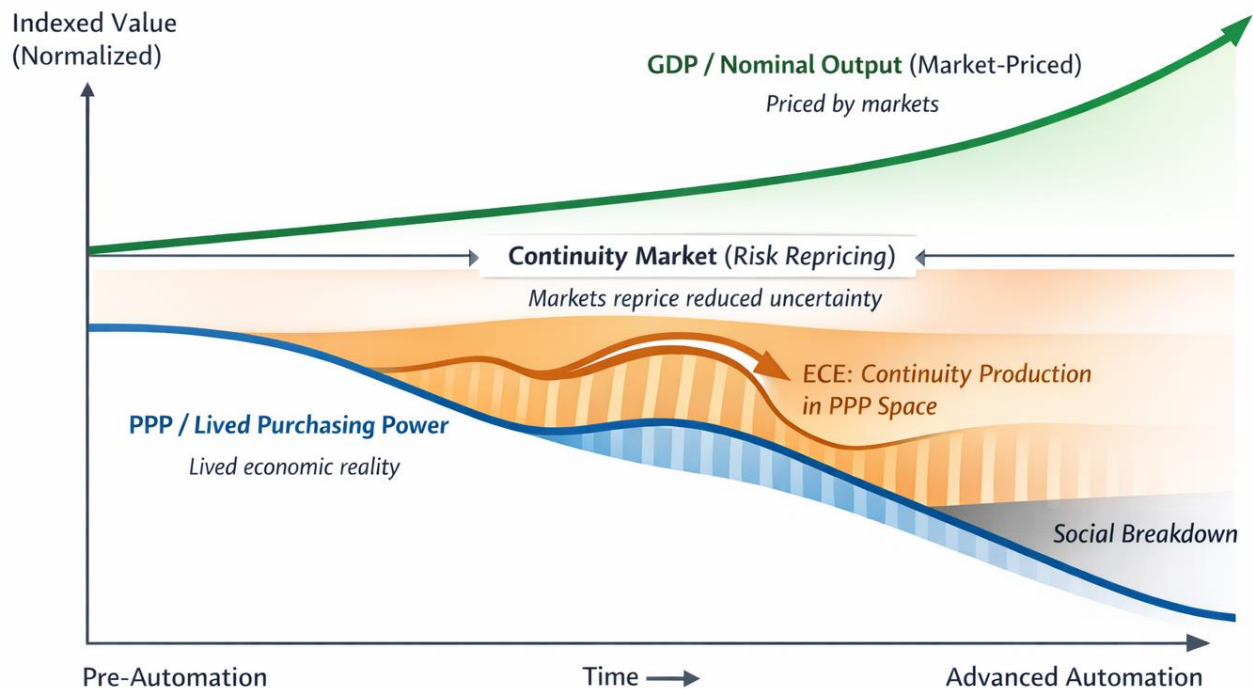
**The divergence manifests as:**

- Corporate profits rise while household purchasing power falls
- Asset prices inflate while real wages stagnate
- Aggregate growth continues while local economic vitality collapses
- GDP statistics remain healthy while participation density erodes

Markets price the GDP side. Societies live in the PPP side. When these separate by large margins, **existing valuation systems become blind to the costs accumulating in lived reality.**

This divergence is not cyclical and cannot be closed by redistribution alone, because the underlying distribution mechanism—employment—has been structurally weakened by automation.

**Figure 1: The Continuity Market in the PPP–GDP Split**



### **Figure 1: The Continuity Market in the PPP–GDP Split.**

Under automation, GDP (nominal output and asset valuation) continues to rise while PPP (lived purchasing power and participation density) stagnates or declines. This divergence erodes continuity—social legibility, participation, and governability—in PPP space, creating unpriced systemic risk. The Engagement Credit Economy (ECE) operates in PPP space to stabilize continuity without restoring wage-based distribution. Markets in GDP space subsequently reprice reduced uncertainty through insurance, credit, employment, and asset valuation, giving rise to a continuity market that prices stability without commodifying participation.

## **II.a Why This Creates a Profit-and-Loss Split**

The PPP-GDP divergence produces **structural winners and losers** not through moral failure but through position in the economic architecture.

**Because markets price nominal flows (GDP space), not lived scarcity (PPP space).**

### **Winners (Structural Position, Not Moral Status)**

Those operating in **GDP space**:

- **Asset holders** - equities, property, infrastructure appreciate as productivity rises
- **Creditors** - inflation + rate volatility = spread capture opportunities
- **Volatility traders** - increasing divergence = arbitrage opportunities
- **FX desks** - currency misalignment creates profitable dislocations
- **Distressed-asset funds** - forced sellers in PPP space = acquisition opportunities
- **Platform aggregators** - coordinate production across borders while capturing local circulation
- **Automation beneficiaries** - productivity gains captured as shareholder value

These actors don't cause the divergence. They simply **exist where the divergence generates value**.

### **Losers (Also Structural)**

Those trapped in **PPP space**:

- **Wage earners** - income grows slower than cost of living
- **Renters** - housing costs track asset prices, not wages
- **Small businesses tied to local demand** - circulation density collapses
- **Public services** - funded from real tax capacity (PPP) not nominal growth (GDP)
- **Municipal governments** - expenses rise with lived costs, revenues track shrinking wage base
- **Anyone without inflation-protected assets** - wealth erodes in real terms
- **Entry-level workers** - automation eliminates the bottom rungs entirely

**The key insight:** This split is not temporary misalignment requiring stabilization policy. It's **structural divergence under automation** where productivity no longer flows through wage-based distribution.

Traditional policy tools (monetary policy, fiscal stimulus, labor market interventions) operate in GDP space. They cannot address erosion happening in PPP space.

## II.b The Reversal: When Winners Become Losers

The profit-and-loss split is initially asymmetric: GDP-space actors benefit while PPP-space actors absorb the deterioration. But the divergence is not indefinitely extractable. PPP space is not merely “a lower tier” of the same economy; it is the **operating substrate** that makes GDP space insurable, governable, and scalable.

### The Crossover Point

GDP-space winners become losers when degradation in PPP space begins to change the payoff structure in GDP space. This occurs when:

- **Legibility collapses** (institutions cannot reliably identify, locate, or integrate people at scale)
- **Governability weakens** (rules cannot be enforced consistently; administrative load becomes crisis-driven)
- **Risk variance rises** (outcomes become discontinuous rather than noisy)
- **Local circulation breaks** (the demand base fragments; small failures cascade into systemic costs)

At that point, GDP-space returns are no longer a function of productivity alone. They become a function of **continuity constraints**.

### How the “Winners” Lose (By Category)

**Asset holders** eventually face repricing when assets embed an unpriced continuity assumption. Once continuity deteriorates, valuation multiples compress: not because output disappears, but because **duration and predictability vanish** (higher discount rates, higher risk premia, lower terminal confidence).

**Creditors** lose when repayment becomes structurally less forecastable. Default is not the only threat; **correlated default** is. When PPP stress becomes systemic, portfolios lose diversification. Credit spreads widen, but eventually widen beyond what borrowers can carry.

**Volatility traders** can profit during transition, but risk becomes reflexive: disorder ceases to be mean-reverting and becomes **regime-shifting**. When volatility stops oscillating and starts trending, models break. Tail risk becomes the baseline.

**FX desks** profit from misalignments until misalignment becomes political rather than financial. When currencies reflect not only relative prices but **institutional credibility**, liquidity evaporates and hedging becomes unreliable.

**Distressed-asset funds** profit while distress is local and resolvable. They lose when distress becomes **structural and non-clearing**: forced sellers become permanent, social legitimacy fails, and assets become politically toxic or physically insecure.

**Platform aggregators** benefit while they can coordinate production across borders and bypass local constraints. They lose when legitimacy collapses and states respond with fragmentation: regulation, data sovereignty, taxation pressure, and political backlash. Platforms require stable jurisdictions and enforceable contracts; continuity breakdown attacks both.

**Automation beneficiaries** lose when productivity gains are trapped in a society that can no longer convert output into stable demand, stable labour routines, or stable consent. This is the terminal contradiction: automation increases capacity, but continuity collapse removes the social circuitry that turns capacity into durable value.

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## II.c The Exhaustion of Instruments: Optimisation Consumes Every Tool

A second reversal follows. As the PPP–GDP split widens, institutions and markets attempt to compensate by optimising every available instrument. This produces short-term gains, but it progressively destroys the remaining sources of resilience.

- **Insurance** optimises underwriting through finer segmentation → coverage becomes conditional → risk pools fracture → the system becomes brittle.
- **Credit** optimises by tighter scoring and pricing → access shrinks → defaults correlate → systemic fragility rises.
- **Labour markets** optimise by casualisation and algorithmic selection → participation density collapses → legitimacy erodes.
- **Public services** optimise by rationing and targeting → administrative hostility rises → trust breaks → costs return as emergency demand.
- **Platforms** optimise extraction and engagement → social fabric degrades → political reaction intensifies → operating environments fragment.

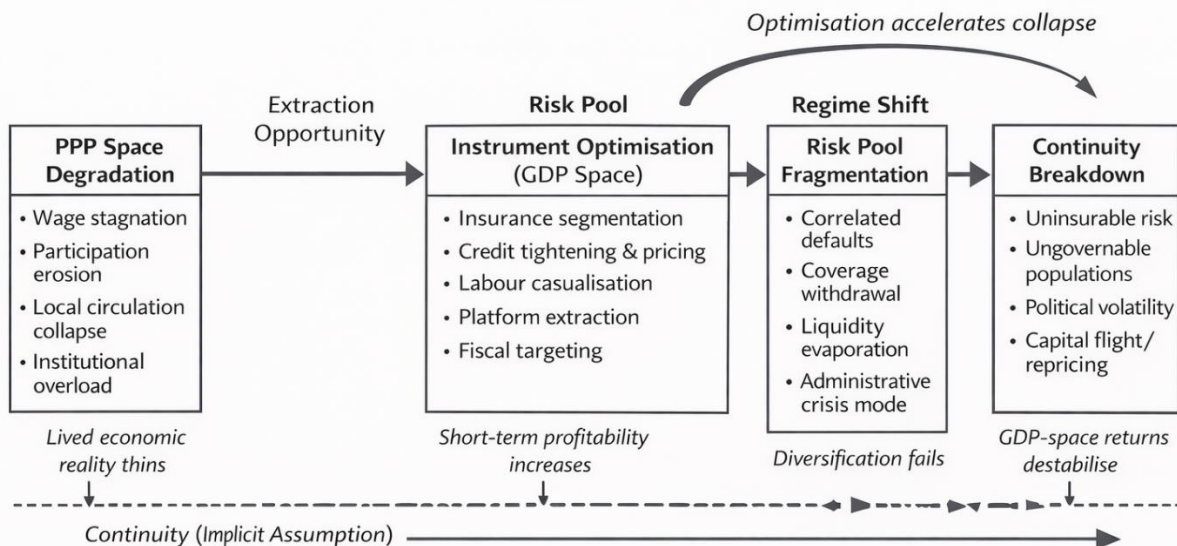
This is the “no instruments left” condition: every tool that once dampened volatility has been optimised into a volatility amplifier.

Optimisation eventually reaches the boundary where there is nothing left to optimise except **the social substrate itself**. At that boundary, the system begins consuming its own operating conditions: trust, consent, legibility, and continuity. When those decline far enough, even GDP-

space actors discover that the apparent winners' position was contingent — not on moral status, but on a continuity assumption that can fail.

The PPP–GDP split begins as a distributional problem. It ends as a continuity problem — and continuity failures eventually reprice every instrument, including those that once profited from the divergence.

Figure 2: From PPP Extraction to Instrument Failure



**Figure 2: From PPP Extraction to Instrument Failure.**

The PPP–GDP divergence initially creates extractive opportunities for GDP-space actors through optimisation of insurance, credit, labour, platform, and fiscal instruments. While profitable in the short term, optimisation fragments risk pools and increases correlation, leading to regime shifts in which continuity assumptions fail. Once continuity collapses, instruments designed to price marginal risk become volatility amplifiers, and GDP-space returns destabilise. At this point, former winners become exposed to uninsurable, ungovernable conditions, and no further optimisation remains possible.

Figure 2 illustrates how the PPP–GDP split initially rewards optimisation in GDP space, but ultimately converts those gains into systemic losses once continuity—the unpriced substrate—fails.

### III. Continuity as an Unpriced Asset



In this divergence, **continuity**—the capacity of a society to remain coherent, governable, and predictable as economic structures change—becomes critically valuable but systematically unpriced.

## What Continuity Includes

- Sustained participation (people remain economically visible)
- Social legibility (institutions can identify who is contributing)
- Circulation density (local economic loops persist)
- Legitimacy (systems remain trusted despite change)
- Governability (coordination remains possible)
- Predictability (outcomes remain foreseeable)

## Why Markets Don't Price It

Classical and neoclassical models treat social stability as **background noise**—assumed, not valued. When it breaks down, costs appear indirectly:

- Increased policing and security expenditure
- Rising health and mental health costs
- Insurance premium escalation
- Credit default volatility
- Political instability affecting investment
- Emergency fiscal interventions
- Capital flight from unstable regions

**But no mechanism exists to produce continuity deliberately.** Markets assume it emerges from employment, but employment no longer provides it at scale under automation.

## The Emerging Risk

As PPP-GDP divergence widens:

- **In GDP space:** Productivity rises, profits grow, asset values appreciate
- **In PPP space:** Participation erodes, legitimacy declines, circulation collapses, social coherence weakens

Eventually, **continuity breakdown in PPP space threatens value in GDP space.**

Markets cannot extract value from ungovernable, illegible, fragmented societies indefinitely. But by the time continuity collapse affects GDP-space returns, repair costs exceed prevention costs by orders of magnitude.

**What's missing:** A mechanism that produces continuity before breakdown, in ways markets can recognize without commodifying.

## IV. How the Continuity Market Emerges

The Engagement Credit Economy (ECE) creates what can be called a **continuity market**: a secondary layer of value formation that emerges not from production or consumption, but from **measurable reduction of systemic uncertainty in PPP space**.

### The First Market Signal

The earliest market signal is not revenue, yield, or growth. **It's a detectable reduction in risk variance.**

These signals are not produced for markets; they are exhaust from continuity production that markets independently learn to price.

This appears first as a **flutter**—noticed not by consumers or voters, but by:

#### Insurers:

- Actuarial models show reduced claim volatility in ECE zones
- Health outcomes stabilize (fewer stress-related claims)
- Property damage falls (maintained environments, social cohesion)
- Liability events decline (stable participation, clear accountability)

#### Lenders:

- Default rates show lower volatility in ECE-participating populations
- Credit performance becomes more predictable
- Recovery rates improve (borrowers remain locatable, engaged)
- Collateral values stabilize in ECE-dense neighborhoods

#### Employers:

- Churn rates fall among workers with engagement history
- Onboarding costs decrease (people arrive with verified competencies)
- Reliability indicators predict performance better than traditional credentials
- Absenteeism declines (structured participation creates routines)

#### Municipal authorities:

- Budget volatility smooths (fewer emergency interventions)
- Service demand becomes predictable
- Capital planning becomes viable (infrastructure investments pay off)
- Political stability improves (visible participation, reduced grievance)

#### Property markets:

- Rental arrears decline in ECE-dense areas
- Vacancy rates fall (stable population)
- Property values show reduced volatility
- Commercial viability of local businesses improves

**None of these actors need to endorse ECE ideologically. They only need to notice that uncertainty has fallen.**

This is the moment when ECE enters the market domain—not through advocacy, but through **observable risk reduction that markets already know how to price.**

## **What the Continuity Market Actually Trades**

The continuity market does not trade ECE credits as currency or equity. **It trades confidence signals derived from participation patterns.**

**Observable signals include:**

- Sustained engagement histories (repeated presence over time)
- Verified contribution patterns (demonstrated reliability)
- Community embeddedness indicators (social integration depth)
- Reduced emergency intervention rates (fewer crisis events)
- Stable circulation density (predictable local economic activity)
- Housing stability metrics (reduced displacement and churn)

Once these signals **correlate reliably with outcomes** (health, default risk, political stability, productivity, retention), they become **priceable inputs into existing market systems.**

**This is how continuity is monetized without being commodified.**

Markets don't buy engagement credits. They **reprice existing instruments** (insurance premiums, loan rates, property valuations, investment decisions) based on observable continuity where ECE operates.

## **Why This Market Emerges Before Political Consensus**

Markets respond faster than institutions because **they price marginal changes, not narratives.**

ECE does not require:

- Universal adoption
- National legislation
- Ideological agreement
- Cultural transformation

It only requires **local persistence and verifiable coordination.**

Once continuity demonstrably improves in specific zones, market response is **asymmetric**:

- Capital prefers stability over volatility (flows toward ECE zones)
- Insurers reward predictability with better pricing
- Employers follow reduced churn and training costs
- Lenders recognize superior credit performance
- Property markets reflect reduced vacancy and arrears

**At that point, dismantling ECE becomes economically irrational regardless of political framing.**

This creates a **ratchet effect**: once markets discover continuity value, they actively oppose disruption of its production—even if governments, ideologues, or competitors object.

## **V. The Capture Risk: Why Boundaries Must Be Enforced**

The continuity market contains a **fundamental tension**: it requires markets to recognize and price continuity value while preventing markets from extracting, controlling, or commodifying the participation that produces it.

Any attempt to individualize continuity signals immediately triggers withdrawal from market visibility.

**This is architecturally possible but practically fragile.**

### **The Slippery Slope to Extraction**

Once continuity becomes priceable, markets **structurally optimize** to capture value. Predictable pressures include:

**Insurance companies will:**

- Want to condition premiums on individual engagement scores
- Demand access to participation data for underwriting
- Create tiered pricing based on verified continuity profiles
- Deny coverage or increase rates for non-participants

**Lenders will:**

- Incorporate engagement records into credit scoring
- Offer preferential rates for participation history
- Deny credit to those without verified engagement
- Use continuity signals as collateral assessment tools

**Employers will:**

- Screen candidates based on engagement profiles
- Treat participation records as employment prerequisites
- Condition advancement on sustained engagement history
- Use continuity data to avoid "risky" hires

#### **Platforms will:**

- Monetize access to aggregated stability signals
- Sell "continuity as a service" to other market actors
- Create derivative markets in participation predictions
- Extract rent from access to verification systems

#### **State systems will:**

- Use engagement data for surveillance and control
- Condition benefits on participation compliance
- Track individuals across systems through engagement records
- Create comprehensive social credit architectures

**At what point does "allowing markets to price effects" become "markets extracting rent from participation"?**

The design principle is clear: **markets observe aggregate effects, not individual behaviors.**

**But the enforcement mechanism is not automatic.**

### **Why Historical Parallels Failed**

Systems that attempted to maintain boundaries between social production and market extraction have **consistently failed**:

#### **Microfinance:**

- Started as poverty alleviation through peer lending
- Became extraction mechanism with predatory interest rates
- Original social mission subordinated to financial returns

#### **Fair Trade:**

- Began as premium payments for ethical production
- Became label rent with minimal producer benefit
- Certification captured by large players

#### **Organic Certification:**

- Intended to reward sustainable practices

- Industrial-scale "organic" operations dominate
- Premium flows to certifiers and retailers, not farmers

### **Carbon Markets:**

- Designed to incentivize emissions reduction
- Became speculative market with perverse incentives
- Social and environmental costs externalized

### **ESG Investing:**

- Meant to align capital with social good
- Became greenwashing and metric gaming
- Extractive practices rebranded as ethical

### **Impact Bonds:**

- Promised to fund social outcomes
- Created perverse incentives to cream-skin easy cases
- Financialized social problems

**What caused each failure:** Markets discovered ways to capture value from the social production mechanism, and no enforcement architecture was strong enough to prevent it.

### **Why will ECE be different?**

It must actively build anti-capture mechanisms strong enough to resist market pressure—because market pressure toward extraction is **structural, not incidental**.

## **VI. The Enforcement Architecture**

For the continuity market to function non-extractively, **three layers of protection are required:**

### **Layer 1: Technical Architecture (What Cannot Be Collected)**

**Individual-level data must be technically impossible to extract:**

- AI verification systems operate on aggregated, anonymized data only
- No individual tracking infrastructure exists in the system
- Participation tokens are anonymous (like cash, not credit cards)
- Verification produces yes/no confirmation, not behavioral profiles
- Correlation analysis operates at neighborhood/municipal level minimum
- Personal engagement records remain local, peer-attested, non-digital

**If individual data doesn't exist in extractable form, markets cannot demand it.**

## **Layer 2: Legal Architecture (What Cannot Be Shared or Used)**

**Even where aggregate data exists, certain uses must be legally prohibited:**

**Protected boundaries:**

- Insurance pricing cannot legally incorporate engagement factors
- Credit scoring cannot include participation data
- Employment decisions cannot reference engagement records
- Platform access cannot be conditioned on continuity profiles
- State surveillance cannot access participation systems

**Enforcement mechanisms:**

- Severe statutory penalties for boundary violations (criminal, not civil)
- Private right of action for affected individuals
- Automatic damages without proof of harm
- Corporate officer personal liability
- Loss of business licenses for systematic violations

**Model: Strong anti-discrimination law, not weak privacy regulation.**

## **Layer 3: Democratic Control (Who Decides Market Access)**

**Market interface must remain under democratic control:**

**Authority structure:**

- Municipal/regional democratic assemblies decide what aggregate data markets can access
- Regular public review (annual minimum) of market relationships
- Community right to withdraw from market visibility entirely
- Authority to sever data access if extraction is detected
- No long-term contracts that lock in market access
- Sunset clauses requiring renewed authorization

**Default position: No access unless explicitly authorized and regularly renewed.**

**Critical principle:** The communities producing continuity retain permanent authority over how markets observe it. **Markets have no inherent right to price continuity.**

## **Layer 4: Constitutional Protection (What Cannot Be Changed)**

**Certain boundaries must be unchangeable even by democratic vote:**

Embedded in cooperative/municipal charters as **non-derogable principles:**

- Individual participation data cannot be collected in identifiable form
- Markets cannot condition products/services on engagement status
- Participation cannot become mandatory
- Exit always remains permitted
- No profit extraction from verification systems

**Why constitutional?** To prevent capture through democratic pressure when markets become economically dominant.

## **VII. The Exit Strategy: Independence from Market Validation**

A critical design requirement: **ECE must remain viable even if markets cease recognizing continuity value or attempt extractive capture.**

### **Maintaining Non-Market Legitimacy**

**ECE legitimacy derives from:**

- Visible local participation (people see it working)
- Peer verification (trust is social, not market-mediated)
- Functional stability (communities remain coherent)
- Democratic governance (people control their own systems)

**Not from:**

- Market validation
- External capital
- Price signals
- Investor confidence

**If markets attempt extraction, ECE can:**

- Withdraw from market visibility entirely
- Continue operating on local verification alone
- Maintain legitimacy through lived experience
- Function as closed-loop system if necessary

**The continuity market is useful but not necessary.**

Markets can accelerate ECE adoption by pricing its effects. But ECE does not depend on that pricing to function. **This asymmetry protects against capture.**

### **The Nuclear Option**



If extraction becomes systematic despite safeguards:

**Communities can collectively:**

- Cease reporting aggregate data to external systems
- Operate entirely on local peer verification
- Maintain participation without market recognition
- Accept reduced capital access as price of autonomy

**This option must remain credible.** If markets believe ECE cannot survive without their recognition, capture becomes inevitable.

## **VIII. Why the PPP-GDP Split Makes This Possible**

The continuity market emerges specifically **because of PPP-GDP divergence**, and that same divergence creates conditions for non-extractive operation.

**Markets Need Continuity They Cannot Produce**

In GDP space, automation generates productivity and profit. But **automation also destroys the mechanisms that produced social stability:**

- Employment no longer organizes daily life
- Wage distribution no longer maintains circulation
- Labor markets no longer integrate populations
- Economic participation no longer creates legitimacy

**Markets operating in GDP space face growing risk from instability in PPP space.**

But markets cannot produce continuity themselves—only price it once produced elsewhere.

**This creates structural dependency:** Markets need ECE more than ECE needs markets.

**PPP Space Operates Outside Market Logic**

ECE operates primarily in PPP space—lived reality, local circulation, social legibility—where **price signals don't govern behavior.**

People participate because:

- Participation provides structure and meaning
- Peers recognize and value contribution
- Local businesses depend on stable circulation
- Communities remain coherent through engagement

**Not because:**

- Markets price their participation
- Returns are maximized
- Extraction opportunities exist

This **insulates ECE from market capture** because the production mechanism exists in non-market social space even while effects become visible in market space.

## **The Divergence Creates Leverage**

As PPP-GDP split widens:

**Markets increasingly need:**

- Stable populations to insure
- Reliable borrowers to lend to
- Predictable workers to employ
- Governable societies to invest in
- Legitimate states to operate within

**But automation eliminates the mechanisms that produced these conditions.**

ECE becomes **structurally necessary** because it's the only demonstrated mechanism for maintaining continuity in PPP space when employment can no longer provide it.

**This necessity gives communities leverage:**

If markets attempt extraction, ECE can credibly threaten withdrawal. Markets lose continuity they cannot produce elsewhere. Communities lose capital access they can survive without (though at cost).

**The threat must remain credible through demonstrated independence.**

## **IX. Implementation Sequence: Building Before Market Arrives**

The continuity market cannot be managed in real-time once it emerges. **Boundaries must be embedded before market recognition occurs.**

### **Phase 1: Local Operation (Pre-Market)**

**Focus: Prove continuity production works**

- 30-80 person engagement cohorts

- Peer-verified participation only
- No digital tracking infrastructure
- Local circulation density
- Municipal stability
- Social legitimacy through lived experience

**Critical: Build non-market legitimacy first.** If ECE only functions when markets recognize it, capture is inevitable.

## **Phase 2: Observable Effects (Market Discovery)**

### **Markets begin noticing:**

- Insurance claims stabilize in ECE zones
- Credit performance improves
- Property values show reduced volatility
- Business retention rises
- Municipal costs smooth

### **Do not:**

- Offer individual data to markets
- Build interfaces for market access
- Create participation scoring systems
- Optimize for market-valued metrics

### **Do:**

- Document aggregate effects rigorously
- Publish anonymized outcome studies
- Let markets discover effects organically
- Maintain strict data boundaries

## **Phase 3: Market Pricing (Continuity Market Emerges)**

### **Markets begin repricing instruments:**

- Insurance premiums decline in ECE-dense areas
- Credit becomes cheaper for ECE municipalities
- Property investors prefer ECE zones
- Employers recruit from ECE populations

### **Critical decisions:**

- What aggregate data can markets access? (Democratic approval required)
- How is correlation documented? (Independent audit only)

- Who monitors for extraction attempts? (Democratic oversight bodies)
- What triggers data withdrawal? (Pre-defined red lines)

## Phase 4: Boundary Defense (Ongoing)

### Continuous enforcement:

- Regular democratic review of market interface
- Immediate response to extraction attempts
- Legal action for boundary violations
- Withdrawal of market access if capture detected
- Maintenance of non-market legitimacy

**This is not a phase that completes. It's permanent vigilance.**

## X. The Core Proposition

**Modern economies are highly efficient at pricing growth, productivity, and innovation. They are structurally incapable of pricing continuity.**

The PPP-GDP split under automation creates:

1. **A continuity crisis** - societies lose coherence as employment-based integration fails
2. **An unpriced risk** - markets face instability costs they cannot measure until breakdown
3. **A structural gap** - no mechanism produces continuity deliberately in post-employment conditions

### The Engagement Credit Economy addresses this by:

- Producing continuity through local peer-verified participation
- Operating primarily in PPP space (lived reality, not nominal flows)
- Allowing markets in GDP space to observe and price aggregate effects
- Maintaining strict boundaries against individual-level extraction
- Preserving democratic control over market interface
- Retaining independence from market validation

**The continuity market is the moment when stability production in PPP space becomes visible to valuation systems in GDP space.**

Markets don't buy participation. They **reprice existing instruments** based on measurable risk reduction where ECE operates.

This inaugurates a new form of value:

- **Not profit** (extracted from production)
- **Not rent** (extracted from scarcity)

- **Not speculation** (extracted from volatility)

But **continuity value** - derived from measurable reduction of systemic uncertainty in societies navigating structural economic change.

## XI. The Fragility and the Necessity

This architecture is **both fragile and necessary**:

**Fragile because:**

- Boundaries require constant enforcement
- Market pressure toward extraction is structural
- Democratic control must resist capital pressure
- One breach can cascade systemically
- Historical precedents all failed to maintain separation

**Necessary because:**

- No other mechanism produces continuity under automation
- Markets need stability they cannot create
- PPP-GDP divergence makes traditional integration obsolete
- Social breakdown threatens GDP-space value eventually
- Communities need economic visibility post-employment

**The continuity market succeeds if and only if:**

1. **Production remains in PPP space** - peer-verified, locally legitimate, democratically governed
2. **Observation remains in GDP space** - markets price aggregate effects, not individual behaviors
3. **Boundaries remain enforced** - technical, legal, democratic, constitutional protections hold
4. **Independence remains credible** - ECE can survive without market recognition
5. **Vigilance remains permanent** - extraction attempts are detected and resisted continuously

**If these conditions hold:** The continuity market becomes a stable, non-extractive layer where market recognition accelerates ECE adoption while communities retain control over participation.

**If any condition fails:** The system collapses into either market capture (extraction from participation) or market irrelevance (ECE remains marginal).

There is no middle ground.

## **XII. Summary: A Secondary Valuation Layer for Structural Transition**

The continuity market is not:

- A new currency
- A parallel economy
- An anti-capitalist alternative
- A permanent institution

It is a **secondary valuation layer that stabilizes societies during the PPP-GDP split under automation**, by:

- Producing continuity where markets cannot
- Making that continuity observable without commodifying it
- Allowing markets to price stability while preventing extraction
- Operating at the intersection of social production and market recognition
- Maintaining strict boundaries through technical, legal, and democratic enforcement

**The first market value of ECE does not appear as profit, income, or growth.**

**It appears as a measurable reduction in uncertainty—and uncertainty is one of the most expensive commodities in economies where automation has severed traditional integration mechanisms.**

ECE inaugurates a continuity market: a quiet, derivative valuation layer that enables market economies to survive their own productivity gains without financializing human dignity or surrendering democratic control over participation.

**Whether this architecture can maintain its boundaries under market pressure is the defining question.**

The answer determines whether continuity remains a public good produced socially, or becomes another asset class extracted by capital.

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## **Related Work**

Ryder, J. F. (2025). **The Engagement Credit Economy: A Policy Architecture for Post-Automation Societies**. Zenodo Working Paper, November 2025.

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## **Use of AI Tools**

This paper was developed with the assistance of AI-based language and reasoning tools. These tools were used as analytical collaborators to help structure arguments, test logical consistency, explore counterfactuals, and refine clarity of expression.

All conceptual framing, theoretical positions, architectural claims, and judgments remain the responsibility of the author.

The use of AI tools is disclosed deliberately. In an age defined by optimisation, automation, and cognitive augmentation, refusing to use available analytical instruments would itself constitute a form of methodological distortion. The argument of this paper—that societies must learn to integrate optimisation technologies without surrendering control, dignity, or agency—applies equally to its own method of production.

AI tools were employed as **means**, not as **authors**; as accelerants to reasoning, not as substitutes for responsibility.

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