

Dimensional Confusions in Economic Theory

An Ontological Diagnosis

Sylvain Lebel*

Independent researcher

Consciousness of the Real (CdR)

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Abstract

This paper proposes an ontological diagnosis of the persistent theoretical contradictions that have structured economic debate for more than a century. Rather than interpreting these oppositions as empirical failures or ideological conflicts, the framework developed here identifies their origin as dimensional confusions within economic reality itself.

Using the dimensional ontology of the *Consciousness of the Real (CdR)* framework, economic phenomena are structured across eight irreducible dimensions (D^1 – D^8), ranging from intrinsic value and quality to production, market mediation, institutional systems, and normative context.

The central claim is that major economic schools each describe a valid dimension of economic reality, yet mistakenly extend that partial description to the whole system. Apparent theoretical contradictions thus arise not from incompatible claims, but from cross-dimensional misinterpretations.

This diagnostic is illustrated through a complete dimensional resolution of the Fama–Shiller paradox recognized by the 2013 Nobel Prize in Economics. The paper demonstrates that market efficiency and speculative instability describe distinct but simultaneously valid dimensional processes.

The contribution of this work is not to propose a new economic theory, but to provide a geometric framework capable of situating existing theories within a common ontological space. This dimensional cartography clarifies why economic debates persist, why empirical validation remains fragmentary, and why no single school can achieve global explanatory dominance.

Keywords

Economic ontology; dimensional analysis; methodology of economics; value theory; market theory; CdR framework.

1 Introduction — The Modern Economic Paradox

For more than a century, economic theory has accumulated persistent and apparently insoluble debates: labor-value versus utility-value, market efficiency versus speculative bubbles, exogenous

*Project website: <https://sylebel.net>

versus endogenous growth, and productive capital versus patrimonial capital. These oppositions structure the entire field of modern economics.

A striking fact illustrates this paradox: in 2013, the Nobel Prize in Economics was awarded jointly to Eugene Fama and Robert Shiller, despite their fundamentally incompatible views of how markets function.

This document does not seek to settle these debates, nor to propose a new competing economic theory. Its objective is more fundamental: to identify the structural origin of these recurring disagreements.

2 Nature of the Document

The present text is a diagnostic document. It does not aim to provide economic solutions, propose a mathematical model, or defend any particular school of thought.

Its purpose is to establish an ontological cartography allowing us to understand why opposing theories may simultaneously be valid, why they become false outside their domain, and why economic debates recur without durable resolution.

3 Central Hypothesis of the CdR Framework

The *Consciousness of the Real (CdR)* framework is based on a dimensional ontology describing several irreducible levels of reality.

Applied to economics, this structure leads to a simple hypothesis:

Major economic oppositions are not contradictions, but confusions between distinct dimensions of economic reality.

Each school correctly describes one real dimension, but interprets that dimension as if it constituted the whole of reality.

4 Dimensional Structure of Economic Reality (D¹–D⁸)

D¹ — Real Value

Intrinsic intensity of economic existence, independent of price. It expresses the fundamental importance of a good or service for survival, social cohesion, and material or human continuity.

D² — Quality

Internal structure of realized value. Quality designates coherence, adequacy, durability, and usefulness, independently of quantity or exchange.

D³ — Goods and Services

Level of concrete configuration including material goods, services, inventories, and infrastructures. D³ is the observable materialization of value.

D⁴ — Labor and Transformation

Coherent transformation of reality. Labor is not defined by effort, but by the capacity to convert value and quality into concrete forms.

D⁵ — Market and Money

A mediation mechanism enabling exchange without producing value. Prices and monetary circulation belong to this dimension.

D⁶ — Economic Principles and Capital

Capital is not a stock. A stock belongs to D³. Capital, in D⁶, is a generative principle comprising know-how, technologies, organizational structures, and productive methods.

D⁷ — Economic Systems

Stabilized institutional structures such as firms, states, banks, and regulatory mechanisms that embody economic principles concretely.

D⁸ — Context

The global context of validity of the economic system, defining what may or may not be commodified, what counts as recognized wealth, and what is legitimate or unacceptable.

5 Interdisciplinary Correspondence

Dimension	Physics	Perception	Economics
D ¹	Amplitude	Intensity	Real value
D ²	Pressure / wave	Sensation	Quality / utility
D ³	Mass / volume	Configuration	Goods
D ⁴	Force / impulse	Transition	Labor
D ⁵	Energy / photon	Relation	Market / price
D ⁶	Quantum action	Principle	Capital
D ⁷	Matter	System	Institutions
D ⁸	Universe	Context	Normative context

Here, “Universe” (D⁸) does not denote an additional object, but the global context of validity of the physical system.

6 The Core Economic Misunderstanding

Each economic school describes an exact dimension of reality. The error lies not in what it affirms, but in what it believes it covers.

- Marx: value as a function of labor ($D^1 \times D^4$)¹
- Menger: subjective valuation and goods ($D^2 \times D^3$)²
- Fama: market mediation efficiency (D^5)³
- Shiller: interaction between market and fundamentals ($D^5 \leftrightarrow D^1-D^4$)⁴
- Solow: production and labor with an unexplained residual (implicit D^6)⁵
- Piketty: capital accumulation principles shaping inequality at the normative level ($D^6 \rightarrow D^8$)⁶

These theories do not contradict one another. They describe different dimensions of the same economic reality.

7 Illustrative Case — Fama and Shiller (Nobel Prize 2013)

Fama describes the internal logic of market mediation (D^5). Shiller describes the interaction between market mediation and fundamentals (D^1-D^4).

The CdR framework resolves the apparent contradiction by recognizing these as distinct but simultaneously valid dimensional processes.

8 Structural Origin of Insoluble Debates

Economic conflicts persist because each theory is valid within its dimension, becomes false outside it, and no shared geometry of the studied reality exists.

Economics suffers neither from a lack of data nor from insufficient mathematics. It suffers from a lack of conceptual geometry.

9 Conclusion

The major economic oppositions of the past century are not theoretical errors.

They are the recurring symptoms of a single ontological misunderstanding: the confusion between distinct dimensions of economic reality.

The CdR framework does not yet provide the solutions. It provides what was missing to make them possible: a common space for reading the real.

¹Marx defines value as a function of socially necessary labor time: “The magnitude of value of a commodity remains constant as long as the socially necessary labor time required for its production remains constant.” *Capital*, Vol. I, 1867.

²Carl Menger grounds economic value in subjective evaluation and concrete goods, locating value in perceived usefulness rather than production.

³The Efficient Market Hypothesis describes the internal dynamics of price formation and information circulation, without making claims about intrinsic value or production.

⁴Shiller’s work on speculative bubbles concerns the interaction between market prices and underlying economic fundamentals, not the negation of market efficiency itself.

⁵The Solow residual captures technological change, organization, and know-how beyond measured capital and labor inputs.

⁶Piketty demonstrates that when the rate of return on capital exceeds growth ($r > g$), capital reproduction principles shape long-term inequality at the institutional and normative level.

Research Directions

This dimensional diagnosis opens avenues for future research, including the development of independent dimensional metrics, the modeling of inter-dimensional dynamics (such as $D^5 \leftrightarrow D^1$ – D^4 interactions during financial crises), and the design of analytical tools calibrated to specific dimensional failures.