

Capturing Economic Rent as Public Revenue

-A Geo-Economic Point of View-

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We can bend the arc of capitalism to our will if we wish (Peter Radford).

Introduction

The statement from Peter Radford can be successfully realized by applying learned optimism and radical scepticism via methodical economic reform steps; in the industrial beginning, the evolutionary path of the capital-based economy was to lead physically beyond the ancient feudal limitations of land and labour. So, what went wrong with global capitalism, especially after the events of 1989, and can we identify the key mechanisms of malfunction or systemic error? Today, the economic tendency towards a global rentier society cannot be overseen; all 'correct' economic calculations do paradoxically result in distributive injustice and productive de-growth or stoppage of labour and entrepreneurship, i.e. capital formation; monetary streams steadily flow to the economic claim of rent, setting a kind of globalized neo-feudalism into bio-physical motion. It is a **Sisyphean calculation paradox** and the perennial economic boulder is rent, i.e. the extraction or capture of value for no-thing or performance in return. The rent-seeking mentality has reached universal appeal, with cyber landlords on the top of the rentier wave; on the contrary, it is always said, that the rentier has an essential function in a credit (interest)-based monetary system. Ideology wants to beat ideology, but this is not a helpful survival strategy for more than 7 billion people where human economic activity waits for better models or concepts of optimal resource allocation, in terms of systemic rationality and morality. We are witnessing historically and empirically a *monetized rentier mechanism* which collects the land value of (territorial) natural resources for a select financially organized oligarchy, i.e. we are living in the era of centrally planned financial capitalism. Instead of producing more capital from capital, to expanding the finite barriers of physical land and human labour, the rentier systems error transfers more money to more money. This might be an unbelievable superstition, in terms of logic and mathematical proof methods, but the body economic has been invaded by a parasitic disease that affects the blood circulation. A productive shift towards a long-term strategy of geo-economic dynamic efficiency (Solberg, 2012) can be achieved, if we will tax primarily the concentration of wealth in a few pockets, converting economic rent into public revenue; this is the only peaceful and just third way towards economic justice without ending in great social conflict, revolution and war, i.e. the gradual and legal implementation of a global geonomic system of production and distribution. Economic thought for such an economic survival and life strategy dates back to the code of Ur-Nammu (2500 BCE) and the ancient Israelite ecology (Bible,

Leviticus: chapter 25; Huettermann, 1999); it has been actualized in ‘modern’ times by such thinkers as B.Spinoza, D.Ricardo and H.George, i.e. the basic assumption here is that economic self-interest and physical altruism of the human species can be balanced by the legal introduction of the ultimate tax, i.e. converting rent-seeking into public revenue. This geo-economic thought, knowledge and wisdom dates back to the first emergence of a human civilization in Sumer; it was evolutionary and creatively transferred, refined and codified by various anthro-po-cultural traditions (e.g. holy scriptures, legal documents, policy rules) and waits for an effective/efficient elaboration, concerning the global development (globalistics) of the modern monetary production economy.

1. The Economic Orbit of Dead Objects

The neo-classical economic application of Newtonian mechanics, since about 30 years, has issued the death certificate for the human social economy, viewing it mainly as a monetized exchange of dead objects, governed by a rentier mechanism. ‘This monetized war on natural scarcity’ cannot be won, because the basic physical laws of a capital-based economy are being violated permanently; the arc of the capital-based economy is bended to the global rentier class, monopolizing the territorial value of natural locations and resources via monetary tools. The creative production of capital from capital via labour and entrepreneurship is depressed towards a zero sum game; under such unproductive conditions, the cost and effort of making a living is converted into an economic tragic comedy. Centrally planned financial capitalism and its pseudo-market system have no strategic future concept; the physics of socio-economic systems is about **global dynamic efficiency** and eco-energetic prudence for location and resource optimization. The viewpoint from a *natural science of human society* goes far beyond the mathematical conventions (book-keeping traditions) of static economic accounting, in terms of private property accumulation via private bank fiat credit money; geo-energetic thinking is concerned with the real physical economy and the issuing of birth certificates (value/wealth creation and not capturing value for no-thing or performance in return). The territorial nature of the human species and the economy is being measured against long-term strategic survival and life, not by short-term accounting alchemy, in terms of nature serving as banking collateral. *Geonomics* (www.collinsdictionary.com/dictionary/english/geonomics) will do with economics what astronomy did to astrology and chemistry to alchemy; it will eliminate the superstition of money and clear its proper role in a market-driven economy. It is time to unmask rent and to trust in the natural cure of human economic activity.

2. The Sisyphean Economy and the Great Calculation Paradox

The empirical evolution of human economic systems is bound to the laws of thermodynamic energetics, e.g. the energy efficiency of any given economy works as a transduction mechanism for strategic survival. If there is any evolutionary economic selection procedure which we can observe in past and present time, then it operates on the basic laws of thermodynamic energy efficiency. All economic systems that achieved a sustainable level of

energy efficiency, in terms of thermo-economics (economic tendency towards minimal entropy), were more durable (measured in human generations); the rentier mechanism of an economy is, in so far, critical as it periodically superseded economic growth by extracting progressively value (actually energy) for no-thing, a phenomenon that this author calls the Sisyphian economy (with the growing boulder of economic rent, curbing productivity). A long-term strategy for global dynamic efficiency cannot ignore the natural laws on this planet; the great economic calculation paradox remains unsolved, because the information (energy) flow in markets can be money-pulated which leads finally to the money-pollution of the human psyche and the natural environment. Thermo-economics is therefore not evolutionary economics, but the systemic direction goes the other way round: thermo-economic principles do guide any evolutionary path, in terms of selection pressure and procedure. Consequently, the **optimal trinity** between assets, liquidity and productivity can surely not be found via the rentier mentality of economic operations, because the direction of the energy flow is essentially decisive. However, the paper economy can apply better models of accounting (for optimal resource allocation and distribution) to achieve a more durable level of energy efficiency in the *real physical economy*, i.e. death, disease and disasters are real and certificates can only be issued a posteriori, but strategic thinking is a priori and not post mortem. Ideologies about life and their economic application into living systems will always work against the strategic survival (Snooks, 2016) of the human species; knowledge is about predictability and time-tested wisdom always decides about the outcome.

3. The Eco-Energetic Circuit and Human Action

A long-term strategy for global dynamic efficiency will have to consider the basic workings of the eco-energetic circuit in a given human social economy as a living system; the body economic is made up by the territorial value of natural resources. The natural resources (land) of any given territory are finite while technical resources (capital) are not finite, i.e. capital can be employed to produce more capital via human resources (labour). The conversion process of nature (land) into capital via labour as translational tool operates in a money-based economy by the following **elementary logic**: money/quantifies/energy; energy/quantifies/time; time/quantifies/production. Human economic activity results in waves, cycles and spirals which are energetic feedbacks of this conversion process; the length (l) of a wave is determined by its frequency (f), the monetary volume (x) and the reserve requirement (r), resulting in the formalized thought of $l=f(x/r)$. Production (p) is determined by the factor time (t), the monetary volume (x) and energy (e), resulting in the formalized thought of $p=t(x/e)$. The neo-classical formula of $P=R+W+I$ (p=production; r=rent; w=wages; i=interest) is a very misleading ideological assumption; the geonomic formula of **P-R=W+I** comes closer to economic reality as the quantity of rent is seen as a disturbing factor (the cyclical moment when $p>g$ sets in) for more economic growth and distributive justice. In the current credit-based monetary system, private commercial banks decide about the economic fact where money should go. Where does the money go? Who controls the money supply? There are enough unmet demands, but what about the ability to pay for it? In a fiat economy, it is actually not possible to run out of money; people want to work and there is a lot of work to be done. As stated before, the bank credit money streams in a fiat economy flow to the factor of rent; this is the great calculation paradox of the Sisyphian economy. The great depression will not have been *the greatest depression* if such unreasonable economic practices prevail; the damages to human health and natural ecology are immense and can only

be balanced by applying a long-term strategy for global dynamic efficiency which is based on geonomic thought and transformative management.

4. Bending the Arc of Capitalism towards Economic Democracy: A ‘Final’ Observation

The statement from Peter Radford, based on famous quotes of T.Parker, M.L.King and B.Obama (<http://quoteinvestigator.com/2012/11/15/arc-of-universe/>), is also an inquiry into the degrees and limitations of economic freedom; human economic liberty is limited by certain natural laws (Comte, 1856; Ternyik, 2013) of the physio-material world (Plekhanov, 1897) and can be extended by human creative ingenuity. However, economic progress makes only sense, in terms of human toil and lifetime, if growth (Savarino, 2016) is balanced by fair distribution, according to the law of effort, i.e. input measured against output. Geonomics is a tool for universal economic emancipation of the human race and aims to tax all kinds of economic rent, because the Sisyphian economic circle always begins when rent gets out of public control, i.e. when the quantitative increase of rent (r) checks growth (g) while the surplus value disappears into economic rent. A geonomic system of production and distribution will most probably, in gradual calculative stages, lead to a participatory economy, decentral market socialism and legitimate private wealth, i.e. economic democracy via an earth sharing strategy. The current global *rent-seeking monopoly* for privileges is not only unjust; it is not efficient and not effective. However, we can bend the arc of capitalism towards **economic democracy**, if we wish and want.

Literature

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Links

<http://hgarchives.org/2674-2/>

<https://ideas.repec.org/p/pramprapa/65808.html>

http://commonground-usa.net/baker-scott_review-of-stephen-ternyik-the-eco-energetic-point-of-view-2015-aug.pdf

<http://ssrn.com/abstract=2774203>

www.sociostudies.org/authors/ternyik_stephen_i/

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