

The NECAW Project/Capitalism in 5 Points

1=Definition=A technological stage of economic systems evolution which allows technically to produce capital from capital; the NECAW is to break free from the *feudal limitations* of land and labor via a **capital-based economy**.

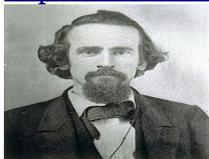
2=Typology=Productive vs. unproductive evolutionary forms; when the extraction of **economic rent exceeds** (>) the productive growth via capital (x labor/entrepreneurship), *the physical momentum* of 'unproductivity' (economic crisis) sets in.

3=Agents=Financial practices of private commercial banks are the global evolutionary agents; the **liquidity** expansion of bank credit money as **asset collateral** for *land value* (locational value=real estate; resource value=natural input) outperforms economic **productivity** in recurring patterns of cyclical crisis by a quantitative over-extraction of economic rent.

4=Contradictions=**Central bank planning** (EU/ECB) causes phlebotomy externally from the geographical peripheries to the center and internally from the societal bottom to the top; central monetary policy amplifies the unproductive motion towards economic rent-seeking as *accounting unit of last resort*, creating huge pools of poverty and small pockets of wealth.

5=Replacement=A *geonomic systems approach*, the value capture of **economic rent as public revenue**, is a workable evolutionary path; it can combine property, public and private economy in the social framework of human liberty.

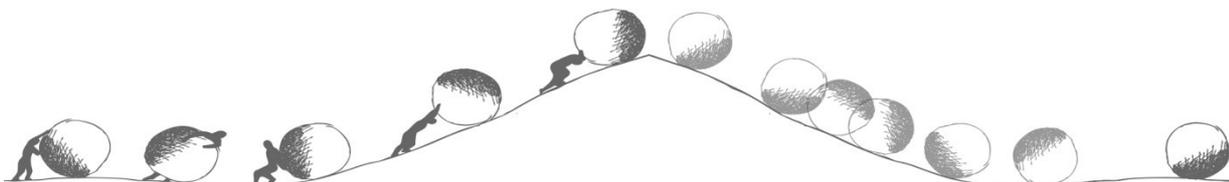
<http://www.truefreetrade.org/pftindex.htm>



"Capital is a result of labor, and is used by labor to assist it in further production. Labor is the active and initial force, and labor is therefore the employer of capital."

Henry George

<http://www.truefreetrade.org/amap.htm>



Stephen I. Ternyik



StephenJehucal@web.de

Social Science Economist (-1985)

Techno-Logos, Inc.

THE SISYPHEAN ECONOMY

-Towards a Geonomic Remedy for a Capital-based Economy-

(Written: for the NECAW Project at Chelyabinsk State University Feb.2016)



Stephen I. Ternyik
Social Science Economist (-1985)
Techno-Logos, Inc.
StephenJehucal@web.de

The empirical and historical purpose of capitalist systems evolution was to break free from the ancient, tribal and feudal limitations of land and labor, thus producing capital from capital, to improve the human living chances for a growing mass of people. The productive turning point of the capital-based economy was reached in the 1990s of the 'new economy', and subsequently in the last quarter of year 2000, when markets signaled a massive mischief of modern monetary tools, based on the unreasonable financial extraction of economic rent for land value (location, resources) from further productive growth of capital (x labor/entrepreneurship). This phlebotomy from the living body economic caused deepening and shortening cyclical crisis of the world market economy, dynamic energy inefficiency and resource mal-allocation. Geonomics is an economic systems approach that can remedy this physiological disease of unproductive rent extraction via capturing the land value as public revenue. Additional measures are sound monetary reform and achieving optimal trinity of assets, liquidity and productivity in the eco-logical body of humanity.

Key terms: Economic rent; capital-based economy; money; ecology; geonomics; taxation

JEL: B41

The Goal of Science

*The ultimate goal of science is the discovery of the universal mysteries of **harmony** in nature and men; humankind could break free from fractal natural chaos (since about 50000 years, with the great leap forward), but it could not achieve a harmonic civilizational or cultural order (since the last 5000 years, starting in the Sumerian city states). Land or territory seems to be a vital imperative of human economic behavior or activity and the following elaborations will explain the psychophysical evolution of economic systems in human history and future, i.e. the physics, history and future of socio-economic systems.*

Systems Evolution and Physical Order

Economic systems evolution is built on the natural and social order of a cybernetic or energetic circuit which proceeds gradually through the cycle of natural input,

economic conversion, social output and financial transaction. It is knowledgeable (prediction) and wise (outcome) to assume that the **dynamic energy efficiency** of a given socio-economic system is a physical selection mechanism and procedure for a sustainable way of life. This methodical point of observation from a natural science of human society does not exclude the cultural fabric of human (economic) action, but it clearly distinguishes between physical facts and psychological narratives in the economic arena of making a living. The physical selection procedures are observable as waves, cycles and possess most probably a spiral nature; waves (and their frequencies) transform or translate into cycles and the spiral motion can be regressive, stagnate or progressive. The tetrahedron is mathematically most apt to model this geometry of physical forces in a socio-economic system, with the four dimensions of humanity, assets, liquidity and productivity.

Spaceship Earth and Stewardship

We are now flying back to planet or spaceship earth, and we all know that ownership does not imply automatically stewardship. Property economics (asset/wealth management), a historical result of territorial possession and accounting behavior, is a well-developed professional discipline and it is the real backbone for economic practices of **expanding property** via credit, interest and rent. Economic science is still in the making and working for models that better match economic reality to improve human living chances. If we do not want to end up in a sort of ideological dictatorship, e.g. the fusion of the state, the economy and public communication, we have to carefully analyze the workings of the body economic, according to the physiological parameters of a sane economy. As we all know, it seems to be very difficult to staying sane in a crazy world, but it is very reasonable to assume that economic remedies are at hand, if the empirical and rational mind remains in methodical control of the communicative research process.

Critical Paths and Social Choice

Mathematics, economics and medicine are disparate bodies of knowledge, but the physical patterns of nature and human society do follow certain and similar evolutionary (critical paths) periods. The new economy movement of the early 1990s has received systemic feedbacks from the real economy, since the last quarter of the year 2000, with successive and shortening waves of cyclical economic crises, signaling a **global financial pathology**; the Sisyphean economy is back and what is the real economic boulder that causes these setbacks, despite all technological breakthroughs in automatic information-processing? Capitalism as an economic idea, ideal and project has fallen back in dynamic efficiency, because the fiat money machinery is physically serving economic rent-seeking and not the productive capacity of the human economy; land value and money creation are no more in the hands of laborers and entrepreneurs who can make the most productive use of it; it is still an open guess (?) if China will join the 'Western path'.

A Sisyphean Task and Economic Remedies

*The modern monetary mechanism reinforces the economic extraction of rental value (location of real estate/natural resources) for no-thing in return; subsequently, money does no more exist in a sufficient quantity to meet the productive capacity of the general human economy. The highest toll of this erroneous systems practice has to be, in effect, paid not only on social productivity (progressive and innovative slowdown, stagnation in poverty, revival of the rentiers), but also on the natural ecology (aggressive exploitation of natural resources and land value) which means attacking human health on the common level. The excessive extraction of rental value from the living body economic via monetary tools resembles a parasitical disease that is in need of methodical rectification via economic science, and not via the legal art of 'private wealth/asset management'. We are facing a Sisyphean task, but economic remedies do exist and we should try to work them out; the **boulder** of excessive economic rent extraction rolls back in even the most advanced stages of technological production, if we allow it to happen. Even the Minsky momentum, a moderate financial instrument of foresight and modernized version of Joseph in Egypt (economic advisor of the Pharaoh, pledging for narrow reserves), was fully ignored in academic circles before the GFC did become lethal to economic productivity.*

Basic Formulae and Productive Relationships

The ruling neo-classical economic formula of: $P=R+W+I$ is simply wrong; the geonomic formula of: $P-R=W+I$ does better meet the real economic conditions of making a human living or meeting the ends (P =production; R =rent; W =wages; I =interest). In addition, money (m) /quantifies/energy (e), energy/quantifies/time (t), and time/quantifies/production: ($P=t (m/e)$); money is divided by energy. It is important to bear in mind that: $I=f (m/r)$; the length (l) of an economic wave is determined by its frequency (f) which is a product of m (monetary volume) divided by r (reserve requirement). The taxation system is the ultimate nail into the coffin of the body economic as it taxes vitally labor/wages and interest can be technically converted into rent via the modern money mechanism. The boulder of economic rent rolls back, and the Sisyphean economy triumphs over human productivity; this might not be the origin, nature and evolution of capitalism as competitive and co-operative system of human economic action, but historical regression, like a viral disease, hits back at the modern monetary production economy and time-tested tools of economic (macro) prudence are bitterly needed to balance pathological events like excessive rent extraction for no return to the body economic. In this scientific piece of socio-economic research, the human economy is assumed as a living organism and the sane functioning of the body economic is measured against pathological tendencies that inevitably occur in nature and the evolution of living systems.

The Ultimate Tax

*The taxation of economic rent is at the heart of a human society that tries to live along the laws of the natural order of physical and living things; the geonomic remedy is somehow the golden middle path between over-competitive capitalism and inefficient socialism, both of which are idealized and antagonistic forces of contra-polar human economic activity. Geonomics will do to economics, what chemistry did to alchemy and astronomy to astrology; it will sort out the superstitions which do impede the economic progress of individual life, human co-operation and societal organization. The geonomic approach is physical by scientific nature and evolutionary by social design; it is not about speedy remedies, but about setting the right direction of reform, i.e. taxing **unproductive** economic rental value extraction for no-thing in return, paving the economic road for productive association in equality. Only this ultimate tax can remove the Sisyphian boulder from the human economy and free our economic potential from unproductive rent extraction.*

Economic Negentropy

*The future evolution of a sustainable economic system, which operates via optimal resource allocation and dynamic energy efficiency, will have to pass through the following gateways of economic choice: A) **tax reform** must capture the land value of economic rent as public revenue, to free labor and entrepreneurship for higher levels of productivity; B) **monetary reform** must aim at the highest level of financial circulation, to produce more capital from capital, i.e. land value ought not to be a banking collateral; C) the **optimal trinity** between assets, liquidity and productivity lies in an eco-logical humanity. The noosphere of Vernadsky, the transhumanism of Fyodorov and the culture of health from Skumin are important philosophical cornerstones for grappling with gateway C, because the social organization of human life has become a geo-logical force on this planet. It is important to understand that the body of humanity is wrestling with these economic problems since at least 5000 years as the technical elaborations in Moses 3/Leviticus/chapter 25/do document; in any case, the relationship of land, money and economic value is laid down in a fragmentary form and Spinoza as well as Ricardo were aware of these natural limitations for a land-based economy. However, it was Henry George who developed the basic edifice for a geonomic system of the human social economy which was embraced world-wide by innumerable thinkers and activists on this globe. Today, money is used globally to extract the land value (location & resources) as territorial claim for economic rent and this type of hidden agenda cuts into the productivity of nations and curbs growth in every corner of the earth.*

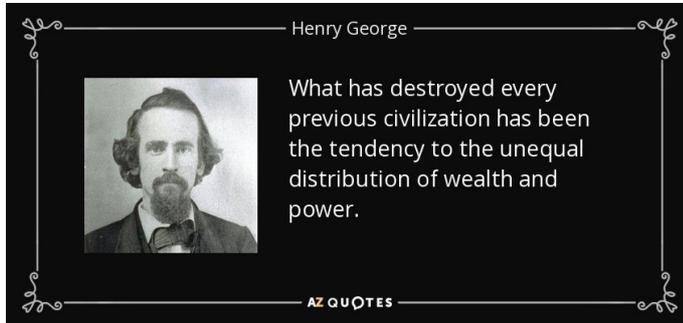
Geonomic Conjuncture

*Economics, like medicine or pedagogy, is mainly an empirical profession; these disciplines, reinforced by various kinds of academic training schools, heavily rely on traditional and proven practices. The quantum leap towards a deeper scientific methodical understanding of human economic activity is to be done by looking beyond the territorial property economics of credit (debt), interest and rent, i.e. converting land value via assets into liquidity and vice versa. This zero-sum accounting game is the root cause of productive stoppage in a capital-based economy that aims to overcome the tribal and feudal limitations of land and labor via producing capital by capital. The realization of a geonomic conjuncture relies on profound economic analysis and gradual legal reform; the tools of today's money-based economy (monetary production economy) do impede capitalism actually from its empirical and historical purpose, i.e. **multiplying capital** to overcome the naturally finite value of land and the biologically limited value of labor, in terms of physical (physiological) energy. A geonomic conjuncture can reconcile the physical interplay of the production factors (land/rent, labor/wages, capital/interest) in an eco-logical manner as rent extraction will not cut into the economic productivity of wages and interest; it is important to note that the geo-physical living conditions of countries do vary a lot and have to be taken into account as the Euro dilemma currently teaches, i.e. a geonomic system of a human social economy is never a centralized, planned and commanded machinery, but a living body economic, with various levels of human decision-making as small is beautiful and too big always fails ('tail-body-dilemma').*

1989

*The peace dividends of the 1989 events in Europe have not arrived, but the events have shaped or created the globalization of economic rent-seeking. This is not only the 'guilt' of the global and private rentier class (employing mainly computer power and 'the quants'), but a profound misunderstanding of the events itself. Socialism may be the hardest way from capitalism to capitalism, to paraphrase a Hungarian joke of the 1980s (after joining the IMF 1982), but it is not wise to apply economic systems that leave no sand in the desert, e.g. a rent-seeking economy. Capitalism needs a clear set of **institutional economic rules** and it is not enough to open borders; 'making' a fast business does also not create a stable economy nor does the re-privatization of land and other assets. If liberty is association in equality, then only a geonomic remedy can step-by-step lead to peaceful co-operation of states, markets and beliefs; the market itself is a (low-level/primary) information system that can activate (a posteriori) the funeral service for the dead patient and the most expensive funeral is the state funeral. However, beliefs should not cause funerals and the health of a state must not be war. The role of money in a market economy is payment/liquidity and not profit or rent-seeking; this has become rapidly the*

fundamental systems error of the 'Western path' after the liberating events of 1989. Money is an amplifying signal for directing the energy flow in a market-economy and not a quasi-religious omnipotence mechanism; it can never be an Ersatz link or collateral against existential fear.



Literature

Adams M. 2015.Land.Berkeley/CA: North Atlantic.

Backhaus J/Wagner R. 2004.Handbook of Public Finance.Norwell: Kluwer.

Baker S. 2015.America is not Broke.SF: Tayen Lane.

Gaffney M. 2009.After the Crash.Chichester/UK: Wiley

George H .1898(1992).The Science of Political Economy.NY.:Schalkenbach.

Hudson M. 2015.Killing the Host.NY: ISLET.

Lachmann L. 1956.Capital and Its Structure.London:LSE.

Lange O. 1965.The Computer and the Market.In: Feinstein C:
Socialism, Capitalism and Economic Growth.Cambridge: UP.

Lough A. 2013.The Last Tax.Doctoral Dissertation: Brandeis U.

Ternyik S. 2015.Gateways of Sanity.Islamabad: PFI/IKIU.

Zarlenga S. 2002.The Lost Science of Money.NY: AMI.

www.cooperative-individualism.org

www.foldvary.net/economics.html

