Land. Value. Money

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A Free Earth Reform Algorithm

Objective:
Removal of land value as collateral for loans

Step A:
Land value taxation=public revenue (income)

Step B:
Decrease (<) labor taxation=
Increase (>) taxation of capital gains (interest)

Step C:
Banking regulation=100% money.
LAND.VALUE.MONEY

Research Proposal/BAHRC

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Introduction:

Georgist Journal#124 of the HGI/NY discusses on pages 38/39/40 that land is more important than money; the general argument of Editor Lindy Davies that natural resources are more important than money is a reasonable statement. However, the conclusions and implications concerning the current monetary tools of human exchange, i.e. mainly supporting the fractional reserve banking system, have more to be investigated into and in economic depth.

Background:

The 19th century was definitely a period of land reform debates in countries that were moving from a natural to a monetary economy; it was also a century of the gold (and/or silver) standard, no central banks and a slow world economy. According to the economic science approach of Henry George, money is a common measure of value, performs an indispensable office in interpersonal (temporary) exchange and is built on trust to facilitate exchange. Furthermore, HG states that the real price and value of everything is the toil and trouble of acquiring it and that money serves to satisfy our desires with the least exertion.

Assessment:

Our present economic situation is very different; we have fiat credit money (paper, plastic & digits), central banks & central banks of central banks and almost all human needs are reduced to need for money, i.e. money has become more important than land and it supersedes the value of land (natural resources). As a conclusion, money has become access to natural resources (e.g. energy); all this is the result of a systems evolution which could not be foreseen in the 19th century and the Georgist thought system is in a methodical time-lag, concerning the interplay of land, value and money.
Factors of Production (rethought):

Without delving too much into theory, it can be simply concluded that the factors of production have to be rethought. Has money become a factor of production? What about entrepreneurship? Land value surely covers ¾ of all issued credits for real estate and natural resources are more important than money, but the current monetary system does not count with limited natural resources.

CONCLUSION:

The interplay of land (natural resources), value and money lies behind all monopolies (tax, credit, land) and privileges (inherited wealth) in the economic world; from a Georgist point of view, it is time to catch up with the latest economic developments and to formulate new answers to old questions.
0: Is economics meta-physics with money? The mainstream economics profession seems to believe in a super-naturalist omnipotence of money as the key market mechanism of the body economic. The following methodical thoughts shall help to clarify the real nature or physicality of money in our current and dual system of private bank credit/interest money (liquidity emission/expansion) and public authority fiat control (planning agency).

1: The systemic behavior of gradual monetary excess increases the progressive and exponential need for energy (via natural resources) and causes physically the (global) temporal acceleration of economic wave frequencies and lengths, due to a lack of a narrow reserve requirement for balancing savings and investments (payments).

2: \[ l = f \left( \frac{x}{r} \right) \]

(l=wave-length; f=liquidity frequency; x=monetary volume; r=reserve requirement/on demand deposits); l is quantitatively proportional to f, the greater x in wave, the higher is f.

3: \[ p = t \left( \frac{x}{e} \right) \]

(p=production; t=time; x=monetary volume; e=energy); the temporal (t) acceleration of p (e.g. machine operating time) is a result of x in demand for e.

4: Please do remember that p is only finalized via logistics and customer payment (cybernetic circuit).
5: The decisive question arises where the behavioral inter-section of \( l \) and \( p \) is located in the body economic and how it operates?

6: As we cannot pull back economic systems evolution and current monetary agency, we have to think about introducing narrow reserve banking; this has actually to do with values, principles and laws of economic behavior; concerning money, neither a collectivization nor a privatization of the financial system will work to reduce the ‘economic heat’.

7: Money (m) is physical access to energy, drives the temporal length (l) of economic production (p) cycles and determines the ‘heat’ of the human economy; as a consequence, the application of narrow reserve banking will make the financial system more boring, but at the same time more stable/sustainable.

8: The way to an ethical market economy is bound to re-defining the societal role of banking \& money in legal terms; as long as access to natural energy resources is limited (despite all human ingenuity), we will need money to work the body economic.

9: Money is not a super-natural force, but it acts in real economic practice as a measurement unit for natural and human energy resources via payments.

10: As a practical result, monetary units should be related economically to a natural index of clean energy.
We may like it or not, ours is a monetary civilization, since ~ 5000 years. The last 250 years saw the rise of the monetary production economy, with the latest consequence that all human needs are now reduced to the need for money. This technical 'simplification' of economic complexity comes with a high price, concerning the physical sustainability of the human-nature-capital interplay. Money (m) has become physical access to all types of energy (e), drives the temporal (t) length (l) of economic production (p) cycles and determines the 'speed' of the human economy. The cybernetic wave circuit reads: m/quantizes/e=e/quantizes/t=t/quantizes/p. Every economic wave length (l) is quantitatively proportional to the liquidity frequency (f); the greater the monetary volume (x) in a wave, the higher is f (l=f (x/r); r (reserve requirement) is the decisive factor in this equation. The temporal (t) acceleration of p (e.g. machine operating time, logistics) is a result of x in demand for e (p=t (x/e); every customer payment finalizes p. As a result, the economic behavior of gradual monetary excess increases the exponential need for energy and causes the temporal acceleration of economic wave cycles (crises). Only an efficient monetary technique of narrow reserve banking can lead to more economic systems sustainability.

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