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PLANETARY RENT AND PLANETARY ETHICS AS THE BASIS OF AN ALTERNATIVE ECONOMIC SCENARIO

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ABSTRACT

This paper proposes a new economic approach to addressing global economic problems. It implies rebuilding the global economy on the principles of *planetary ethics* derived from Russian Cosmism. It integrates such values as life, social justice, biocompatibility, and technologies of the Sixth Techno-economic Paradigm. These ideas form the core of the *Planetary Project*.

International organizations are not always effective in solving global problems due conflicts of national interests and a lack of funding. The paper introduces *planetary rent* as a new global funding source. It is to be levied on users of *planetary resources* to fund a consolidated *planetary budget*. These resources include atmospheric air, near-Earth space, the Earth's hydrosphere, etc. They belong to the planet. Humanity is the steward of this wealth rather than its owner. It is our moral duty to pay back to the planet a share of the revenue that we receive using the planet's resources.

Key Words: Planetary Project, planetary rent, planetary resources, planetary ethics, Russian Cosmism

INTRODUCTION

This paper proposes a fundamentally new economic approach to addressing global problems that stem from economic and political inequality and depleting natural resources. It implies rebuilding the global economy on the principles of conservation while observing the interests of all participants of the global market as even tiny nations' problems affect the well-being of large countries.

International umbrella organizations including the United Nations are not always effective in solving global problems. This is explained, among other things, by conflicts of national interests within these organizations and a lack of funding. We propose the concept of *planetary rent* to remove these stumbling blocks.

People use the planet's resources to meet their needs. Yet, most of these resources are not owned by anyone: atmospheric air, near-Earth space, fresh water, the waters of the world ocean, geothermal energy, climate and the biosphere. The theory of planetary rent defines these resources as *planetary resources*. They belong to humanity as the steward of the planet.

Max Weber argued that a shift in consciousness was at the base of the historical shift in economics and politics that made possible the emergence of capitalism as a qualitatively new socio-economic formation. "Weber argues that the religious ideas of groups such as the Calvinists played a role in creating the capitalistic spirit. Weber first observes a correlation between being Protestant and being involved in business, and declares his intent to explore religion as a potential cause of the modern economic conditions. He argues that the modern spirit of capitalism sees profit as an end in itself, and pursuing profit as virtuous" (SparkNote, 2017).

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A new reassessment of values is needed today to implement an alternative economic strategy that would take us from profit-driven capitalism to a responsible biocompatible civilization created by a united humanity. One of the founding fathers of Russian Cosmism, which was arguably the first global philosophy, Academician Vladimir Vernadsky referred to humanity as a great geological, perhaps cosmic, power in the biosphere (Semenova, Gacheva 1993, p 168). The highest goal of planetary economic policy and global anti-crisis management should be recognized as the preservation of the Earth's biosphere for present and future generations.

THEORY

Planetary rent defined

The concept of planetary rent belongs to the sphere of resource factor base management. Planetary rent can be regarded as the highest stage of the evolution of the institution of rent, when its inner contradictions, connected with the alienation of surplus income, would be removed. Rent would serve to fund a planetary budget providing the financial basis for solving global problems rather than to enrich the owner (even if mankind is the owner of planetary resources).

Unlike traditional rent, which creates inequality, planetary rent is based on equality and is designed to generate greater equality. By the equality, which serves as the basis of planetary rent, we mean that all people are in the equal position in the face of the global threat of depletion of resources. Resources that would never have been associated with any idea of rent, because they cost nothing, e.g., atmospheric air, fresh water, the near-Earth space), declare themselves as an extremely valuable and exhaustible resource, today. This equality of challenge is valid for any type of society, regardless of its class structure, political regime and ideology.

Planetary rent generates equality because it is a fundamentally new type of supranational world income that is collected for the common good rather than in the interests of individuals, corporations or government. It is collected to serve the whole of mankind and is used to solve global economic, social, environmental and political problems. These solutions include creating new zones of economic development (e.g. in Africa), developing effective demographic and migration policies (e.g. in Europe), and encouraging a transition to the Sixth Techno-economic Paradigm.

For a general understanding of the formation of planetary rent, the factor approach is entirely suitable. It implies that any limited resources used in production are considered to be the costs of obtaining some kind of good. Accordingly, economic rent is any payment to a factor of production in excess of the cost needed to bring that factor into production.

Sources of rent

It is possible to distinguish three types of sources of planetary rent: natural resources, noospheric (anthropogenic) resources, and planetary resources.

The first type of planetary rent source includes those natural resources that are actively used as raw materials for the manufacturing, agricultural, infrastructural and service sectors: minerals, soils, fresh water, forest, etc. They are in state, private or public-private ownership.

The second type of resource includes all factors of socio-historical origin, capable of engendering economic rent, including quasi-rent: human, social, intellectual, technological, financial, infrastructure, and other resources.

Finally, the third resource category includes planetary resources. By planetary resources we mean those factors of cosmogonic and terrestrial origin that do not fall under the jurisdiction of individual states and are not the subject of someone's ownership rights. These include near-Earth and outer space, wind energy, the hydrosphere, and atmospheric air.

We propose to start the process of institutionalizing planetary rent with planetary resources rather than with natural or noospheric (anthropogenic) resources precisely because they are “clean” of any ownership rights and therefore are easier to “planetarize”, i.e. make them a common revenue producing good.

The classical theory of rent has one critically important point: the necessary condition for extracting rent from the exploitation of a factor of production is the limited nature of its supply. Although many people believe that there is an infinite amount of atmospheric air, ocean water, wind energy, light and natural heat, this, unfortunately, is no longer the case. At present, we know for certain about the depletion of oil and gas. We know how quickly air and water are poisoned, oxygen is burnt and the ocean is clogged. We are well aware of how many forests are cleared and fertile soil overworked. We see entire species of plants and animals disappearing and entire ecosystems destroyed. This attitude towards natural production factors, which was possible 100 years ago, is no longer permissible today. The need to save and restore the natural environment as a resource base can no longer be ignored.

Although planetary resources are fully involved in the technological cycles they are not yet recognized as production factors and are not included in the list of resources generating rent. This must be done at a supranational legislative level.

When natural resources become the source of planetary rent, the mechanism of its formation must be the extraction of a share in the payment of planetary rent from the national resource income. It includes the natural rent, appropriated by the owner (first of all, the state), other payments in favor of the state (taxes, excises, etc.), and income generated by the resource user (corporations).

Noospheric resources can generate economic rent too. The algorithm for the formation of planetary rent will be similar to the previous one. In the structure of income from economic rent and quasi-rent, a share can also be allocated for the payment of planetary rent. At the outset of planetary rent institutionalization, any contribution to the planetary budget would be voluntary.

Currently, a number of developed countries have funds for future generations, which are based on revenues from resource rent. They invest this accumulated income in the development of the social sphere, human capital, science, new technologies, conservation and the restructuring of their economies to meet stringent environmental requirements. The fact that analogous efforts have not been undertaken systematically on a global scale does not make them impossible. It is an issue of political will.

Types of planetary rent, rent payers and rent appropriation mechanisms

Three types of planetary rent can be identified depending on the type of resource involved. We have planetary rent of the first type if the material source of planetary rent is planetary resources that are not in state and/or private property. This type of rent is absolutely monopolistic. Its financial source is included in the price of finished products and services.

When the material source of planetary rent is the natural resources located in state and/or private ownership, a second type of planetary rent is obtained, which again is absolute and monopolistic. The financial source of planetary rent of the second type is a share in the appropriated natural rent.

We are dealing with the third type of planetary rent when it is derived from anthropogenic, sociogenic and technogenic resources placed in state and/or private ownership. In form, it can be either a monopolistic or differential type of rent. Its financial source is a share in the appropriated economic rent and quasi-rent.

The state and businesses would pay planetary rent of the second and third types while individuals would pay planetary rent of the first and third types. All participants in market

relations would have to participate since they all act as resource users, and as such they must proportionally share the responsibilities of compensating for the use of environmental resources and solving the world's problems.

Determining planetary rent value

The determination of the volume of planetary rent should be based on the essence and origin of the factor income. This approach is most appropriate in the case of natural rent. Indeed, natural rent is a part of income that is not earned by working, but given by nature. Thus, rent is an element of the heritage of society and cannot be included in income. It should be appropriated and used for the needs of society according to the institutionalized rules. Only profit can be taxed (Lvov, 2004).

The added value created by a factor of production is defined as the income minus labor and capital and entrepreneurial costs. Therefore, the theory of land valuation is sometimes called the balance theory. The original balance equality determines the volume of rent:

$$V - C = R + P$$

where:

V - the value of the produced product, calculated at the market price;

C - costs;

R - rent (income of the owner - society);

P - profit of the producer (entrepreneur).

This formula represents a general model of assessing rent. It can be applied to any natural resource or object including land, mineral deposits, forests, or water (Lvov, 2004).

DISCUSSION

Institutionalizing planetary rent

As we already noted, paying planetary rent is the responsibility of all participants of market relations: the state, producers and buyers of goods and services. They should proportionally share the duties to compensate for the use of environmental resources and to address global issues by paying a share of rent income to the planetary budget administered by a modernized United Nations or a new supranational body. It would be absolutely wrong to leave the task of funding the planetary budget solely to businesses or consumers. Modern businesses, particularly in developed countries, have to bear the burden of heavy taxes, fees, and deductions having to contend themselves with relatively low rates of return on investment. If only national states are to pay for planetary rent to the planetary budget, they would have to increase taxes. It would inevitably lead to negative social, economic and political consequences.

The obvious problem is that not all nations or corporations can be trusted in terms of fairness and economic feasibility of rental income distribution. The population of these states fall victim to the manipulation through mass media and economic exploitation by their own self-interested ruling elites. Therefore, there should be three well-planned stages of identifying sources of planetary rent and developing mechanisms of rent creation. We refer to this process as the global institutionalization of rent.

The first stage implies that the economic use of planetary resources that are not under the jurisdiction of individual countries should be defined as a source of planetary rent. The institutionalization of this planetary rent should be in the process of turning resources into panhuman (planetary) resources. This kind of ownership should be fully included in the jurisdiction of the infrastructure of planetary management. During the first stage, planetary rent may be equated to the costs of depreciation of fixed assets.

During the second stage, planetary rent should include all capital-intensive, strategic and non-renewable resources that are still owned by individual states. We have every reason to believe that there will be conditions under which states will minimize their role in global

economic relations. The modern state as a political and economic system will be reduced to a small regulatory and representative body with most of its mandate delegated to a planetary governance body.

At the third stage, quasi-rent factors (intellectual, technological, or infrastructural rent) will join the resource base. It will mean that the planetary budget will be based not only on natural but also on social and economic factors creating added value. This way, a vast majority of people will participate in saving the biosphere, protecting world peace, and creating a noospheric planetary civilization. Universal human integration will start as a grassroots movement with people becoming concerned about the fate of the universe, regardless of their background.

Planetary ethics

Having said that, will states want to sacrifice their national, corporations - commercial, and people – private interests? Like any other economic innovation, planetary rent will require significant efforts, first of all, in terms of recognizing its necessity. Reforms, compromises, revision of their interests and ambitions are always connected with the issues of moral choice. Like any other economic innovation, planetary rent will require significant efforts, first of all, in terms of recognizing its necessity. Reforms are always connected with moral choices.

The theory of planetary rent is based on a system of *planetary ethics* that integrates such values as life, integrativity, new models of economic well-being, social justice, resource replacement and conservation. “The Planetary Project philosophy treats collective reason in line with the rational-ethical tradition of the early modern period and modern times, including Emmanuel Kant’s *transcendental subject construct*, Russian Cosmist Vladimir Vernadsky’s *noosphere concept* and Nikita Moiseev’s *concept of global human intelligence on the supra-individual basis of intelligence and ethics*. The synthesis of these universal notions with biocentric needs gives us an understanding of a single *planetary consciousness*” (Bezgodov, 2015, p 134).

In general, planetary ethics can be defined through the vector "from the ethics of survival to the ethics of life". At the same time, its central moral maxim is that even at the stage of survival all people should understand their higher responsibility. The great European humanist Albert Schweitzer rightly noted, man is ethical only when life as such is sacred to him, whether it be the life of plants, animals or people, and when he readily gives himself up to any life that needs help. Only the universal ethics of experiencing unlimited responsibility for everything that lives can have a basis in thinking. The ethics of a person's relationship to a person cannot be something self-sufficient: it is a concrete relationship, resulting from a general relationship (Schweitzer 1996, p 78).

The main task of planetary ethics is the harmonization of the universal and special, universal and individual, that is, the constitutive (biocentric) level and the normative (cultural) level of values. The basic condition here is the voluntary use of these values as a worldview and behavioral guide, motivator and regulator. The solution of this task will contribute to the formation of an noospheric civilization through a worldwide universal union based on planetary goodwill, collective common sense and spiritual rationality.

Vladimir Vernadsky was the first to use the term noosphere as the third stage in the development of the Earth following the geosphere (inanimate matter) and the biosphere (biological life). Just as the emergence of life fundamentally transformed the geosphere, the emergence of human cognition has fundamentally transformed the biosphere. In this theory, the principles of both life and cognition are essential features of the Earth's evolution. According to Vladimir Vernadsky, “the noosphere we live in is the sphere of human cognition. The noosphere is the last of many stages in the evolution of the biosphere in geological history,

the condition of our times. The noosphere for me is neither a mystery nor faith creation, but empirical generalization.” (Vasilenko, 2015, p 227).

Currently, mankind exists only in a quantitative sense, as a population, but not in a qualitative one, as a single organism. Humanity must become the biosocial basis for the salvation of its species and habitat for present and future generations. The biosocial basis of the unity of mankind is universal, regardless of people’s cultural and ethnic identities. Only by becoming a true humanity can we save our planet. Only on the basis of a single planetary ethics we will be able to implement anti-crisis alternative economic strategies.

CONCLUSIONS AND IMPLICATIONS

Planetary rent theory and planetary ethics are the core of the Planetary Project developed by a team of researchers at the Planetary Development Institute (PDI), which was established in Dubai, UAE, in 2015. The Planetary Project was introduced in the monograph, *Planetary Project: From Sustainable Development to Managed Harmony*, by the leader of the Planetary Project, Prof. Aleksandr Bezgodov. The book came out in English (Bezgodov, 2015), Russian (Bezgodov, 2016) and Chinese.

The mission of the project is to create foundations for a planetary civilization, which would entail creating an integrated humanity and transitioning to a harmonious type of social development based on a biocompatible economy and biocentric ethics. We propose to achieve this goal using a mechanism of social justice that implies redistributing revenues from the use of planetary resources.

In view of the current environmental crisis and an increasingly disproportionate distribution of world income, we believe that making planetary rent payments an alternative supranational funding source is useful for solving global problems and ensuring economic transition to the Sixth Techno-economic Paradigm. It would not be an easy task as it can be carried out only if planetary ownership is introduced for planetary resources. Planetary ownership would legitimize the institution of planetary rent, which would be levied on all users of planetary resources to fund a consolidated planetary budget. The institutionalization of planetary rent as a global economic tool for funding the planetary budget and creating a new economic system should not harm national economies or the global market.

The importance of the institutionalization of planetary rent could be summarized in the following way:

- Unlike classical rent, planetary rent would serve as an instrument for solving global problems rather than a tool for the enrichment of a minority;
- Planetary rent would build a unified order of resource and environmental management;
- Planetary rent would give impetus for the technological and social development of economic entities when the preservation of the environment and social responsibility would be economically attractive;
- Planetary rent would become the first institution of economic relations of the planetary type, which will lead to the formation of planetary humanity.

By paying planetary rent the state would contribute to the strengthening of the system of global security. For legal entities, the justification of the need to pay planetary rent would be the principle of fair compensation for receiving natural and social factor income. For individuals, voluntary participation in the system of planetary activities would be aimed at saving the biosphere for current and future generations.

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