

THE PROGRESS REPORT

Feng Shui Economics

By Fred E. Foldvary

Feng Shui is a Chinese concept and method that bring harmony, balance, and prosperity. This ancient practice, also called "Kan Yu" (time and place), aims to create harmony in society and with the environment. The words "feng" and "shui" mean wind and water, two of the natural forces of "chi" or energy which can damage an abode. The practice of Feng Shui has grown outside of China, especially for the harmonious arrangement of buildings and furniture.

In contrast to seeking harmony with the forces of nature, too often the European and American "western" practice has been to conquer nature and use the forces of nature to impose human will. The result is the disharmony of environmental destruction, war, and poverty. The recent earthquake in Turkey, for example, shows how the construction of buildings was not in harmony with the strong likelihood of earthquakes in the region, leading to destruction. In turn, the shoddy construction was due to deceit by the builders and more fundamentally to a government that was too centralized to allow local governance the resources and flexibility to create effective ways to prevent and deal with earthquake damage.

Economic Feng Shui involves harmony among enterprise, government, and the culture of a people. Feng Shui governance tells us the harmonious placement of the elements of government, such as elections, and the best placement of law and policy. For example, the placement of buildings and public works in a city will affect congestion and productivity. These elements all work together for social chi.

How can we achieve social harmony? The ancient Chinese book *Tao Te Ching* or Way of Life by Lao Tzu tells us that "If I keep from meddling with people, they take care of themselves." Meddling is the negative social chi which policy should seek to avoid and prevent. To achieve social harmony, we need a fundamental law that allows people to do anything that is peaceful and honest. Policy should also prevent meddling with the natural environment by making polluters pay the social cost of doing so.

Harmony with nature and society also requires that the benefits of land be shared, both to avoid poverty and to avoid the disharmony of congestion and costly waste. The Feng Shui of public finance tells us that user fees and rents create harmony, because they increase positive economic chi, while imposing taxes on work and enterprise bring ruin by destroying the chi of incentive. Using the rent prevents land-hogging sprawl, while toll fees during crowded times eliminates congestion. Economic Feng Shui has everyone pay the social cost imposed on others.

For business harmony, there needs to be this fundamental commercial law: all products are presumed to be safe and effective, and all advertising truthful, unless explicitly stated otherwise. When you buy a house, the implied promise is that it is safe, and all known defects disclosed. In today's marketplace, unfortunately this rule is not being followed. We get products with

undisclosed features that might harm us. Then law errs in the other direction to make producers responsible for the harms done by the users!

Harmonious policy comes from government in harmony with human incentives. The centralization of power is bad political placement. We can minimize the negative winds and waters of corruption by decentralizing government and voting. Vote only in small groups that then elect higher-level councils. This political Feng Shui traps and confines the power-seeking chi by avoiding the mass voting that brings in the moneyed interests.

These are the principles of economic Feng Shui: the freedom to do what is peaceful, sharing the gifts of nature, paying for any damage, and decentralizing power. When people learn, understand, and apply the principles, then we can harness time, place, and matter to achieve the social harmony most of us seek.

-- Fred Foldvary