

Right under our collective nose is a way to divine economic performance – we just need to do some accounting first.

CHAPTER 3

KNOWLEDGE WORTH KNOWING

Real knowledge is to know the extent of one's ignorance.

– Confucius, philosopher, proto-geonomist

POWER TO SEE DEEPER, BROADER

What enables thinkers like Albert Einstein, Henry Ford, and Ben Franklin? (All these standouts were proto-geonomists.) As important as their powerful intellect is their lack of inhibition. These scouts and others follow their curiosity, wherever it may lead, into the knowledge hinterlands. Einstein, for example, said he rode a beam of light around the universe to see what would happen – quintessential thinking outside the box.

Such unique difference-makers don't just expand humanity's body of knowledge. They also discover new ways for humans to view their world. In our current quest, instead of seeing reality as a place of scarcity and making a living as dog-eat-dog, finding a hefty total for the worth of Earth in America would paint a picture of bounty.

In general, by expanding our worldview we expand our capabilities. As scientist and reformer Roger Bacon (1214-1292) noted, "Knowledge is power." Today's quest for knowledge – how much is the value of all land – is a quest for power, too: to predict and to gauge social surplus.

KNOWING BOUNTY

Long ago in agrarian days, it was not just gadflies who sought fresh knowledge but monarchs, too. Their officials measured and recorded harvests. Not only ancient Sumer and Egypt (preface) but also a millennium ago in England. The Normans defeated the Anglo-Saxons, who were not so fresh from having just defeated the Danes. To know in detail what they'd won, the victorious administration commissioned statisticians of the day to tabulate the crown's tax base. The final cadastre they named the Domesday Book in 1086 ("domes" being the root of "domestic" as is

“dome” or “roof” whence we derive “a roof over one’s head”). It counted the output of the land and the assets on it.

No longer do governments tally land alone, leaving that value to F.I.R.E. (Finance, Insurance, & Real Estate). Some specialists do tally. *The Economist* in “Land-shackled economies: The paradox of soil” (4 Apr 2015) showed that where economies perform bountifully, there land values soar (duh).

In the naturally abundant Pacific Northwest before the arrival of European Americans, the Native Indians found hunting and gathering so easy that they celebrated potlatches. They gave away their possessions, not hoarding them, in order to gain stature. They could share because they saw plenty.

However much one might prefer to remain thinking inside the box today, an eye-popping sum for the value of land, natural resources, EM spectrum, etc, enlarges that box. Being aware of the torrent of rent lets citizens contemplate what’s best to do with this socially-generated surplus – as did the tribe of Chief Seattle.

Perhaps better than most, the already powerful already get it. Since knowledge shapes the dominant paradigm, the powerful do what they can to shape that knowledge. They:

- *donate to universities* – citadels of research and knowledge,
- *own the major media* – disseminators of knowledge they choose, and
- *hire lobbyists* – peddlers of certain knowledge, not all.

Try thinking outside *their* box.

“The new strategic foundations behave as though they are entitled to make public policy, and they are not shy about it.”

– “Beware Big Donors” by Stanley N. Katz;
The Chronicle Review, March 25, 2012

KNOWING WHAT SPENDING SPURS

We expect to get what we pay for yet don’t realize what else we all get. When we spend money to buy cars, computers, and vacations, we reward people for providing us with their labor and capital. But when we buy or lease land or an oil field, we don’t. On one hand, paying producers motivates them to produce more goods and services. On the other hand,

paying owners for never-produced land motivates them to invest in lobbying for more favors. Good to know how the real world works (Ch 12).

Owners and sellers don't raise prices and rents so much as competing buyers and tenants bid up what they pay for land (often misnamed housing). As folks spend more on land, they have less to spend on the output of producers. As land grows more valuable, they have less to spend on clothes, clam chowder, a hair cut, or other things that reward the efforts of your neighbors. Over time, *the imbalance becomes great enough that some of your neighbors declare bankruptcy. Eventually, a tipping point is reached and recession ensues.*

Housing IS the Business Cycle

– Edward E. Leamer, National Bureau of
Economic Research, September 2007

Economists who focus on rent, watching its value versus the other two classical returns – wages and “interest” (or “profit,” sort of) – let's call “geonomists.” By tracking rent, they predict the booms and busts of the business cycle with impressive accuracy (Chapter 28). Which is nice to know, especially if you're managing your own investment portfolio.

KNOWLEDGE THAT KEEPS ON YIELDING

Accurately forecasting coming economic performance is huge, not just for the wallet but also the noosphere. Scientists do not claim to know something unless they can reliably get the results that their theories predict. Able to predict, geonomists could make economics into a science.

Once economics operates on a sound footing, we project that the sky's the limit for this branch of knowledge.

Today, knowledge expands faster than ever. It could expand faster still with the right popular mindset. Yet as more people grow curious, key academics and bureaucrats grow more resistant – at least at the beginning of this intellectual quest.