

Preview AE Café # 9

THIS Week – Coffee Catz - AE Café # 9 Daniel Osmer – A Twin Theory of Value – Sept. 2nd

Reframing our understanding and view of economic life will show us that, as part of a one-world economy, it is now the shared responsibility of all human beings. Economics can be like mathematics, abstract and without 'sense world' existence, where the ideas are intangible and invisible – yet the results are often profoundly tangible. A communication satellite crashes if the math is wrong, the economy and peoples lives crash when the economic ideas are wrong. Let's think different.

The unfolding story of the mysteries of the 'human exchange of value' has accompanied the evolution of the human being for 10,000 years. Through the ideas of Aristotle, Adam Smith, Malthus and Ricardo, Mill and Marx, Marshall and Keynes, Galbraith and Hayek, Freidman, Volker, Greenspan and Krugman - our ideas of value creation and how to build a sustainable economy have been shaped. What is the plot? We know intuitively that the current underlying axioms of market economics do not completely cut ice or hold water, but what effective explanatory principles and images do we have in order to go – beyond the market economy? Please come join in the economic conversation after a short presentation with color chalk on black paper. **What is the story of 'economic value', how has it evolved and why does it matter?**

Review

Associative Economics Cafe #9 Symmetry II: A Twin Theory of Value with Daniel Osmer
September 2, 2010 • Coffee Catz Restaurant – Sebastopol, CA

We were reminded that economics is about the human being – the exchange of human value – a transaction between two parties. We were told that this is an essential beginning for following the nature of economics, as it involves invisible and ever fluctuating phenomena that need to be looked at from many perspectives using the social tools of money and finance. I remember at the last associative economics cafe mention was made of the need to understand that intrinsic value is a valid concept but not when talking from the point of view of the discipline of economics and the exchange of human value. By definition, it is this external relationship of one thing in exchange for another that determines economic value that can fluctuate on either side of the transaction – over time, place or situation – from a purely economic point of view.

The expressed theme for the ae cafe evening was the one-sided thinking that the presenter said was often found when 'experts' talk about economics and finance. The title at the top of the black paperboard on the wall behind him was: "Economics is a Bi-polar Affair" that was attributed to the Canadian/American Economist, John Kenneth Galbraith. The presenter mentioned that the ideas of George Soros, Jeremy Rifkin, Rudolf Steiner, Aristotle, Peter Drucker and even Bucky Fuller seem to reflect the view that we need to 'think different'

about economic reality and its relationship to our own thinking about it. For example, George Soros (financier/philanthropist) talks about the theory of reflexivity and the importance of understanding the two-way interconnection between the participants' thinking and the economic situation in which they participate, as if we are in two worlds at once, with different but related logics. Apparently, both R. Steiner and J. M. Keynes emphasize the fact that economics is reliant on the quality of thinking and perception of the individual making the inquiry. Economic thinking requires both mobility and torque as it attempts to objectively understand the economic phenomena that we ourselves are implicated.

B. Fuller, Peter Drucker, and Jeremy Rifkin all pointed to a newly emerging phenomenon that Rudolf Steiner called the 'intelligence pole' of economic value creation as opposed to the other, nature and its products. Two related worlds and logics. In 1959, Peter Drucker coined the term, "knowledge worker", that Apple Computer used to their advantage in their classic 1984 advertising and marketing of the Macintosh Computer, the computer for the rest of us and designed for the so called, knowledge worker. Bucky fuller called it the ephemeralization of the economy and Jeremy Rifkin calls it the dematerialization of the sources of economic value. In other words, as society has developed and individuals become more so, it is more and more the case that 'economic value' released into the world comes from creative intelligence, intuition, innovation and content from human beings and less so from material products and manufactured goods. There is the world of goods, services and trade money; and the world of creativity, innovation and investment money. Some of the participants wondered what the world of excess blue money and the world of finance on the one pole had to do with creativity and innovation? To be continued next time.

We learned that a one-sided assumption underlying the neo-liberal market paradigm is the notion that the human being is only self-interested. Certainly the human being needs to be self-interested but can also choose to show interest in others and take the 'whole' into account in economic or any other kind of decision making. The human being can be both social and anti-social. The market philosophy of unlimited growth is also a one-side view that needs to be put into a framework that can then be understood. Economic values created from the products of nature are necessarily limited and predictable; the economic value created from the applied intelligence of human beings is unlimited and unpredictable. He suggested that we could learn to discern between the two in order to make better economic decisions that avoid unintended consequences.

I think that this presentation was more like a prelude to economics, a necessary review of basic principles and assumptions, including a time line of milestones in economic history that reveals a story I was unaware of, just a start for me. I think that there is still a ways to go before I really have examined a new way for thinking of economics by starting with the phenomena themselves. After all, can a new idea or concept be truly and fully considered if the space is already occupied? Unlearning may be more challenging than learning? The time line was already created with chalk, making hash marks along the horizontal of the long strip of 3' wide black paper used by the presenter. On the left side was the date '8,500 BCE' and the presenter asked us what was the economic significance? One fellow with a hat immediately answered, "surplus". The presenter seemed delighted to get the answer he wanted so effortlessly! Various dates were marked in chalk over the course of the 8' long 'blackboard', right to the present date and a little beyond. He spent a good deal of time going through each significant date and answering questions as we went along the human and economic development time-line. We travelled from the grand father of economics set for

340 BCE, to the critical date of 1202, 1494, 1776 and the father of modern economics, 1810-15, 1971 and the date of the Soros book, 'The Crash of 2008'. I had never thought of this kind of overview of economic and monetary history before now. I enjoyed rising above the horizon of history to get an objective glimpse of economic development along side the development of human 'consciousness'.

What is the invisible hand according to market economics? The answer: each and every one of us pursuing our own self-interest only. A little one-sided don't you think? I look forward to the next installment of Associative Economics Café. Thanks for the economics where there was no math involved!

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