PLANETARY RENT AS AN INSTRUMENT FOR BUILDING A RESOURCE SAVING ECONOMY AND SOLVING GLOBAL PROBLEMS

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Abstract— The contemporary and classical understandings of rent help to form the concept of planetary rent. Rent is part of the income obtained from not only invested labor, but from Nature itself. Indeed, nature provides certain conditions for the better use of resources as factors of production. In this sense, rent should be perceived as an element of common heritage. It should be obtained and used according to the institutionalized rules for the needs of society as a whole. While most people have no problems with this idea when applied to natural rent, we will try to apply this approach to some other types of rent that exist in the global economy. We will do that at the level of individual states, the world and humanity in general. We will consider not only the narrow interests of individual social groups, but all of the Earth's biosphere.

Index Terms- Planetary Rent, resource saving economy, global problems, bioshphere.

I. INTRODUCTION

Global problems are a curse of the world today. They include international terrorism, impoverishment of large groups of population, climate change, and the depletion of natural resources. Environmental problems take a special place among the challenges humanity is facing today. The world has entered a full-scale ecological crisis. Seemingly unlimited resources such as atmospheric air and fresh water are under threat of exhaustion. The reason: wasteful resource management that characterizes the current economic model of unrestrained growth, which often leads to a widespread use of outdated and environmentally unfriendly technology and disregard of resource replenishment.

To date, the global community has made little progress in addressing these global challenges. This is despite the continued work of global institutions, the adoption of the doctrine of sustainable development, and the signing of the Kyoto Protocol. The problem is that there is no global anti–crisis management policy that would involve a plan of addressing global issues, a consolidated budget, and a single management center.

The current crisis calls for several global solutions including the introduction of common principles of resource management based on energy saving and resource substitution; creating an institution of planetary budget; and using planetary rent as a major funding source for global economic development.

II. LITERATURE REVIEW

There are a number of studies on the subject of rent in the literature. B.S. Malyshev proposes a general theory of rent [9]. A.A. Agayeva advocates quasi-rent as a source of innovative development [1]. L.G. Batrakova and A.V. Grigoriyev discuss economic and historical aspects of payments for the use of natural resources [2]. M. Kolesnik analyses rental taxes in Russia [6]. Y. Yakovets also takes a close look at Russia as part of the system of rental relations [13]. L.N. Danilenko studies the institutional aspects of rent-oriented behavior [3]. S.A. Yatskiy focuses on the political and economic aspects of rental economy in Russia [14] while A.N. Oleynik reveals the nature of administrative rent in this country [11]. S.V. Pochinkov discusses income from timber sales [12]. S.E. Okhrimenko and E.P. Ushakov discuss regulation in the area of water rent as part of ownership relations in the Russian Federation [10], while V.M. Kozyrev provides a study of tourism rent [7]. Latkov offers various classifications of rental profit in modern economy [8]. P.F. Kaznacheev presents a comprehensive view of the relationship between natural resource rent and economic growth [5].

III. DISCUSSION

In our treatment of the concept of planetary rent, we will start with the definition of rent as a kind of income. Following that, we will identify sources, conditions and mechanisms of rent creation, provide methods of calculating rent, and describe rent appropriation principles. Finally, we will discuss the institutionalization of rent relations as a system. Planetary rent is taken to mean rent extended to the whole planet. It can also be considered the next historical phase of developing the institution of rent. It is the highest stage of its evolution whose contradictions, connected with the disposition of the excess income, will be removed. Planetary rent has

much in common with traditional rent and quasi rent [1].

The economic institution of rent is based on unequal conditions and opportunities. This can be said about land or any resource rent including “talent rent" as a type of social rent. If something that plays the role of a factor of production becomes a source of rent, it leads to personal enrichment at individual, corporate, or national levels. Inequality has become the basis for economic relations of any class society in the most general, fundamental sense.

In the case of planetary rent, we find ourselves in a situation of equality. This is the equality of people in the face of the global threat of resource depletion. Moreover, this equality reveals itself in any type of society regardless of its class structure. What could not possibly be a source of rent before, as it was free (for example, atmospheric air or fresh water), is becoming an extremely valuable and exhaustible resource today. The factor approach helps in understanding the creation of planetary rent. According to this approach, any limited resources used in production are considered to be costs associated with obtaining some benefit. Accordingly, the general source of planetary rent is in resource management itself.

In terms of rent sources, three types of resources can be distinguished: planetary resources, natural resources and noospheric resources.

Planetary resources are a broad notion that includes both natural and anthropogenic resources. In this case, we mean those factors of cosmogenic and terrestrial origin that do not fall under the jurisdiction of individual states and are not the object of someone’s ownership. These factors are near-Earth and outer space, the energy of winds, oceans, and atmospheric air. They are involved in technological cycles. However, they have not yet been recognized as factors of production or included in the list of resources that bring rent. This must be done at the legislative supranational level. The existing planetary resources and the rights to use them create a base for specific research of sources, objects and forms of planetary rent appropriation.

Natural resources are raw materials used in industry, agriculture, and infrastructure. They include hydrocarbon deposits, metals, soil, fresh water, and forests. They are in public and private ownership.

Noospheric resources include all factors of social and historic origin that can bring economic rent. Human, social, intellectual, technological, financial and infrastructural resources are included in this category.

The classical theory of rent implies that the necessary condition for obtaining rent from the exploitation of a resource is its limited supply. In the case of planetary resources, we could encounter an objection as many people believe that there is an unlimited quantity of atmospheric air, ocean water, wind energy, light and natural heat. Unfortunately, that is not true anymore. Being physical phenomena, planetary resources of natural (cosmogenic, geological or biotic) origin are, in fact, limited. Currently, we have reliable data about the depletion of oil and gas. The resources, which were originally relatively abundant, have almost been exhausted or eliminated by a harmful anthropo-technological impact.

We see that the imbalance of nature and worsening conditions of environmental reproduction negatively influence human health. The planet can no longer withstand the growing pressure. The need for preservation and restoration of the environment cannot be ignored.

Thus, if the source of planetary rent is natural resources, its creation will be based on obtaining a payment share from the national resource income. The latter, in turn, includes: natural rent appropriated by the owner (primarily, the State); other payments to the state (taxes, excises, etc.); and resource user’s profits. Many countries use this revenue to invest in the social sphere, human capital, and science and technologies of the Sixth Techno-economic Paradigm. They restore and save their ecosystems, and bring its economy into line with the requirements of environmental regulation. It is a matter of public awareness, universal political will, targeted institutionalization, and proportional participation.

The determination of the planetary rent value 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 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 any income. It should be withdrawn and used for the needs of society according to institutionalized rules. Only profit can be taxed. The appropriation of quasi and economic rent by owners of unique, technical and social resources can be perceived in a similar way. The biosphere and society contribute to their talents and achievements. Being legal entities and individuals, they consider it an honor to return a part of their excess income in the form of voluntary payment of rent in the interests of the environment and all humanity.

Paying planetary rent is the responsibility of all participants of market relations: the State, producers and buyers of goods and services. It is fair because they all are users of resources, intermediate or end consumers. They should proportionally share the duties to compensate for the use of environmental resources and to address global issues by paying 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

filling the Planetary Budget only to businesses or consumers.

If only national states are to pay planetary rent to the Planetary Budget, they will have to increase the tax burden on their population. It will inevitably lead to negative social, economic and political consequences. It would not be correct to impose the responsibility of paying planetary rent only on the producer either. 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.

The obvious problem is that not all nations 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 and activating the sources of planetary rent and mechanisms of its creation. These stages will form the order of the global institutionalization of rent.

This order will help economic entities (national governments, international economic organizations, transnational corporations) to engage resources in different areas of jurisdiction and ownership. The institutionalization of planetary rent as a global economic tool for filling the Planetary Budget and creating a new economic system should be implemented in a proper way. It must not harm national economies or the global market. In our view, the institutionalization of planetary rent should go through three stages. 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. The process of obtaining it can be included in pricing, and paid at the expense of the end consumer. 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) 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 nationality, ethnicity, religion, work, profession, or culture.

CONCLUSION

The concept of planetary rent implies that this kind of rent is a fundamentally new form of supranational global income. It is used by the entire global community to solve the world's economic, social, environmental and political problems. The top priority of the planetary economic policy and global anti-crisis management should be the salvation of the Earth's biosphere for present and future generations. The conditions for achieving this goal should include eliminating not only environmental but also social and military threats, creating new zones of economic development, effective demographic and migration policies and, finally, ensuring the overall transition to the Sixth Techno-economic Paradigm.

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