

Voodoo Economics

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ABSTRACT:

For sake of a thought experiment, let's assume this essay will be written in the year 2070. It will illustrate the folly of adopting an economic system that is unproven.

Capitalism (in one form or another) has been the mainstay for human societies over the past 5,000 years. It has built-in incentives as well as checks & balances that follow the laws of supply & demand. Capitalism has improved livelihoods, added creature comforts, extended life spans and democratic pageants.

On a national basis over specific timeframes, capitalism has always succeeded with flying colors. Nonetheless, history has shown that cultures decline when they exhaust their human and/or natural resources. Nowadays humans have come together to share a common economic future. Problems facing one nation affect many other nations.

Humanity faces two grave problems: ecological degradation and income disparity. Global consensus has responded by potholing the capitalist fairway with draconian regs that hinder economic growth but have yet to solve either problem. Could there be an untested approach that works better?

Dangers of Isolationism

The novelty of humans living off-earth has worn out its welcome. The honeymoon is over. It's time for spacers to move proactively to the mainstream of economic reality. They must

enter the common market that serves a majority of humans still living on our home planet. It's not enough to furnish comsats and beamersats. Spacers need to integrate their resources and expertise for the mutual benefits of humanity as a whole.

A computer program is the sole thing that holds SOAR's economy together. Otherwise its orbital habitats would devolve to anarchist enclaves. Many are the reasons why this socioeconomic agenda will fail. This essay will examine the main reasons in clear and easy-to-understand rhetoric.

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Lack of Investor Incentive

Citizens of spacer communities are called metics who are members of co-ops. Of their disposable incomes, 67% goes toward owning co-op shares. Some metics receive bonus income which awards them extra shares in their current co-op or another. For reasons unknown to rational minds, each co-op shares has a ceiling price which is equal to issue cost. Likewise co-op shares in the same community are issued at identical prices. If a co-op prospers it will issue more shares, though the share price stays the same. In essence, the price of co-op shares may fall but never rise. What investor would risk money to buy shares that cannot gain value over time?

Income Equality:

Every metic earns the same spendable income. The common wage provides for food, clothing and shelter, plus modest allowances for recreation and creature comforts. Despite the homogenization of incomes, spacers are noteworthy for their flamboyant attire. They love to wear ensembles that set them apart from others. They do so with cheap costume jewelry,

colorful patterns and common durable textiles.

In practice metics receive few rewards for individual achievement. Innovators may receive bonus shares which give them more clout in deciding co-op policies, but co-ops are encouraged to carry members who contribute little or nothing. Co-op members who contribute greatly toward co-op goals earn the same disposable income as members who make no effort at all.

Excessive Taxation:

The commons gobble 40% of a metic's gross wage. Another 40% is withheld and converted to co-op shares. If a metic transfers to another co-op, the accrued shares transfer as well. The shares cannot be spent as money until metics opt for retirement (at age 55 to 75). Bonus (nonspendable) earnings are not taxed. When metics retire, normal plus bonus shares are converted to annuity payouts of spendable money and may be taxed if not spent within a year's time.

Purchases that are bought in SOAR marketplaces incur a 25% value-added tax. Products imported outside SOAR jurisdictions are often penalized with environmental fees. Such fees may add another 20% to 500% to the cost of purchases.

The heavy tax burden puts a brake on economic growth. The older demographic holds a lion's share of consumer-purchasing power. Older folks tend to be set in their ways. They're less inclined to buy new products or services. It's hard to imagine how consumer spending could drive SOAR's economy.

Steady-State Currency:

The SOAR money supply equals the total human and natural resources on hand. A complex formula evaluates basic resources, such as available farmland, energy on tap and base-metal yields per stocks of regolith. The money supply cannot increase unless

more humans join the workforce or more resources become available for production. New products and services must pass strict tests for ecological harmony. The same goes for established products and services, since co-ops try to deliver improved products that cause less environmental harm.

SOAR boasts its currency is noninflationary. It points to the rise in value of Solar\$ compared to major earthside currencies. SOAR claims its system is more efficient than capitalist economies. Most economists dispute SOAR's claim. Its strong currency is a direct result of its beamersats which supply one-third of the electricity consumed on earth. Energy sales to the global grid cause capital drains on earthside currencies, which lose value versus Solar\$.

Transparent Monopolies:

Shopping is a "no brainer" in SOAR communities. Whatever a metric seeks to buy, there is but one co-op that supplies the product or service. There is one banker, one maker of vacuums, one coffee vendor, one maker of eating utensils, one licensing agency, one software OS. Goods and services are evaluated before they're offered for sale. Co-ops compete among themselves to earn an exclusive charter for a product. The charter is good for five years.

As soon as a co-op wins a charter, full disclosure of the product is required. The co-op must list all materials, production methods and energy expenses. After five years co-ops will compete once again to deliver the same good or service. Competitors may offer enhancements or cheaper prices.

Who anoints co-ops with virtual five-year monopolies? SOAR has had enough sense to relegate this task to an impartial computer program called The Framework. The Framework judges whether (1) co-ops can satisfy consumers demands for reliable goods or services, (2) co-ops can deliver products without

damaging human health or upsetting the ecological balance that supports human health, (3) co-ops can furnish the above at the lowest possible retail price; (4) if none of the co-ops can promise healthful production methods, the winning co-op must post a bond to cover future injuries and/or cleanups; the carrying costs of bonds are then added to retail prices.

If glitches are discovered after the charters are approved, co-ops must seek permission to make changes that remove the glitches. They must demonstrate the repaired products will be made without inconveniencing consumers or adding new health risks.

SOAR claims its market system eliminates half-baked goods or throwaways destined for landfills. It claims that consumers get the highest value for money spent on purchases. The fact that products are guaranteed for long-lasting wear & tear means that spacers pay very dear for whatever they purchase.

The advantages of durable products cannot be denied, but this regimen also invites dire consequences. Clothing-maker co-ops fabricate outfits with durable textiles and offer extraordinary guarantees for their wares. The cost of outfits can be very expensive, and women cannot afford new attire for every occasion. Many are forced to wear the same outfits for thirty years or more. Outfits that seemed stylish and fashionable at age 20 may look ridiculous at age 50. SOAR claims it gives metics an incentive to stay fit, but few 50-year-olds retain the body shapes they enjoyed on their 20th-birthdays.

In consequence SOAR communities have adopted a thriving market for secondhand clothing. Clothes that hang in the typical metic's wardrobe have had multiple owners.

Price Fixing

The prices of all Goods and Services are set 20% above the

gross costs of labor and materials. The profit margin goes toward paying down development costs. After dev costs are covered, above-cost profits are divvied among worthy co-op members in the form of bonus shares. It doesn't matter whether a co-op sells five units per year or five million; the price structure remains fixed at 20% above gross costs.

If demand exceeds supplies, a temporary surcharge (not more than 25%) may be awarded to enlarge production facilities or to hire more personnel providing services. Once supplies meet consumer demand, the surcharge is dropped.

A co-op with a bloated membership commands higher prices for its goods or services compared to a co-op with a bare-bones workforce. Even so, co-ops cannot price products so high that other co-ops will undercut them when their five-year charters come up for renewal.

A co-op has little or no monetary leverage to buy the loyalty of its members who may switch co-ops at the drop of a hat. Many co-ops have taken to offering perks. For instance, some co-ops let members work fewer hours per week... as little as ten hours per week plus another fifty hours on call for rare emergencies. Other co-ops provide room & board for their members. Still others hire in-house menders who attend to members' health.

Successful co-ops can adopt any rules they please, so long as their goods or services continue to secure five-year charters. This is a recipe for social anarchy. Any semblance of social order has devolved to the whims of a computer program.

Apparatic Co-ops

Bureaucratic agencies in SOAR communities are co-ops that hold five-year charters. They must compete to retain their charters just like product-oriented co-ops. If apparats fudge on services or charge too much, they can be ousted by another set of

apparats.

The most controversial public agency is the Housing Dispenser Co-op (HDC), which allots residential space for individuals, workspace & office space for co-ops and meeting facilities for religious or social groups. Individuals or co-ops cannot own real estate which is mostly public domain i.e. *the commons*. The rest is open to lease by metics or co-ops.

Metics expect to reside near friends and co-workers, and they expect their requests to be forthcoming without lengthy delays. Vendors want their business to be located near the largest flow of consumer traffic. There are often conflicts between religious and social groups over the same meeting facilities. Members of the HDC must keep a majority of clients happy and hope the snubbed toes don't cause them to lose their five-year charter.

Metics don't have personal incentives to take care of properties they merely use, rent or share. For this reason SOAR charges stiff fines for anyone caught defacing public or leased property. Believe it or not, metics can be fined for trivial acts, such as the failure to drop product wrappings in recycle bins.

Trivial regulations, like that above, betray a society on the verge of social collapse.

Policy by Plebiscite

Spacers don't have political leaders per se. They do send out a few diplomats who are spokespersons for SOAR policies. But diplomats aren't empowered to sign treaties or confirm trade pacts.

SOAR policies change only through plebiscites where each metic has at least one vote. Some metics with large amounts of bonus shares exercise hundreds of votes. Mothers who have given birth to children double their voting clout for every child until the offspring graduate from the crèches on their 18th birthdays.

Young metics assume their own votes as soon as they join a co-op. Mothers share the extra voting power 50-50 with the crèche co-ops, once a child is enrolled (usually at age two).

The plebiscite system works fine for internal matters since 99% of all disputes are resolved by the Framework program. For external policies the plebiscite system adds many obstacles to negotiations with foreign jurisdictions. Foreign leaders cannot bargain directly because SOAR doesn't have leaders who are empowered to respond in kind. Governments have likened such dialogues to speaking with invisible phantoms. Foreign bargainers may offer proposals, but these must be hashed out in public debate and then voted upon. The approval process may take months or years to complete. At which time the original proposals may no longer be on the table. The plebiscite system increases SOAR's isolation from earthside jurisdictions.

Brain Drain

Certain transnational conglomerates have exaggerated the so-called brain drain. No doubt their developmental labs have lost a number of key researchers to the orbiting soup cans. But the numbers don't add up. The off-earth population represents but 0.015% of humanity. Even if every spacer was a qualified genius, there would be plenty of innovative minds remaining on earth.

Since its inception SOAR has always signified the new frontier. Many see it as a place where dreams come true, where adventure beckons, where opportunities abound for the taking. SOAR doesn't attract brilliant minds so much as it draws ambitious risk-takers and visionaries whose ideas have been thwarted by the status quo.

During its developmental phase, SOAR could offer meaningful opportunities for overachieving personalities. Nowadays it doesn't need geniuses who advocate wild innovations for the sake

of change. It needs team players who can duplicate intricate methods without making stupid mistakes. SOAR has never headhunted for geniuses; it merely welcomes those who arrive voluntarily. In past decades most of its new immigrants have been graduates from its sister colony in Tsawwassen.

Warm Bodies from Crèches

Let's take a moment to recap the rationale behind the crèches.

Embryos that gestate in micrograv environments develop fragile bones and weakened muscles. Such children would be handicapped if forced to live in earthlike gravity. Media wags have dubbed these unfortunates the "string bean" generation.

It is well known that "string beans" are unable function in full gravity without artificial aids. After public debate SOAR acted to minimize childbirths in microgravity. It hasn't outlawed off-earth pregnancies, but it has made the alternative too tempting to refuse. Mothers get three-year paid sabbaticals to undergo in vitro pregnancies on earth. They also enjoy full control over which bio fathers they choose.

In 2053 a disastrous flood of the Fraser River gave spacers the opportunity to secure a proper venue for birthing mothers. SOAR channeled its beamersat profits to buy flooded lands at generous rates from aggrieved homeowners and businesses. It rescued the ruined city of Vancouver, and rebuilt it as a futuristic megadome. It earned jurisdictional privileges over the Canadian westcoast rainforest, which has been renamed the Tsawwassen Coastal Preserve or TCP for short.

Inside the megadome, spacers have built facilities that ensure worry-free pregnancies. They've established educational crèches with dormitories, where youngsters are separated by sex and groomed till their 18th-birthdays.

Little is known about the educational methods inside crèches

because SOAR has sequestered youngsters from public scrutiny until they graduate. Some investigators report a regimen of systematic brainwashing. Others claim there are no testing protocols whatsoever. Kids are said to educate themselves with little or no guidance from teachers. What is known for certain is that crèche grads make up 95% of the new immigrants to orbital soup cans.

Connecting the Dots

SOAR harvests energy from the sun which furnishes a reliable supply of renewable energy. Solar-power satellites receive sunlight 24/7 which is available to spacers living in orbital soup cans and for manufacturing platforms. Some of the solar energy is converted to microwaves and beamed to earth. As well, SOAR has extracted oodles of basic minerals from near-earth asteroids (NEAs). Spacers have harnessed the vacuous and weightless properties of outer space to fashion superior tools and consumer products.

SOAR has a relatively small population that enjoys an unprecedented abundance of resources, whereas earth has a huge population that struggles to extract enough resources to meet its needs. The barrier between the two is the high cost of moving between earth surface and orbit. The Frisbee constellation has reduced orbit & deorbit costs by 75%, but it still costs several hundred Euros to move one-kilo of goods.

Once SOAR established TCP, businesses around the world hoped for increased flows in retail trade, but the opposite has occurred. Soup can co-ops deorbit crucial moving parts to which sister co-ops in TCP add bulk frames and outer casings. TCPers consume products made by themselves or their cousins in orbit. Foreign jurisdictions have accused SOAR of erecting unfair trade barriers. Their lawsuits have been dismissed by ZEST tribunals

and WTO because SOAR has shown that foreign businesses face no higher standards than those of its own vendors. This ecologic snobbery has made SOAR communities economic pariahs. It has increased the isolation between SOAR and the global community.

Self-reliance at home is not a bad thing in itself, but combined with SOAR's unorthodox social customs, the future prospects for its socioeconomic experiment look very bleak indeed. Beyond co-op memberships, SOAR communities lack a single motivator that puts metics on the same page, so to speak. Each co-op conducts business in its own fashion with little or no regard for other co-ops.

Crèches have relieved mothers of childrearing burdens after the kids reach age two. Since young women no longer need extra financial support, they've adopted the same promiscuous lifestyles long enjoyed by men. Gay and lesbian relationships have become commonplace because the crèches condone same-sex unions among youngsters who are gender separated for 16 years, including the volatile ages of adolescence. Recreational drugs, which are outlawed or restricted in most jurisdictions, are sold openly in spacer markets, although the drugs command high premiums to cover future health consequences. All these risqué customs have torn old-style families asunder. Kids must settle for absentee mothers between infrequent visits, and offspring seldom meet bio fathers till their 25th-birthdays.

Novelties never outlast tried & true traditions. At some future date, folks will view SOAR as a volcanic eruption on the topograph of social history.

Make no mistake; SOAR is destined for social anarchy. When it falls, so will its financial reputation. No one expects solar bonds to weaken anytime soon. They will likely maintain strong growth potential for a decade or more. But when SOAR begins to

encounter adversity, its bonds will lose investor appeal in an eyewink.

Smart money would be wise to set solar bonds at no more than 5% of personal portfolios. And be prepared to sell quickly if market conditions change for the worse.

> Outside the Box, 2070