Ground Rent in the Circuit of Capital:

Time, space, and macroeconomic geography

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Abstract

Contemporary economic geography neglects both macroeconomics (Peck 2016) and ground rent (Christophers 2016; Park 2014). Consequently, although ground rent is central to economic geography and played a major role in the current crisis, economic geography has contributed remarkably little to our understanding of the macroeconomics of the crisis or to policies dealing it.

This paper addresses these concerns by combining ground rent and recent heterodox macroeconomic theory, especially the "second-generation" synthesis of Marxian, Keynesian, and institutionalist political economy (Goldstein and Hillard 2009; also see Godley and Lavoie 2012 and Keen 2011, 2013). Previous work on ground rent mostly focuses on mechanisms, actors, and institutions involved in its extraction and distribution, but this paper focuses on its macroeconomics.

The paper begins by discussing heterodox economics and economic geography, methodology, value, and rent. Then it develops a series of abductive simulation models incrementally, adding elements from heterodox macroeconomics and ground-rent theory. Starting with Marx's circuit of capital, the models add post-Keynesian and institutionalist features and employ twenty-first century innovations, such as dynamic disequilibrium models (e.g., Foley 2013)and temporal single system interpretations of value (Freeman 2010). The paper's goal is to better integrate geographical political economy and heterodox economics, to open new avenues for research, and to break the impasse that has blocked rent theory since the 1990s.

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