

Appendix 4: Supplementary tables for the ETED’s conceptual elements

Table A4.1: Table of ETED fallacies.

Fallacy	Description	Sources for fallacy/not a fallacy
1 Elite denial fallacy ('elites don't exist') (Section 1.1 and throughout this work)	The elite denial fallacy ('elites don't exist') negates the agency of elites and the idea that they are a discrete, high-impact social phenomenon. This understanding is deemed to be fallacious because elite coalitions are a constant in all social orders and there is an ample theoretical base to explain their dominance; moreover, the elite is the social phenomenon with the highest impact on human and economic development.	The fallacy is widespread in the public and media domains; appears in mainstream economics as a result of frictionless Hayekian and free market assumptions. Not a fallacy for Machiavelli (1513/1998) and Hobbes (1651/2002); Marx (1867/1959b); classical elite theorists (Mosca, 1939; Michels, 1962; Pareto, 1968/1991); Mills (1956), Olson (1965/1971, 1982); rent-seeking theorists such as Tullock (1967), Krueger (1974), Buchanan (1980), or Tollison (1982); Baumol (1990); Acemoglu, & Johnson (2005); Amsden, DiCaprio, & Robinson (2014); Bejan (2020); and the significant literature on elites.
2 Elite populist fallacy ('elites are bad') (Section 1.1, Chapter 6 on elite quality)	The elite populist fallacy ('elites are bad') takes the position that elites do exist <i>and</i> are a root cause of most socio-economic problems. This understanding is deemed fallacious because elite coalitions can be 'high quality' and run elite business models with high sustainable value creation positions that lead to human and economic development.	The fallacy has roots in Proudhon (1851/1971); Marx (1867/1959b); Lenin (1918); Mills (1956); Domhoff (1967); Nakamoto's Bitcoin (2008); and follows in the tracks of many religious beliefs (e.g., Christianity), while today it is part of the discourse in diverse public and political domains (on both the Left and Right of the political spectrum). Not a fallacy for classical elite theorists; Olson (1993, 2000); North, Wallis, & Weingast (2006).
3 Non-elite rule fallacy ('people power') (Section 3.3.3 on non-elite interests, Section 8.1.3 on non-elite political options)	The non-elite rule fallacy ('people power') stresses that non-elites can govern as representatives of genuine non-elite interests. It is derived from the elite denial fallacy (i.e., if elites don't exist, non-elites rule) and normatively synchronizes with the elite populist fallacy (i.e., if elites are bad, non-elites ought to rule). This understanding is deemed to be fallacious because institutional change is the result of intra-elite contests and only weakly or exceptionally affected by non-elite agency, which is limited by a lack of coherent leadership or a focus on the narrow interests of a specific group.	The fallacy has roots in democratic ideals; historical events such as the French and October Revolutions; is amply supported in the public domains of the West; found in literature like Dahl's polyarchy (1961/2005); exists in (American) theories of politics conforming to the "majoritarian electoral democracy" or "majoritarian pluralism" categories of Gilens and Page's taxonomy (2014); or in assumptions made for economic analyses such as those of Acemoglu and Robinson (2006). Not a fallacy for classical elite theorists; power elite theorists (Mills, 1956; Domhoff (1967; 1970); and for thought systems that reject the elite denial fallacy.

Note: The three fallacies in this work are a special category of conjectures that challenge assumptions held – at times widely – in the public, policy, and academic domains.

Table A4.2: The diverse perspectives on the 'elite' conceptual element of the ETED.

Ref.	Perspective	Description
01	Abstract	Coordination capacity
02	Economics	Transaction cost reduction mechanism
03	Analytical	Value creation and value transfers
04	Organizational	Elite business model
05	Individual	Beneficiary of elite business model residual income
06	Agency	Power accumulation for residual income maximization and elite identity preservation
07	Principal-stakeholder	Bargaining power differentials between elite principals and non-elite stakeholders
08	Practical	The power of elite business models to benefit from value created and appropriated; value appropriated but <i>not</i> created; 'cost created but <i>not</i> borne'
09	Micro-level	Elite business models have the largest residual income flows in the economy
10	Management	Leadership to accumulate bargaining power for the elite business model and its conversion into residual income
11	Meso-level	Elite system, the sub-system of the political economy that aggregates elite agency
12	Dynamics	Elite business model circulation modes
13	Institutional	Intra-elite contest rules and elite business model rules
14	Bargains	Elite pacts to constrain value extraction
15	Political economy	The mechanisms that determine the winners and losers of intra-elite contests
16	Macro-level	Elite quality, the determinant of human and economic development outcomes
17	Ethical	Who creates the value that is appropriated?
18	Ethical principle (maxim)	<i>To the creators the value created</i>
19	Sustainability	Sustainable value creation of elite business models (at the firm micro-level) and nations (at the elite system meso-level) that constrains unsustainable value transfers
20	Leadership, micro-level	Transformations for the non-appropriation of value that elite bargaining power differentials afford on account of long run, sustainability, or ethical considerations
21	Normative, micro-level	Elite business model transformational leadership for bottom-up sustainable value creation
22	Leadership, meso-level	Elite bargains for elite business model transformation (that endure the test of time)
23	Leadership, technical	Weight and offset second-order value and risk transfers
24	Normative, meso-level	Elite bargains for elite system transformational leadership to effect top-down structural reform (institutional change) of the incentive system towards sustainable value creation
25	Judgment	The practice of transformational elite leadership that weights and offsets value transfers and realizes these courageously through elite bargains

Table A4.3a: The sustainable value creation (SVC) set of ethical principles for human and economic development.

Ref.	Hierarchy of principles	Relation to economic and human development, and agency	Ethical principle
<i>Central doctrine (for society at large)</i>			
(i)	Maxim	Operationalization of the intrinsic value of sustainable value creation	<i>To the creators the value created</i>
<i>Conceptual guidance (for transformational leadership)</i>			
(ii)	Tenet	Incentive setting (by elite agency), positive	<i>Maximize first-order value creation and risk origination for productive economic transformations fit for human purpose</i>
(iii)	Tenet	Constraint setting for comprehensive optimization (by elite agency), negative	<i>Weight and offset second-order value and risk transfers and minimize these to maximize value</i>
<i>Practical guidance (for applied elite system and elite business model transformational leadership)</i>			
(iv)	Precept	Cognitive (understanding of value transfer trade-offs, cost-benefit): elite system and elite business model action	<i>Measure value and risk transfers and establish the optimal weightings and potential offsets to maximize sustainable value creation</i>
(v)	Precept	Institutional: a political economy with non-elite input and elite business model action	<i>Realize sustainable value creation and risk origination incentives through top-down weighted structural reforms and bottom-up elite business model transformation</i>
(vi)	Precept	Institutional: elite system with minor non-elite input and elite business model action	<i>Invest in elite cohesion and in the elite separation of powers with a comprehensive set of checks and balances to encourage productive intra-elite contests</i>
(vii)	Precept	Institutional: a political economy with non-elite political action	<i>Promote the freedom to exit and the freedom to create value irrespective of optimal value creation, transfer weightings, and potential offsets</i>

Table A4.3b: The sustainable value creation (SVC) set of ethical principles adapted for the AI: AI goals (3), AI tasks (4), and cumulative assumptions (5).

Set of ethical principles for human and economic development	Set of ethical principles for the AI (for application in the human political economy)
(i) Maxim <i>To the creators the value created</i>	The AI goal 1 <i>To the human creators the value created</i> Assumption 1 The AI cares for human value appropriation Assumption 2 The AI can constrain its own utility maximization function
(ii) Tenet <i>Maximize first-order value creation and risk origination for productive economic transformations fit for human purpose</i>	The AI goal 2 <i>Value creation for humans</i> Assumption 3 The AI can create value for humans
(iii) Tenet <i>Weight and offset second-order value and risk transfers and minimize these to maximize value</i>	The AI goal 3 <i>Renunciation of value transfers from humans that are not weighted and offset</i>
(iv) Precept <i>Measure value and risk transfers and establish the optimal weightings and potential offsets to maximize sustainable value creation</i>	The AI task 1 The AI computes the entire set of value creation and value transfers (in real-time) with updated general macroeconomic models that capture all relevant socio-economic interactions while establishing instantaneous sustainable value creation (SVC) measurements at the individual, firm, and national levels, thus solving the <i>qui generat valorem</i> (by humans for humans) and the <i>cui bono</i> questions Assumption 4 The AI (partial or total) omniscience of the human political economy (i.e., the AI knows all prices, utility functions, bargaining power differentials, etc.)
(v) Precept <i>Realize sustainable value creation and risk origination incentives through top-down weighted structural reforms and bottom-up elite business model transformation</i>	The AI task 2 The AI implements weighted structural reforms and provides targeted incentives for continuous elite business model transformation in the human political economy Assumption 5 The AI (partial or total) omnipotence in the human political economy (i.e., the AI directly or indirectly affects institutional change, and causes the transformation of business models towards sustainable value creation)
(vi) Precept <i>Invest in elite cohesion and in the elite separation of powers with a comprehensive set of checks and balances to encourage productive intra-elite contests</i>	The AI task 3 The AI participates in human intra-elite contests to rebalance bargaining power differentials, optimize checks and balances, and incentivize elite cohesion
(vii) Precept <i>Promote the freedom to exit and the freedom to create value irrespective of optimal value creation, transfer weightings, and potential offsets</i>	The AI task 4 The AI participates in the political economy's three contest arenas (market, non-market, narrative market) to affect weighted structural reforms that realize the freedom to <i>exit</i> and the freedom to <i>create value</i>

Table A4.4: The three frameworks for weighted policymaking: Overview and linkages.

A Weighted Structural Reform Framework for policy (Table 7.1)	A Transfer Constraints Framework for policy formulation (Table 8.2)	A Weighted Redistribution Framework for policy (Table 8.3)
Weighted structural reform (i) Impact assessment: Value transfers (ii) Formulation: Institutional and (de)regulatory measures (iii) Elite transformational leadership: * 'Elite institutional change bargain'	Reference Secure Constraints on value transfers (i) Intertemporal constraints (ii) Monetary constraints (iii) Value creation milestones	Sustainable redistribution (i) Impact assessment: Redistribution transferor/transferee (ii) Formulation: Constraints on redistribution (iii) Elite transformational leadership: * 'Elite redistribution constraints bargain'

* Transformational leadership entails securing bargains as well as the deactivation of transfers, the institutionalization of related constraints, and the implementation of structural reforms against resistance

Table A4.5a: The Three Freedoms for Development Model.

Ref.	Freedom type	Definition	Relationship to economic and human development
(i)	Freedom from value extraction	The fundamental negative freedom. Power over interference from those running business models that rely on value appropriated but <i>not</i> created.	Positive incentive system; enhanced production function; increased social cohesion; reduced negative externalities.
(ii)	Freedom to create value	The fundamental positive freedom. Power to realize the innate potential for value creation.	Increased risk-taking; enhanced production function; positive incentive system; increased competition; higher levels of innovation; increased positive externalities.
(iii)	Freedom to exit	The enabling freedom. Power to break free from extractive principal-stakeholder relationships.	Decreased bargaining power differentials; greater competition; free market prices; increased risk-taking; intensified intra-elite contests.

Table A4.5b: The set of sustainable value creation (SVC) ethical principles instantiated by the institutionalization of the three freedoms for development and transformational leadership.

Set of sustainable value creation ethical principles	Instantiation of ethical principles: Freedoms for development and transformational leadership
(i) Maxim <i>To the creators the value created</i>	Freedom <i>from</i> value extraction Freedom <i>to exit</i> Freedom <i>to</i> create value Elite system transformational leadership (narrative market focus)
(ii) Tenet <i>Maximize first-order value creation and risk taking for productive economic transformations fit for human purpose</i>	Freedom <i>to</i> create value Elite transformational leadership (market focus)
(iii) Tenet <i>Weight and offset second-order value and risk transfers and minimize these to maximize value</i>	Freedom <i>from</i> value extraction Elite system transformational leadership (non-market and narrative market focus)
(iv) Precept <i>Measure value and risk transfers and establish the optimal weightings and potential offsets to maximize sustainable value creation</i>	Elite business model transformational leadership Elite system transformational leadership (market, non-market, narrative market)
(v) Precept <i>Realize sustainable value creation and risk origination incentives through top-down weighted structural reforms and bottom-up elite business model transformation</i>	Freedom <i>to</i> create value Freedom <i>to exit</i> Freedom <i>from</i> value extraction Elite system transformational leadership Elite business model transformational leadership (market, non-market focus)
(vi) Precept <i>Invest in elite cohesion and in the elite separation of powers with a comprehensive set of checks and balances to encourage productive intra-elite contests</i>	Elite system transformational leadership (non-market, narrative market focus)
(vii) Precept <i>Promote the freedom to exit and the freedom to create value irrespective of optimal value creation, transfer weightings, and potential offsets</i>	Freedom <i>to exit</i> Freedom <i>to</i> create value Elite system transformational leadership Elite business model transformational leadership (market, non-market focus)

