

MONEY TO CAPITAL?

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ABSTRACT

Capital involves risks and creates jobs. Accumulating money on the balance sheets does not. Capital and money are very different economic concepts, but both are decisive accounting and measurement categories for investment. Money (cash) can buy physical (capital) and non-physical assets (labor), but value and wealth creation always happens with investment into labor and capital.

Taxes on wages and trade damage the economy, society and entrepreneurship. In neo-classical economics, rent (from natural resources and locations) is still collected, but it is made to disappear on the balance sheets; interest and rent are simply counted as one single source of profit.

The investment circuit and cycle reads money into capital and capital into money, by increasing the amount of monetary profit on the statistical and dual balance sheet. Nature or land value (resources and locations) do not exist in this accounting principle. This economic duality and dialectics of accounting money to capital is the driving principle of neo-classical accounting techniques.

Keywords: money, capital, dialectics, accounting, investment, accumulation, risk.

The Factors of Production

