

THE CITIZEN'S DIVIDEND: SHARING THE WEALTH OF THE COMMONS

by Jeffery J. Smith, Portland, OR

(The following presentation was made at the Boston Social Forum, Boston, MA on July 25, 2004 and is reprinted with the author's permission).

Synopsis

All of us, on this planet of abundance, are entitled to a fair share of society's surplus, to an extra income apart from our labor and capital. In a sane world, we'd all get a regular dividend from the profits without production, from what economists call "rent" for land and resources and government-granted privileges. It'd be like Alaska's oil dividend, but writ large. Martin Luther King in his "Where Do We Go From Here?" (Testament of Hope: the Essential Writings of Martin Luther King, Jr., Edited by James Melvin Washington, p 615), while citing Henry George noted the extra income would be dynamic, would "automatically increase as the total social income grows." Merely demanding this Citizens Dividend elevates our self-esteem. And once we win it, we divert revenues from the pockets of the few now engorging upon these socially-generated values, to the pockets of everyone, those who actually create the values of nature and society. How much commonwealth is out there? Who has it now? How do we retrieve it? What's already being accomplished? And what can we each do now?

Main body

In ancient Athens, qualifying Greeks -- like free males -- received a dividend from the proceeds of leasing a natural resource, the silver mines outside the city. Two thousand years later, citizens of Kuwait got a dividend from the oil royalty. Residents of Alaska still do. And in the ski resort of Aspen Colorado, a majority of residents qualify for housing assistance -- even doctors making up to \$150,000 per year with a quarter million in the bank. The money comes mainly from a tax on real estate sales, whose value comes from the location, from the land -- lovely and hilly for skiers. So their housing assistance is like a share of that "rent" as economists call it for land.

We as a society are once again, as we have been for decades if not millennia, absurdly wealthy. And it is absurd that we do not share the wealth. While it may be admirable to forgo one's share, it backfires. It leaves more on the table for others to grab by hook or crook -- or both hook and crook. Those willing to do what it takes to grab a bigger share of the commonwealth, to grab the overwhelming lion's share, not only enrich themselves. They also become an elite who lord it over everyone else. They also make the process of enclosing the commons seem normal and their lofty status legitimate. And those who do nothing about it behave as if there were no surplus, no profits without production, or that the present arrangement of only a few being entitled to them is somehow OK. Neither is true.

What wealth is not yours or mine but ours? It's not a stock of goodies but a flow of money. It's the money that any advantage can command that came about by social syn-

ergy, not by an individual's labor or capital. For instance, recall the old joke: What's the three most important things in real estate? Location, location, location. And the value of location is generated not by what an owner has put on top of it but by his neighbors, by his surroundings, his society and its natural environment.

While location is the classic advantage that people are willing to pay big bucks for, it is not alone. Besides surface locations, there's also subsurface resources, notably oil, but also all the other minerals. And with the subsurface, there's also the supra-surface: the electro-magnetic spectrum, the frequencies for TV, radio, cell phones, etc. Along with actual fields are metaphorical fields -- the fields of knowledge that some are patenting at a pittance. With nature and knowledge are the government granted privileges; those include items like utility franchises, standards waivers, and corporate charters. Plus, we give away to bankers sovereignty, the power to expand the money supply.

How much do people pay to those others who hold these advantages? Several trillion each year. It's still true that several trillion dollars is a lot of money; about 40% to 45% of our GDP [gross domestic product] is devoted to paying the privileged who hold these advantages, from bundled mortgages to corporate charters. Trillions means you could not only use the money to run the government, you could do that without taxing things you might want more of, like homes, sales, and earned income. And you'd still have enough left over to pay people a dividend. If you redirected a third of this flow of cash for advantage, about \$1.5 trillion, into the pockets of registered voters, each one would get about a thousand dollars extra per month, over \$12k per year. For a couple, that comes to about \$25,000 extra each year, or \$37,500 for a successful menage-a-trois, enough to make you rethink your basic household unit. That pays for a lot of tattoos -- or tattoo removals.

How do you get this flow from those few owners of privileges, titles to oil fields, charters for banks, mortgages on much of America, to everyone? First, you must make a critical mass aware that their common wealth even exists, and now only a few get it. Then you popularize the partial examples of Athens, Aspen, Alaska, even America's Social Security system which will keep working if we can get our elected representatives' paws off it. Then remind people how much they suffer from their time famine, how much they need to be able to afford some time off. Then remind people via every available media that they not only need this extra income, but they're entitled to it, since it comes not from the efforts of any lone owner of capital or supplier of labor but from profits without production, the surplus from society's synergy. Tell people that the levies used to recover rents, sure those go up, but all the taxes they now pay on homes, sales, and wages, those go down. So the proposal is neither (continued on page 4)

THE CITIZENS DIVIDEND... (continued from page 2)
left nor right but green -- some Green Parties already endorse it, notably those of Ireland and England. Doing all this builds a movement which eventually will win.

To arrive, we must begin. Ask everyone, who moved their commonwealth? Bottom line, as long as you leave four and a half trillion dollars on the table each and every year, you create and empower an elite. Once you've created an elite, it makes little sense to complain about their behavior and a lot more sense to just not create a ruling class in the first place. Those guys running the show are not volunteers, working for nothing. They operate off the mega-funds that belong to everyone. To defeat them, you must deprive them of this constant fount of wealth. And to do that without making too much of a direct confrontation, you must propose that we share that which is already ours, while defending the property which justifiably does belong to individuals. That is, government would lose its power to tax anything that moves. Instead, we'd all pay land dues in and get "rent" dividends back. Citizenship dues and Citizens Dividends -- make that our call.

(Jeff Smith is president of the Forum on Geonomics and edits The Geonomist. He may be emailed at jjj@geonomics.org.) <<