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Forget the Old Tax Fights:  
All Should Enjoy the Profits from Nature's Gifts

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Although I live in Pennsylvania, I have had a special affection for West Virginia, having lived and worked there some years ago. Recently, a West Virginia friend sent me a series of interesting viewpoints from *The Charleston Gazette*. There is a thread of important perspectives running through them all.

John David wrote on Nov. 27, 2006, about his concerns regarding the growing wealth gap between the super rich and the rest of us. He is disappointed with recent "Band-Aid" actions of the state's Legislature, which brought only "a little of something for everyone" rather than a deeply rooted solution "to help eliminate poverty." He then describes the Alaska Permanent Fund, which captures the "resource rent" from oil and other natural resources for the benefit of all residents of the state. "Resource rent" is a term that describes the profit that accrues to the gifts of nature above and beyond the necessary returns to labor and capital.

David is on to something we really need to learn more about. Each October, this innovative institution distributes checks of equal amounts to everyone, ranging from several hundred dollars to nearly \$2,000 each year. These "citizen dividend" payments have made Alaska the only state in the country where the wealth gap has decreased rather than increased during the past several years. Think about it. A significant proportion of profits are due to the gifts of nature, and Alaska's state constitution vests ownership of natural resources in the people of the state. Is this not an elegant policy approach?

Which brings us to the heart of the matter — the question concerning just and fair ownership of the gifts of nature. In West Virginia, much of the coal mining lands are "owned" by large companies that are not headquartered in the state. These are often companies that are not the "working" companies that organize labor and capital to do the hard job of mining the coal. Yet these outsider, non-working companies collect enormous amounts as lease fees from the productive coal companies, simply because they hold paper titles. The money that the paper title-holding companies demand and receive from the working companies is entirely "resource rent" and rightly belongs to the people of West Virginia.

Resource rent is being drained out of West Virginia by paper title-holding companies while most taxes fall on workers and productive capitalists. This is the

problem that continues to relegate most West Virginians to a socioeconomic power status like that of many Third World countries. These countries are said to have a *resource curse*. Though richly endowed with the gifts of nature, they are plagued with poverty and environmental devastation just like West Virginia. John David is right. His state greatly needs an institution similar to the Alaska Permanent Fund.

In his Dec. 8, 2006, commentary, Russell Sobel says, “by increasing the cost of doing business and reducing profitability, this plan would reduce and even destroy the incentive for future capital investment and new business development in our state.” Sobel is locked in the old labor vs. capital paradigm and does not understand the concept of “resource rent.” He has yet to consider the idea that unearned income accruing to the gifts of nature rightly belongs to the people as a whole. He does not yet grasp that there is a contemporary way to secure everyone’s birthright to God’s gifts of land and natural resources, thus freeing the energies of both labor and productive capital. Neither labor nor capital made the earth. Certainly we can all agree to this basic and most obvious truth.

If West Virginians were to capture resource rent, the unearned income now going to outsider paper title-holding non-working companies, then taxes on both workers’ wages and on the rightful profits of working business owners could and should be substantially reduced. The essence of the conflict is not that of labor versus capital, but that of all those who contribute mental and physical energy to the productive process vs. those individuals and companies that are monopolizing the gifts of nature.

From this perspective and policy approach, private ownership or enclosure of land and natural resources is made conditional upon paying a fair fee for that privilege to the people as a whole. This is another way of saying that it is important to collect property taxes based on natural resource and surface land values, while reducing taxes on wages, productive capital and other privately created wealth such as our houses and all other buildings. This ethic and policy approach can be viewed as an emerging new understanding of the role of governance. I sometimes call it “earth rights democracy.”

John David responded to Russell Sobel on Dec. 18, 2006, with an even stronger focus on the wealth divide and the question of “who owns the earth?” by reminding us that all current titles can be traced back to land that was “taken from the Native American people.” In a democracy, we are supposed to have equal rights as human beings. Is it not time that we constitute democracy on equal rights to our planet’s land and natural resources, and institute practical policies based on this ethic?

David also stated “West Virginia’s wealth is tied to land and energy resources”. Is not all tangible wealth everywhere tied to the gifts of nature? Look around from where you now sit reading this. Is there anything, other than human beings and

nature itself, which you see that has not come from mental and physical exertion upon the gifts of nature?

By January 31, Arthur Rybeck had taken a particular interest in the John David-Russell Sobel dialogue. In his commentary, Rybeck describes the so-called “two-rate property tax” that numerous cities in Pennsylvania have been putting into place. The policy has indeed been proving successful here. It is based on the reasoning that taxes should be shifted off our houses as well as productive labor and capital and that government should collect resource rent. Homeowners love it. Most pay less than with the old form of property taxes. They can fix up their houses without fear of a tax increase for their efforts.

Mayor Stephen reed, recently voted Number One mayor in the country and Number Three in the world, says that this form of property tax is a key policy that brought Harrisburg from the status of second most distressed city in the United States in 1980 to a high quality of life now.

Perry Man, in his February 9 commentary, puts forth some important economic truths and correctly credits Henry George as one of the great fore-runners of the newly emerging “beyond the old right and the old left” land tenure and tax policy paradigm. It seems to me from his tone of writing, however, that Mann has observed so much corruption and self-serving in the Legislature that he has little hope that West Virginia can ever emerge from its current status as an internal Third World country.

“The villains are those who make the laws,” Mann wrote. But in a democracy, the ordinary people are supposed to have something to say about the making of the laws. I note that Mann is a lawyer. And I sense he has a good heart underneath his bleak despair.

So I ask you now, Perry Mann, might you be willing to lend a hand to the people of West Virginia to assist them in establishing the new laws and taxation policies that can enable everyone in West Virginia to have a life worth living?

Author's note - The day after this was published in the *Charleston Gazette* I received this message by email: I enjoyed your article in the *Gazette* and agree with all my mind and heart with your views and goals. I would be happy to work toward the end you are working toward: more equity and justice in the world. Give me a pragmatic assignment or a suggested way to go to help and I will do my best to advance your goals. Aside from working to save the earth, I have no ambition but to help bring political and economic right to the peoples of the world who have long been denied it. -- Perry Mann

Citizens Alliance for a Responsible Environment protests the degradation of their mountains and pollution of the land and water of West Virginia.

