

The worth of Earth – so, so immense – what if we humans put it to good use?

CHAPTER 40

SURPLUS – A WAY TO REMAKE THE WORLD?

Misers make wonderful ancestors.

DIVIDENDS FOR EVERYONE?

Lord Bertrand Russell, who lived to almost 98, was asked, “*What’s the difference between ignorance and apathy?*” He answered, “*I don’t know – and I don’t care.*” After attending Cambridge, he co-authored *Principia Mathematica*, which in 900 pages gave math its logical underpinnings. Russell also proposed that society share natural rent. Is that what we should do with the immense ocean that is the full worth of Earth in America?

Take another peek at how much we spend on the nature we use (Ch 37). That hefty flow of bounty challenges our chronic assumption of scarcity. No longer is the economic challenge we face production; now it is distribution.

So how should we distribute this torrent of socially generated values? There are four different ways to divvy up that pie. Should we:

1. Leave it in the deep pockets of those now capturing the lion’s share?
2. Put it all, via taxes, into the hands of politicians and bureaucrats to spend as they see fit?
3. Shrink it to insignificance via land trusts and price controls? Or ...
4. Expand the Alaska model nationwide? That is, share it.

My formula for success is rise early, work late, and strike oil.

– J. Paul Getty

Handing over rent to government (#2), is not popular. Shrinking its regulated amount (#3), would spawn black markets. Doing nothing (#1), means we’re OK with the current capture of rent (half of the GDP).

Or take a page from the Aspen playbook and turn the value of locations and natural resources into a source of funding for something like Social Security for everyone (#4). Then nearly everyone would take an interest in measuring the size of society's surplus. Conversely, were government or academia to calculate the worth of Earth in America, that figure would likely intrigue people with the question of what to do with so much bounty. No matter what we choose, once we know its size then we know the health of our economy and when to anticipate its ups and downs.

EMOTIONAL ANTIS –

Just as many of us feel emotionally predisposed to reject paying a tax on land, so do many of us feel the same way toward receiving a share of rent. Even though it'd mean fresh money in our own shallow pockets, many of us oppose getting something for nothing ... in general. But not absolutely.

While some object to public spending on the poor, they do not object to politicians providing corporate welfare to the rich, which pays off big-time. A sizable portion of enormous fortunes are not earned. Didier Jacobs, senior economist for Oxfam America, estimated in 2016 that about 75% of U.S. billionaire wealth is derived from rents.

... "rents" is a word that means "leveraging control over something that already exists, such as land, knowledge, or money, to increase your wealth" ...

– Rex Nutting, *MarketWatch* of CBS

Those who admire the unduly fortunate and oppose largesse for the innocent unlucky extend that double standard to embrace themselves. They do not clamor to repeal the handouts they get: Social Security, COLA, Medicare, public schools funded in part by childless homeowners, etc. For them, a freebie is good for the goose, not the gander.

Further, objectors claim many recipients would waste their share, even though they do not object to current rentiers wasting more than their share on a profligate lifestyle. Yet most welfare recipients don't; those poor who receive cash, no strings attached, actually spend the money in socially approved ways. As many poor say, they want a hand up, not a hand-out.

Critics fear many recipients would quit working despite the fact many can't keep working because their jobs are disappearing. It's good riddance in many cases, since a huge number of jobs are not productive but merely conformist; the work does not actually produce food, clothing, shelter,

energy, transportation, medicine, or recreation. Indeed, most work is a waste of life.

If objectors were to look into right and wrong more deeply...

MORALITY & NORMS, OLD & NEW

Most of us believe that owning land means owning its value. We feel no moral imperative of owing its annual value to our neighbors. Yet by occupying land, one does displace all others. Is that fair? Not according to some sage voices.

Most moral traditions make statements like the one in the Bible: “*The fruits of Earth belong to everyone.*” The phrase “commonwealth” used to be commonplace. Why?

First, nobody made Earth, so our spending for land and resources never rewards anybody’s labor or capital. None of us can buy land from the maker. You buy goods and services from their producers and providers, but not land and other natural resources. That’s why spending is of two types, rewarding either effort or status.

Second, enjoying an equal right to life, and needing land in order to live, we all enjoy an equal right to land. It’s a right that occasionally conflicts with instinct, as when long-term residents oppose short-termers – “You don’t belong here.” Belong or not, within our group, when we claim or occupy a location, we displace everyone else. Hence, we owe them compensation, just as everyone else owes us compensation for displacing us.

Third, while nobody made land, everybody makes its locations valuable. It’s not owners but the presence of society that generates land value. It’s not old-timers selling out and moving on but newcomers buying up and settling in. The most powerful and accurate generator of land value is population density, something no owner by himself can claim responsibility for. Thus, our popular interpretation of property is a shared delusion.

Our paying dues, then getting dividends, differs from our paying sellers to leave the lot behind. Instead, owners pay their neighbors in order to stay. It’s compensation for having displaced them. That feels different from the indifference one gets when paying any other price. It feels more like contributing one’s share to a common kitty.

These rents we pay for non-produced land is a surplus. What happens to a surplus? It triggers the paying of dividends to the deserving; here, the members of society. Since the populace conjures rent, sharing it completes the cycle – *incipients* of rent would become recipients of rent.

Were modern humans persuaded that sharing the gains from land is just, they'd not be the first – far from it. For millennia sharing was customary. Hunter/gatherers shared their pickings and game. In the Pacific Northwest, native Indians had so much wealth (even if primitive) that people lost their material insecurity. One did not show off and gain status by hoarding stuff but by giving it away. Their potlatches still exist today.

At the beginning of the Agrarian age, the whole harvest went into the community granary and back out in equitable shares. Later, kings were supposed to disburse this output equitably. Of course, royalty got away from that duty, and just kept the lion's share. One exception was early in the Industrial Revolution when England paid people a stipend to buy bread.

People are basically generous. In the past, workers via their unions did their best to take care of the poor. Presently people are still generous, donating to churches and charities. Even those who weren't too generous on their way up became charitable once they arrived at the top. It's in our genes.

BASIC INCOME GRANT: BIG

With power comes responsibility.

–French National Convention during their revolution in 1793; they also funded France with a land tax until war became too expensive.

Lately some big names who've made it big materially propose paying an extra income to everyone – a “Basic Income” (enough so people could at least scrape by) – whether they have a job or not, whether they're wealthy or not.

Those luminaries are the latest to advocate an extra income. The idea rears its head every generation:

- during the Great Depression in California, Sinclair Lewis with his EPIC,
- later last century, Robert Heinlein, the Futurists, and Buckminster Fuller,
- in Canada, proponents called it Social Credit; now ... Everywhere it's entrepreneurs.

Big names in Silicon Valley promote a Basic Income as an antidote to job loss:

- Bill Gates, Microsoft co-founder,
- Elon Musk, SpaceX CEO,
- Mark Zuckerberg, Facebook CEO,
- Chris Hughes, co-founder of Facebook,
- Stewart Butterfield, Slack CEO/co-founder and co-founder of Flickr, and ...
- Sam Altman, Y Combinator & president (with Airbnb and Dropbox in its portfolio).

Maybe they figure what's good enough for them – freebies from government – is good enough for everybody.

Also climbing aboard this bandwagon are:

- Stephen Hawking, author, speaker, astrophysicist (deceased),
- Richard Branson, founder of Virgin, and ...
- David Simon, creator of the popular HBO series “The Wire,” and most recently “The Deuce.”

Organizations with various perspectives endorse the idea:

- the International Monetary Fund (IMF),
- the American Enterprise Institute, a conservative think-tank, and ...
- FastCompany, a news website.

Politically:

- The State of Hawaii passed a resolution in favor.
- In Congress, Rep. of Minnesota Keith Ellison expressed his support.
- Several governments planned a trial run for a limited number of recipients in 2017. Stockton, California planned to test a basic income. At Cash Conference in San Francisco, the town's mayor, Michael Tubbs, said the program isn't a response to encroaching technology. “Basic income isn't about a scary future where robots run everything. It's about today, when working people can't afford rent.” Note that word, “rent.”

Canada, Finland, and Kenya have started paying randomly selected citizens. Finland has inspired Scotland to follow suit. Kenyans invested

their windfall in home repairs and schooling their kids, plus domestic violence has fallen.

As for funding Basic Income, proponents have yet to find consensus around its source. None of those proponents appeared cognizant of social surplus. If the source of extra income is anything but surplus, then when recipients spend it, they'd inflate prices. Landlords in particular would just raise their charge. Note how:

- Social Security increases pump up rents in trailer parks,
- Fatter student loans pump up rents in campus communities, and
- More generous medicare gets soaked up by nursing homes.

Yet an extra income for all need not inflate prices. That just depends on its source.

RENT SHARE

Rather than Basic Income, the extra income could be a share of surplus.

How would that work? All of us who are owners would pay amounts commensurate with the value of the locations we claim and all of us who are residents in the region would get back amounts equal to how much everybody else gets. Land dues in, rent shares out.

Using fees or dues or taxes, government would redirect society's spending for land, natural resources, the electromagnetic spectrum, ecosystem services, and the rest of the planet that we find useful enough to be willing to pay for it, etc., temporarily into the public treasury then back out. Call it a Citizens Dividend.

The policy of disbursing some of the worth of Earth does have a pedigree – endorsements from some world-class, open-minded thinkers:

- in the 1700s, the physiocrats which included Thomas Jefferson and Paine;
- in the 1800s, John Stuart Mill in the UK and Henry George in the US, and ...
- in the 1900s, Lord Bertrand Russell and George Bernard Shaw, who once quipped, "*Youth is wasted on the young*";
- in the 1960s, Martin Luther King, while citing Henry George, noted how economies constantly put out growing amounts of surplus, and proposed sharing it. (MLK also made popular the centu-

ry-old adage of crusaders for social reform: “*The arc of the universe is long, but it bends toward justice.*”)

How big a dividend might a citizen receive? Initially, due to politics and normal people’s resistance to change, it might not be that much – maybe \$100 per month. To win even that much, recall that the biggest household budget expense is land beneath housing (Ch 20). A politically palatable first step may be to replace the property tax with a land-use fee and use that revenue only for a resident’s dividend, *a la* Aspen.

Eventually society would tap all rent streams. The per capita amount comes to \$10,000 per month (Ch 37). Even if that calculation is off by a factor of 10, wouldn’t it be nice to get \$1,000 each month?

When the economy cranks, swelling land values and rent shares, one can labor less. When the economy coasts, shriveling land values and rent shares, one can work more. The economy becomes balanced, no longer needing to relentlessly grow. In both its phases (cranking and coasting), one will have enough. That solves the classic economic problem – suffering from poverty.

WELL-BEING

More money in the pocket means that one can afford medical care while not needing much medical care. Presently, medical care is the fastest growing expense in the economy. Much of the illness we endure is due in part to anxiety, whereas receiving a Citizens Dividend eases one’s money worries.

How bad is it? Among men between the ages of 20 and 35, the leading cause of death is suicide. Anxiety and depression were predicted to be the second biggest causes of ill health in Western countries by 2020.

Conversely, when people feel more secure, they feel less need to self-medicate, weakening their health. When people in underdeveloped nations (including Honduras, Nicaragua, and Tanzania) receive free cash, they consume less tobacco and alcohol, showed World Bank researchers David Evans and Anna Popova. It should hold true in the developed world, too, I imagine.

Having a home is to have health, not just because dining in beats eating out. Also, owning within a community of mutual identity creates peace of mind. With a rent share, residents can afford to live where they love, even as neighborhood sites rise in value. Perhaps such payoff could ease any tension between newcomers and old stayers.

Another major stressor is the degraded environment. All those toxins not only poison humans and other animals but also, as the health of ecosystems fails, the worth of Earth falls. That in turn would reduce the dividend. Since most would prefer a greater dividend, they'd minimize their footprint and support policies that discourage pollution and depletion, thereby maximizing land value. Self-interest would align with eco-interest.

If residents get a slice of natural value, then owners and local developers would be compensated for not exceeding the carrying capacity of their land. Owners could profit from building or otherwise using their land, but its rental value would go into the common kitty and back out again as the dividend. By keeping their land healthy, residents would increase the dividend for themselves and for their neighbors, too.

One more way we hamper our health is via overwork. Employees working more suffer more and so produces less. Conversely, a shorter workweek does increase morale and health, not to mention productivity – and more from less is the whole point of an economy.

Already 40 hours per week exceeds our needs. How short could the workweek be?

- Marshal Sahlin figured that our Stone Age ancestors' full-time is our half-time.
- After the Black Plague left far fewer people for so much cultivatable land, James Rogers figured that in the Middle Ages our peasant ancestors actually worked 14 hours a week.
- Bucky Fuller figured two hours was enough for actual goods and services.
- Juliet Schor, while at Harvard, figured it'd be 6 1/2 hours by 2002 if productivity gains did not go overwhelmingly to the 1%.

As long as the periodic dividend is hefty enough, paying in would pay off. With that monetary cushion, we'd make the economy work for us instead of we, for it. We could shorten our workweek and improve our quality of life.

Just as jobs sicken, time-off heals. You can hang out with friends and neighbors; maybe even have dinner together as a family. Go spend time in nature, spend time defending nature. You can play more, develop new skills, realize lifelong ambitions, and lead a more fulfilling life. You'd feel good. Paying land dues upfront is like investing in a more comfortable

lifestyle for life. The Protestant Work Ethic becomes an anachronism as the Polynesian Play Ethic becomes relevant.

Lack of money is the root of all evil.

– George Bernard Shaw

Turning from individual health to societal health, as prosperity spreads, the motive to steal becomes less common, as it is in Northern Europe. Furthermore, materially secure people become more hesitant to go off to war. And that's without winning any international agreements or signing any treaties between erstwhile belligerents.

What if, in the Mideast, the high value of locations in Israel were shared with both richer Israelis and more numerous Palestinians, while Palestinian markets were opened to Israeli businesses? That'd establish some cross-border community, right? This practice of sharing rent could deliver both peace and prosperity in our time.

Redirecting rent solves the problems that concentrating rent creates. Sharing natural bounty, thereby creating community, lets us unite our views of nature and real estate, balance work and play, streamline swollen governments and big businesses, and de-motivate our senseless mistreatment of one another. And, it improves economies.

PRICES PRECISE, CHOICES EFFICIENT

With those concrete goods is an abstract one – precise prices. Prices guide and misguide our economic choices. For choices to be wise, prices must be accurate.

Prices would not inflate when citizens spend rent dividends. Public recovery of site value, via land dues or land tax or land use fee or land lease, would keep landowners in competition among themselves. If any of them tried to raise what they charge, their prospective buyer could look elsewhere and their tenant could move to a new building that another owner erected, in order to have income to pay the land dues.

Rather than distort prices, sharing rent would correct prices.

Take land. Speculators constrain its supply while people crowding into cities exaggerate its demand. But with land dues, we motivate owners to use land efficiently and with rent dividends we enable people to move to human-scale cities. Improving supply while modifying demand means the price of land becomes accurate, and our choices influenced by that information become rational.

Take labor. Currently people chase jobs instead of jobs chasing people, what with jobs being taxed and deprived of some prime locations. So labor is underpaid. But when everyone, not just the rich and poor, gets money without working – a rent share – people become less desperate for jobs; they can be picky. To persuade people, employers would raise the wages they offer, improve work conditions, and tolerate flexible schedules. Work could even become something most people look forward to.

Bosses who've not thought this through can be passionately opposed to paying higher wages. Others see the upside. Henry Ford did, when he raised his employees' wages so they could afford to buy his cars. With Citizens Dividends, that phenomenon would occur society wide.

Along with falling wages, some worry about disappearing jobs. It's not news; new technology always eliminates old professions. Where did all the blacksmiths go? However, the same techno-progress obviating jobs also pumps up site values in desirable areas; enriched inventors and investors who, besides earning profit, also receive corporate welfare, bid up the value of land (see Silicon Valley). By recovering socially generated site values, society would be harnessing modern automation for a comfortable living for all.

Take capital in the sense of tools, machinery, factories. With extra income, inventive people could spend less time in non-creative jobs and more time inventing. Contributing their ideas and breakthroughs would accelerate techno-progress, letting us get more from less, cutting the cost of living. As prices deflate – just the opposite of ruinous inflation – physical capital would only need a steady income to make profit.

Take capital in the sense of mounds of money; fiscal capital. Currently, without a share of rent, people borrow more: mortgages, car loans, student loans, credit card debt, etc., and the middle class shrinks. Conversely, getting extra income, consumers could avoid taking on so much debt. Less demand leads lenders to lower their rates.

Businesses, too, could borrow less. Their unburdened employees produce more, and their endowed customers purchase more. A booming business not only provides more working capital but that harmonious scenario also attracts investors – an infusion better than borrowing. Again, bankers would need to cheapen their loans as prosperity expands.

Regardless of who wins the election they have to raise taxes to pay for the damage.

Governments, too, could avoid taking on so much debt. Even now governments could already cut things like corporate welfare without harming anyone.

Then later, when people are prospering, the citizenry would not need quite so much in the way of social programs. Politicians could reduce them. Materially secure people grow less warlike; we could cut military budgets, too. As solvent governments borrow less, once more bankers must lower what they charge.

Presently, to finance excess debt, the Federal Reserve creates excess new money (for the borrowers), excessive of new output; that imbalance inflates prices. Conversely, when governments, businesses, and consumers borrow little and only existing money that has been saved, that balance stabilizes prices. Minimizing debt in society translates to less inflation (distortion) of prices. With better (undistorted) information, people make better choices.

Furthermore, as labor-saving devices advance—accelerated by inventors and everyone receiving a Citizens Dividend—production costs would shrivel. The cost of living would follow—the dreaded deflation. The supply of money needed to circulate would shrink. Instead of being a printing press, banks would have to become furnaces to eliminate old money. If they can't bring themselves to do it, the public treasuries could.

Who receives the flow of rent and what they do to get it impacts our wellbeing and shapes output's prices. That in turn determines whether our economy will be effective and fair, our ecosystem healthy, our democracy sustainable, and our society humane. How we decide to distribute the surplus matters.

SOCIETY SHIFTING TOWARD SHARING?

Given human nature and being used to the status quo, normalcy bias tells us this sharing of land value sounds too good to be true. Yet true it is.

Alaska pays all its residents some of the surplus it generates from the sales of its oil. The US talked about having Iraq do the same, but other voices prevailed. Elsewhere in oil-rich countries, reformers call for adoption of the oil dividend.

Every man is guilty of all the good he did not do.

– Voltaire, who also said the
fruits of the earth belong to all of us.

Inspired by Alaska, nearby British Columbia pays residents a tax credit from its carbon tax.

Most places don't have oil in the ground but every region has a sizable downtown, and that's where the money is, even more so than buried under desert sands or Arctic tundra. That's the goldmine: urban location values. Just ask F.I.R.E..

Once the public sees the size of natural values, many see that immense figure as a windfall and feel comfortable with their community recovering this socially generated value. Overcoming our widespread attachment to “property” value, some places do recover some socially generated location value and disburse it to residents. Rather than fret over newcomers with deep pockets making the old neighborhood no longer affordable, housing advocates have treated swelling land values as a windfall.

In Aspen, Colorado, where vacant lots sell for well over \$10 million dollars, the police, merchants, and even realtors could no longer afford to live there. The wealthy in that ritzy, mountain-high ski resort were not too pleased by the loss of their waiters. So, without encountering too much opposition, the local government sliced off a tiny sliver of that spending on land – the greatest portion of the price tag for housing – and used the revenue to help working families stay in town. Even doctors earning six figures qualified for housing assistance.¹

Besides Aspen, Hong Kong and Singapore tap land values for public revenue, spending much to house the populace and meet other social needs. The Asian cities also keep counterproductive taxes low. And Singapore even pays a dividend.

In the not too distant future, other places may catch up. The tech billionaires pushing Basic Income draw attention to the concept of an extra income for all in general. The rich entrepreneurs who realize that Basic Income inflates prices may refine their proposal to base it on deflationary rent.

American society is approaching or is already at a tipping point where a critical mass questions work and the traditional workweek. Some young adults especially, many tens of thousands of dollars in debt for student loans, have their doubts about rote work. They envision an end to meaningless work, even to an end of the financial definition of useful contributions.

It’s usually the youth who make change. And if not this generation, then perhaps the next. Those children naturally share resources; they think it’s fair.

If you think the gain from sharing surplus is impressive, just wait. Sharing rent amplifies the gains from sharing rent. Now that we have an idea of the size of surplus, we can extrapolate how much bigger it’ll be later, after we divvy it up equitably. Once bounty flows naturally, we can lock the hood on the economy.

¹ “In Aspen, even doctors need affordable housing” by Nancy Watzman in the *Colorado Independent*, 1 June 2015