The $900 Million Question

THE oil consortiums have bid $900 million for the right to drill in Alaska, and they will pay 12½ percent royalty on the oil yield plus $1 an acre in annual rental and a 4 percent tax on each barrel of oil produced. Opinions vary widely among the citizens as to how these millions from the proceeds of their natural resource should be spent. Some would prorate the vast sum among residents, others would end the income tax or pay off the debt. Meanwhile, in Washington, U.S. government officials are wondering whether they could reduce or end the subsidies which, in Alaska, are heavier than in most other states.

Many years ago Alberta, a province of Canada, faced a similar question regarding the riches from natural resources. But having been exposed to an enlightened economic policy, they retained one-eighth of sub-surface minerals or oil for community purposes, and this steady income has kept their government structure uniquely free of debt.

In a somewhat similar fashion the State of Texas supports its university through returns from one-eighth of the oil produced by private initiative on state lands.

The purchase of Alaska for the U.S. from Russia for $7.2 million was regarded as folly when it was urged by William H. Seward, Secretary of State in Lincoln's administration. A hundred years later the apparent high bid by an oil company combine for a 2,560 acre tract is ten times greater than the price paid for all Alaska. When the proposed 800 mile pipeline is built and is carrying its full capacity of two million barrels daily it is estimated that this piece of oil income will amount to $600,000 daily.

If the new state does not collect the location value from all its residents each year, the progress for some will always be exceeded by the poverty of others. This is the lesson of all civilization. If the location value were collected on each piece of land, every person enjoying a favored location would be reimbursing all others for their unequal opportunity to use his site. In Alaska, with its fantastic potential wealth, the dream of equal opportunity for life, liberty and the pursuit of happiness could be realized. Not to respond adequately to this opportunity would be a tragedy for the rich frontier so generously endowed by nature.

Lancaster M. Greene

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The Henry George News, published monthly by the Henry George School of Social Science, 50 E. 69th Street, New York, N. Y. 10021, supports the following principle:

The community, by its presence and activity, gives rental value to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.

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