

## THE PROGRESS REPORT

### **The Citizens' Dividend**

By Fred E. Foldvary

A "citizens' dividend" is a payment to the citizens or residents of a community of an equal per-capita share of the returns on commonly owned assets, principally natural resources. Alaska, for example, has obtained large amounts of revenue from royalties on oil extraction, and has paid some of this revenue to its residents as a dividend.

"Geoism" is the philosophy and economic theory and policy based on the self-ownership of persons and common ownership of land rent. The common ownership of the rent of natural resources, such as land sites, as well as rentals from community public works, can either be implemented by public expenditures or distributed as an equal dividend for each resident, member, or citizen.

The rationale for the equal ownership of rent is that no human being created what was provided by nature, and therefore as equal beings, we are equally entitled to natural opportunities and benefits. The rationale for the equal ownership of the rentals from civic infrastructure and services is that, if they are provided by the community governance, then the rentals generated by those services are the efficient and equitable source of the financing of the services; they become self-financing. Any rentals left after paying for the costs belong to the community in equal payments rather to the title holders of the land.

Advocates of citizen's dividends argue that if the proper owners of the land rent are the people, then the community rent should go directly to them rather than to a government. Individuals may then sign a contract with a government or association for goods and services. When government spends the rent funds in ways that individuals do not prefer, then the people are not really getting the rent that they are entitled to.

Other geoists argue that first we need to finance necessary public services, such as environmental protection, security, and justice, and then any funds remaining can be distributed as a dividend.

I believe the most logical approach is to first separate the rent due purely to natural origins, land apart from any improvements and value due to population and commerce. This rent includes global resources such as the upper atmosphere and also rent royalties from oil, water, and minerals. This natural rent belongs to the global community. If a global government such as the U.N. used this rent for its expenses, then the rent could end up wasted in unnecessary bureaucratic costs or in projects without global value.

This rent would therefore best be distributed directly to the all people of the planet as a global human dividend. Children's dividends could be placed in trust funds to pay tuition for their education, including home schooling.

The rentals due to community service, infrastructure, and other public works should be collected by that agency that provides the services. In some cases, the provider can be a private company,

such as a resort or hotel. In others, the provider can be a civic association, land trust, cooperative, or condominium. Nowadays, governments are the main providers of civic services.

If the rental generated by civic works is greater than the total cost, the government or association should distribute these rentals to their members. This local citizen dividend would prevent land speculation and would justly return the value provided by the community's civic works to the members.

The structure that would best prevent the concentration and abuse of government power is a decentralized multi-level governance. The lower levels of government would elect the higher levels and also pass on up some of their rentals to pay for the higher-level services. The assessment of land rent would have to be done by boards of assessors representing all the governance levels, since if the land rent is assessed only locally, then there would be an incentive to assess too low, so that less rental is passed on to the higher levels of government.

Given a choice among communities that have a citizens' dividend and those which do not, most folks would most likely choose either those with a dividend or else proprietary communities where there is a single owner providing the services. These communities would be more prosperous, because where there are multiple site owners and they keep some of the community rental, then in a growing community there would be in some places a tendency to underuse land pending higher land values or else overbuild with the expectation that the future rentals would be higher.

Such distortions, which not only lower productivity but lead to cycles of boom and bust, would be eliminated if all the community rent is collected and distributed as a dividend after paying for the local civic works.

But would the citizens' dividend be an inducement to laziness? No, because most folks seek greater than minimal incomes and goods, and also find it satisfying to be productive. Most people work even when they are getting interest and dividends from their savings and investments. And the few bohemians artists and writers who are willing to live on the dividends in small shabby apartments and devote themselves to art could end up enriching society.

Primal, primitive, human societies obtained much of their wealth directly from nature. Much value is still in nature, but much of that value is now under the control of governments and private title holders. The citizens' dividend restores nature's benefits to humanity in common. If we can't quite get back to the garden of Eden, we can at least share the fruits.