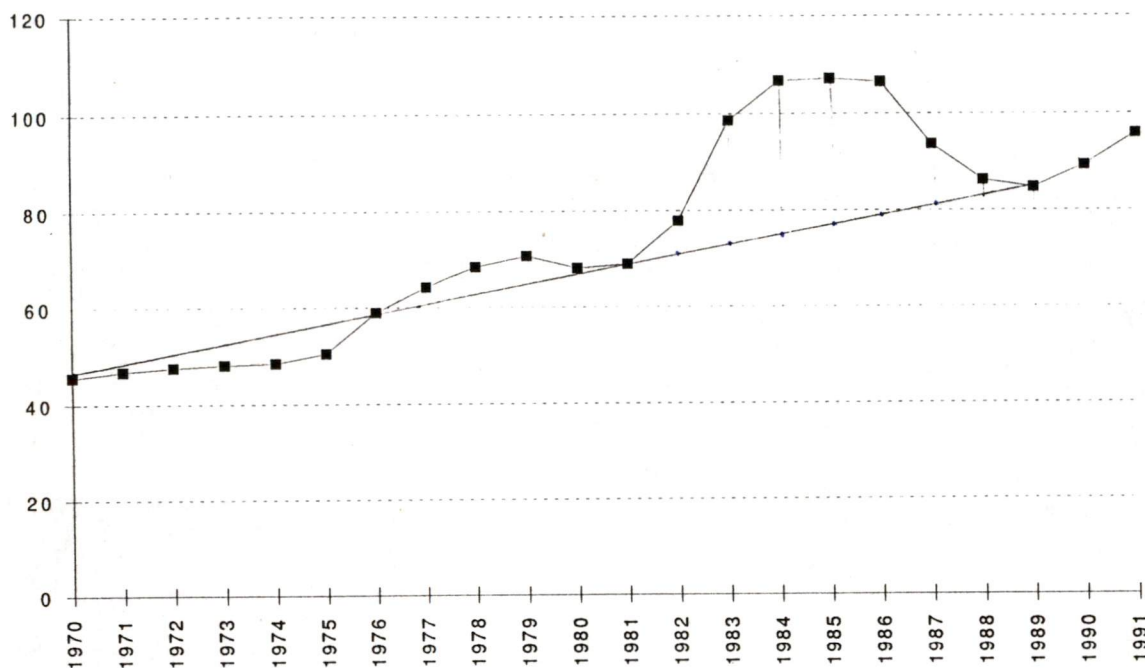


1/2 the population of Alaska

Anchorage CPI for Residential Rent for Urban Wage Earners and Clerical Workers



Rent rose dramatically at the time the oil dividend was introduced in 1982 lending support to the premise. The populace certainly received no net benefit. However, the results are inconclusive because at the same time there was a massive influx of population to Alaska and a housing shortage. (Oil dividend prospectors?)

From the period of 1982-89 the total oil dividend paid was \$5085. The actual residential rent from 82-89 was compared to what rent would have been if it had followed the rate of increase prior to 1982 (straight line drawn on curve). The increase totaled approximately \$10,000. Therefore, the increase in rent was about double the oil dividend. So, unless there was a corresponding increase in other income, Alaskan tenants from 1982-1989 were worse off than in 1981.

Oil dividends in Alberta, Canada are also paid into the public treasury, although they fund provincial services rather than pay a dividend to the populace. Imagine the Middle East if oil royalties were paid as a dividend to the public rather than enriching dictators, kings, and emirs. Estimates are that total revenue from all common heritage sources could amount to as much as twice the total of all government spending at all levels in the U.S. Therefore all other taxation could be abolished. This revenue would be paid directly to the public in equitable shares as a CHD rather than to the government.

I was able to get median rent for Anchorage for 1982 I think. So I was able to use the CPI to calculate actual rent for all years by using the CPI ratios. By comparing the values on the graph with the points on the straight line I calculated the \$10,000 increase.

3-24-93

Dear Mason,

Here's The Alaska study I did. I didn't include the calculations of actual rent paid by people in Anchorage. If you need it I can dig it up.

Blue cover article is ~~my~~ my entry in The California State University research competition in Fullerton, May 7+8.

The other page I wrote on is from a longer article. Feel free to use as you wish. Thanks.

Gary Zbo
(707) 826-7539

ANCHORAGE CONSUMER PRICE INDEX FOR RESIDENTIAL RENT,
FOR URBAN WAGE EARNERS AND CLERICAL WORKERS, 1982-84=100.

A.CPIRXM=A.CPIR67*0.4319447

NOTE: FROM 1987 FORWARD THE CPI FOR ANCHORAGE IS PUBLISHED
SEMIANNUALLY. THUS, THE FIGURE REPORTED HERE IN APRIL IS
THE ARITHMETIC AVERAGE OF THE 6-MONTH PERIOD FROM JANUARY
THROUGH JUNE, AND THAT REPORTED IN OCTOBER IS THE ARITHMETIC
AVERAGE OF THE 6-MONTH PERIOD JULY THROUGH DECEMBER.

SOURCE: U.S. BUREAU OF LABOR STATISTICS

office 744-6605 CPI
(415) 744-6600
(213) 752-7521

1970	7	46.261	NA	NA	46.564	NA	NA
1971	1	46.823	NA	NA	46.996	NA	NA
1971	7	47.384	NA	NA	47.643	NA	NA
1972	1	47.687	NA	NA	47.946	NA	NA
1972	7	48.119	NA	NA	48.205	NA	NA
1973	1	48.248	NA	NA	48.335	NA	NA
1973	7	48.421	NA	NA	48.507	NA	NA
1974	1	48.594	NA	NA	48.767	NA	NA
1974	7	49.544	NA	NA	NA	NA	NA
1975	1	50.581	NA	NA	52.352	NA	NA
1975	7	54.079	NA	NA	57.017	NA	NA
1976	1	59.004	NA	NA	60.084	NA	NA
1976	7	62.675	NA	NA	63.885	NA	NA
1977	1	64.23	NA	NA	64.964	NA	NA
1977	7	66.217	NA	NA	67.383	NA	NA
1978	1	68.42	NA	69.241	NA	69.5	NA
1978	7	68.852	NA	69.068	NA	70.191	NA
1979	1	70.623	NA	69.802	NA	69.932	NA
1979	7	70.277	NA	68.463	NA	69.198	NA
1980	1	68.074	NA	68.161	NA	68.161	NA
1980	7	68.55	NA	68.118	NA	69.068	NA
1981	1	68.895	NA	70.061	NA	71.56	NA
1981	7	73.387	NA	74.338	NA	77.75	NA
1982	1	77.88	NA	81.551	NA	88.16	NA
1982	7	93.473	NA	93.473	NA	95.849	NA
1983	1	98.699	NA	102.328	NA	101.593	NA
1983	7	105.265	NA	105.481	NA	104.79	NA
1984	1	106.777	NA	107.986	NA	108.116	NA
1984	7	106.604	NA	107.943	NA	106.863	NA
1985	1	107.165	NA	106.474	NA	102.76	NA
1985	7	107.77	NA	106.604	NA	105.783	NA
1986	1	106.518	NA	108.332	NA	107.252	NA
1986	7	99.174	NA	98.915	NA	96.928	NA
1987	1	NA	NA	NA	93.775	NA	NA
1987	7	NA	NA	NA	87.5	NA	NA
1988	1	NA	NA	NA	86.4	NA	NA
1988	7	NA	NA	NA	84.	NA	NA
1989	1	NA	NA	NA	84.8	NA	NA
1989	7	NA	NA	NA	85.1	NA	NA
1990	1	NA	NA	NA	89.4	NA	NA
1990	7	NA	NA	NA	92.5	NA	NA
1991	1	NA	NA	NA	95.9	NA	NA
1991	7	NA	NA	NA	100.9	NA	NA

STATE OF ALASKA

DEPARTMENT OF REVENUE

PERMANENT FUND DIVIDEND DIVISION

WALTER J. HICKEL, GOVERNOR

STATE OFFICE BUILDING
P.O. BOX 110460
JUNEAU, AK 99811-0460

April 9, 1992

Gary Flo, Vice-President
Institute for Geonomic Transformation
1570 Jonive Road
Sebastopol, CA 95472

Dear Mr. Flo:

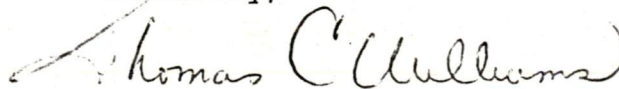
This is in response to your March 15, 1992 letter to the Commissioner of Natural Resources. Your letter was forwarded to my office for information to your two questions regarding the Permanent Fund Dividend (PFD) program.

1. The Alaska Legislature established the current Permanent Fund Dividend (PFD) program in 1982.
2. The amount of the dividend for each year since the creation of the program is as follows:

<u>Year</u>	<u>Amount of Dividend</u>
1982	\$1,000.00
1983	386.15
1984	331.29
1985	404.00
1986	556.26
1987	708.19
1988	826.93
1989	873.16
1990	952.63
1991	931.34

If you require additional information about the PFD program please contact the Juneau Dividend Information Office (JDIO) directly by writing to P.O. Box 110461, Juneau, AK 99811-0461 or by calling the JDIO supervisor, Kathleen White at (907) 465-2326.

Sincerely,



Thomas C. Williams
Director

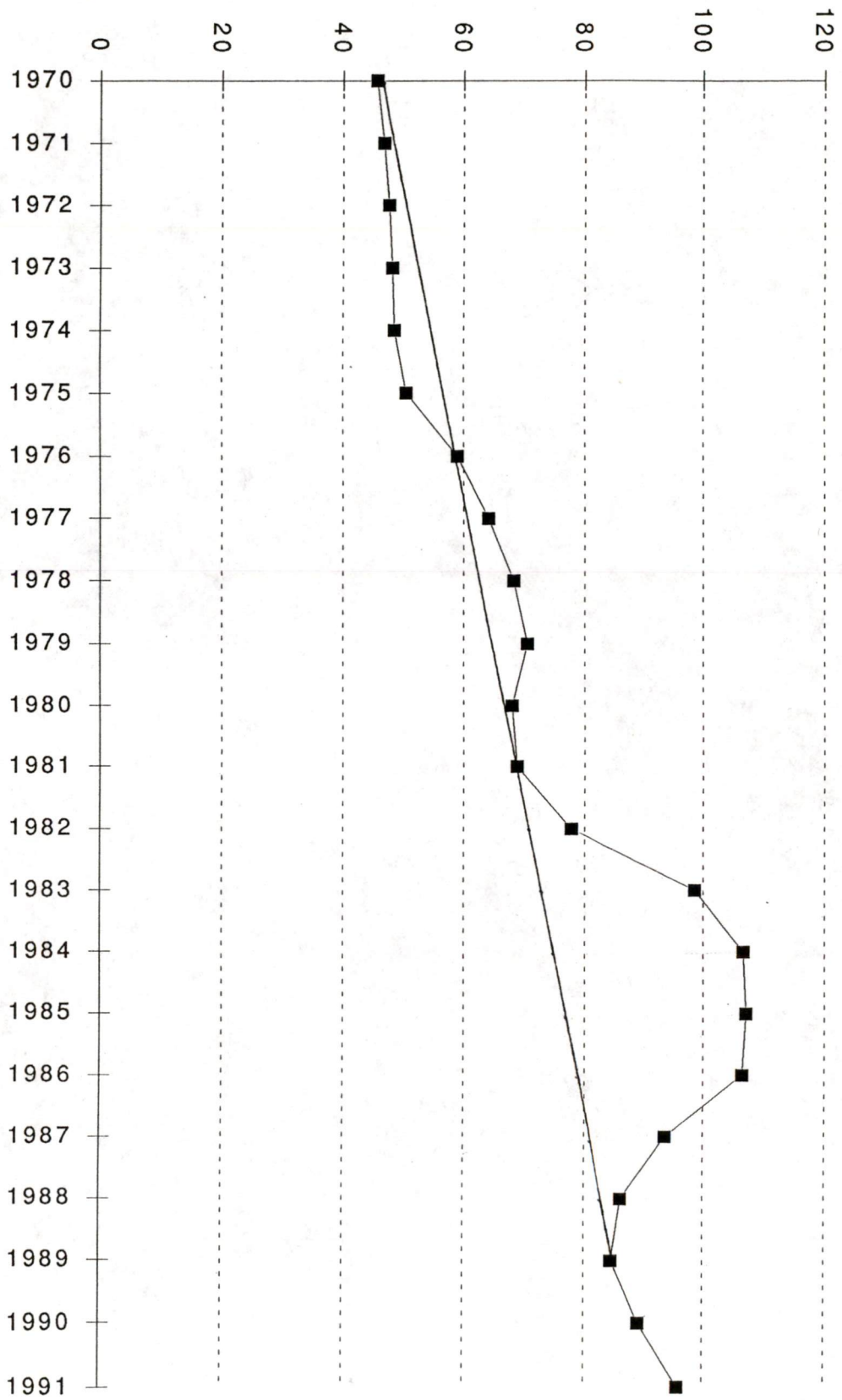
TCW:JEG
DOC 233

cc: Kathleen C. White, Supervisor
Juneau Information Office

Judy Musgrave

8486G

Anchorage CPI for Residential Rent for Urban Wage Earners and Clerical Workers



ANCHORAGE CONSUMER PRICE INDEX FOR RESIDENTIAL RENT,
FOR URBAN WAGE EARNERS AND CLERICAL WORKERS, 1982-84=100.
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1970	7	46.261	NA	NA	46.564	NA	NA
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1989	7	NA	NA	NA	85.1	NA	NA
1990	1	NA	NA	NA	89.4	NA	NA
1990	7	NA	NA	NA	92.5	NA	NA
1991	1	NA	NA	NA	95.9	NA	NA
1991	7	NA	NA	NA	100.9		

Raw Data for
Graph

A Dynamic Equilibrium, Automated, Leisure Economy (Prosperity and Leisure Without Growth?)

Gary Flo

Numerous ecologists have made clear the consequences of the present trend of exponential economic growth on a finite planet. As demonstrated by the following projections of future trends we are headed for ecological and economic collapse. Yet policymakers universally call for more economic growth as the solution to our problems.

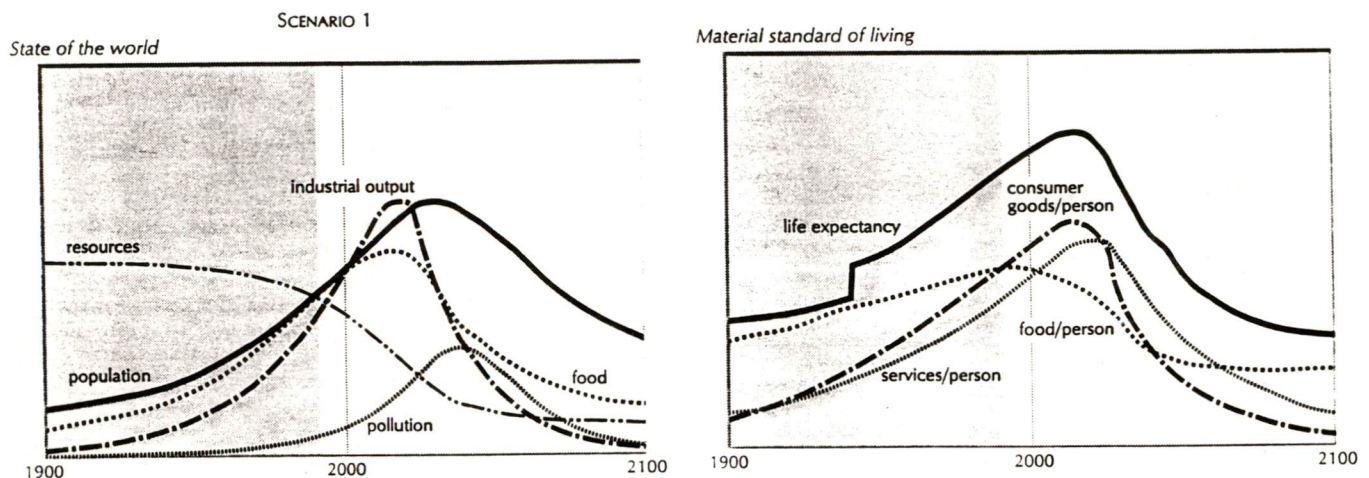


Figure 1. Exponential Growth to Collapse (Current Scenario) from Beyond the Limits, D. Meadows, H. Meadows, J. Randers. 1992: Chelsea Green Publ.

The purpose of my research is to define and model an economic system which can eliminate the need for perpetual growth, and simultaneously to allow the average person to reap more of the benefits of technological progress by giving them more leisure time.

Initially, it is important to understand why our present economic system fosters the need for perpetual growth. As Robert Gilman has pointed out: "...in a market system the unearned benefits go either to the government via taxes or to the (land)owner. Indeed, in a true market economy all economic surplus eventually winds up in one of these two places because the coercive power of government and the fixed supply of land enable these two to always out complete all the other players." This can be demonstrated fairly easily by statistics from the U.S. Dept. of Commerce:

Total Government Revenues as a percentage of Personal Income 1988= 43.7%

Average percentage of Personal income paid for housing =30%

Total of Personal income paid for taxes and housing $43.7+30=73.7\%$

Percentage of income remaining=26.3%

Putting taxes aside for a moment, what are the facts concerning the high cost of housing? Because of the fixed supply of land, land values and therefore rent and mortgage costs nearly always rise faster than wages. Thus, the average worker is engaged in an endless and unwinnable struggle to maintain their standard of living while ever increasing land values erode all of the potential benefits of economic growth. This principle is not novel, but was recognized as early as 1797 by Thomas Paine in his essay Agrarian Justice, and was the subject of the 1880 book Progress and Poverty, by Henry George.

Another contradiction in our economic system preventing the "automated leisure society" is the fact that the result of increasing automation, efficiency, and productivity is always unemployment. We have no means for transferring the increased wealth generating capacity of the economy to society as a whole. Therefore, in order to provide income to displaced workers, economic growth is required to provide more jobs. Thus we have the ecological dilemma of our present economic system, where infinite growth is required for full employment. ✓

Infinite growth is clearly impossible on our finite planet, as we see from the increasing degradation by pollution, depletion of resources, and extinction of species. Yet infinite economic growth is promoted by leaders of every society, left, right, and center.

It follows from the foregoing that in order to reduce the constant pressure for growth, and to facilitate the equitable distribution of the increased wealth generating capacity of the economy to society as a whole, the detrimental effects of rising land prices and taxes must be remedied.

A practical solution to the land question has long been known. All land and resources should be taxed to the extent necessary to eliminate society's loss of economic benefits to land owners. A tax on land, unlike any other tax, reduces the cost of the item taxed. The fixed supply of land means that a higher land tax will reduce the demand for land and therefore its price.

The revenue from land and resource taxes would then be returned to society in the form of a dividend, recently termed the "Common Heritage Dividend" (CHD). This revenue would replace all taxation. Returning all public revenue in a dividend to the public would also eliminate the government's

coercive power to tax. The public may choose to allocate this revenue to public projects by referendum.

The key element to eliminate the need for infinite economic growth, presently needed for full employment, is to separate income from employment. To provide this type of income to everyone in society requires some type of social dividend, also known as a basic income, citizens' dividend, or guaranteed income. The CHD would also accomplish this goal.

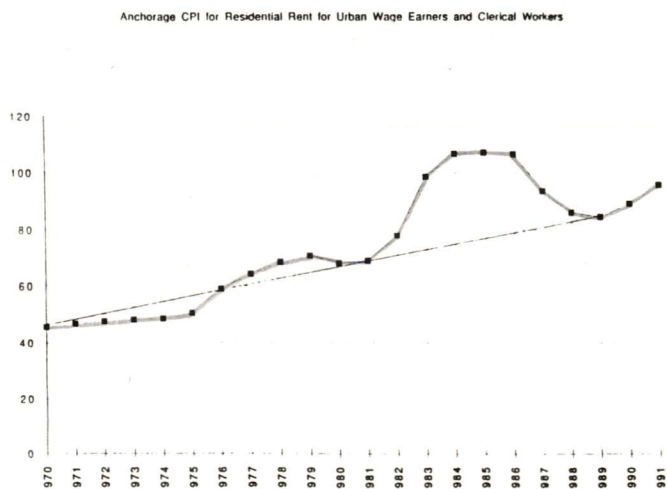
The Common Heritage Dividend is also compelling on philosophical grounds. The CHD is based on Tom Paine's idea of a social dividend paid from "ground rent" collected from the users of land and resources. Paine justified this on the basis that there are two kinds of property: natural property; earth, air, water, and artificial or acquired property; the invention of men. He felt that every individual was entitled to an equal share of natural property, or its financial equivalent.

Although a social dividend could be provided through a number of systems (and already exists to some extent in social entitlement programs), it is hypothesized that if such dividend is paid from any source without simultaneously and fully taxing land values, it will fail, due to the coercive power of landlords. On the other hand, if the source of the dividend includes the land value tax (LVT), a permanent redistribution of the unearned income from land will occur.

The CHD requires no major change in the present economic system. The mechanism for collecting it already exist. Land is already assessed separately from improvements, though often underassessed. In fact a form of CHD already exists in Alaska, where taxes on oil resulted in a dividend of \$950 per person in 1990.

A study of rents before and after introduction of Alaska's oil dividend was attempted to support or disprove the claim that social dividends without a full land value tax end up in the pockets of landlords. The following graph illustrates the result. Figure 2:

<u>Year</u>	<u>Amount of Dividend</u>
1982	\$1,000.00
1983	386.15
1984	331.29
1985	404.00
1986	556.26
1987	708.19
1988	826.93
1989	873.16
1990	952.63
1991	931.34



Although not conclusive, this study lends evidence to the claim that social dividends without a land value tax will fail to benefit the public.

The CHD would be self-regulating and therefore would naturally foster economic homeostasis, or the so-called "steady-state" economy. A steady-state economy as an alternative to infinite growth, was promoted originally by economist John Stuart Mill, who called it the "stationary-state", and more recently by economist Herman Daly, theologian John Cobb, and others.

Sund
FEE
✓

Steady-state economics is based on the recognition that the earth itself and all life are in a dynamic condition of homeostasis, and have been for millions, if not billions of years. But "steady-state" implies a static condition devoid of any life, change, or excitement. Because biological homeostasis is a lively, dynamic condition the term dynamic equilibrium is preferable to describe this economy. It is an economy with relatively stable material consumption and production but with a great deal of development in other realms.

Turnover
✓

Under the CHD, economic output would be cyclical rather than constantly rising. This is because the CHD augments income without increasing the cost of living. People can work less thus reducing economic output. However, land values and therefore the CHD are tied to economic output. So as economic output declines, the CHD declines and people need to work more, which repeats the self-regulating CHD cycle.

Economic output could eventually reach an equilibrium where it varied around a stable amount of economic activity as shown below.

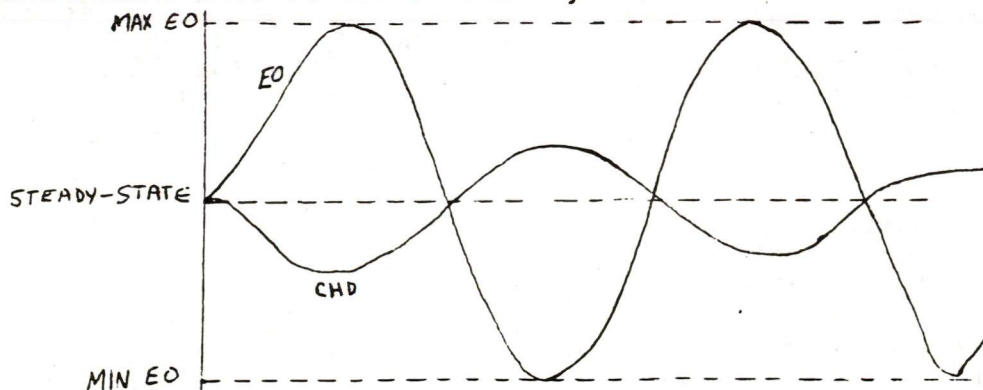


Figure 3. Dynamic Equilibrium achieved by the CHD.

My present research consists of deriving the mathematical equations for this economic system in order to run a computer simulation over a period of time. This will help to validate and legitimize this model as a potential future economic system. This system would provide greater leisure time for the average person, and would avoid the catastrophic consequences of infinite economic growth.

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