

# Common Wealth Dividends: Fairly Sharing the Wealth that Belongs to Everyone

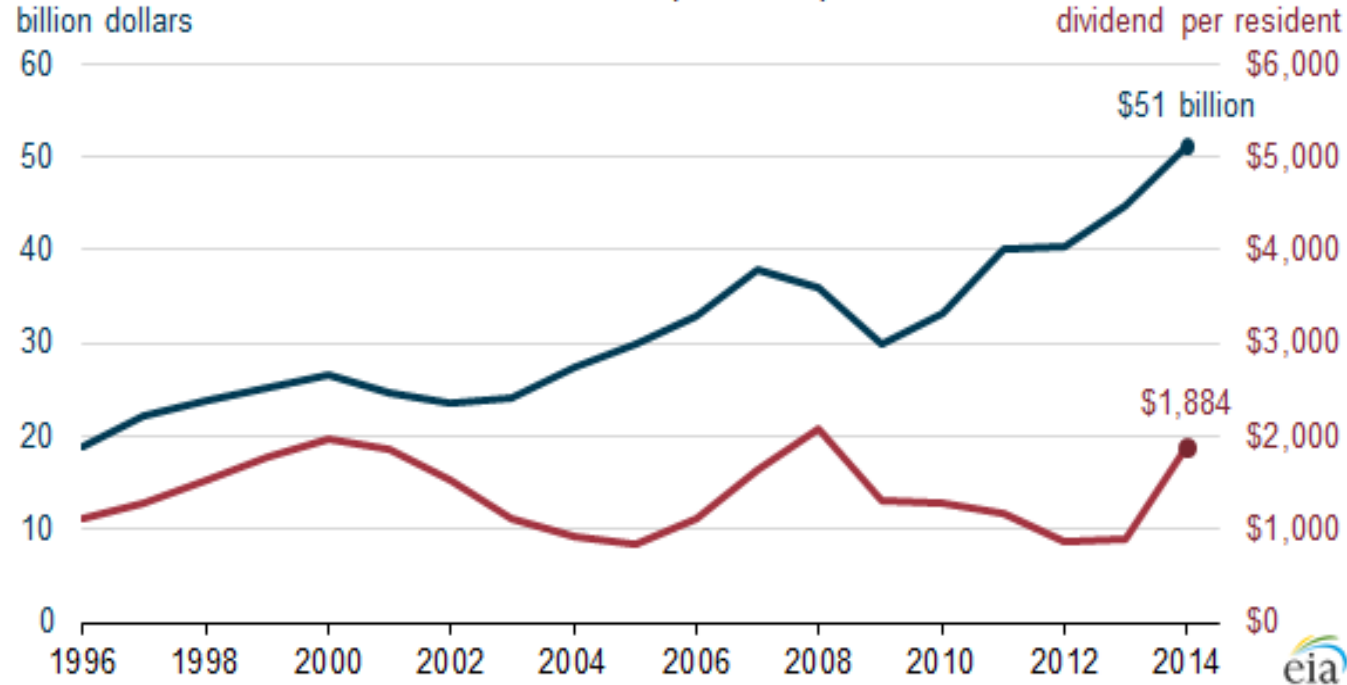
Brent Ranalli

Trustee, FEASTA

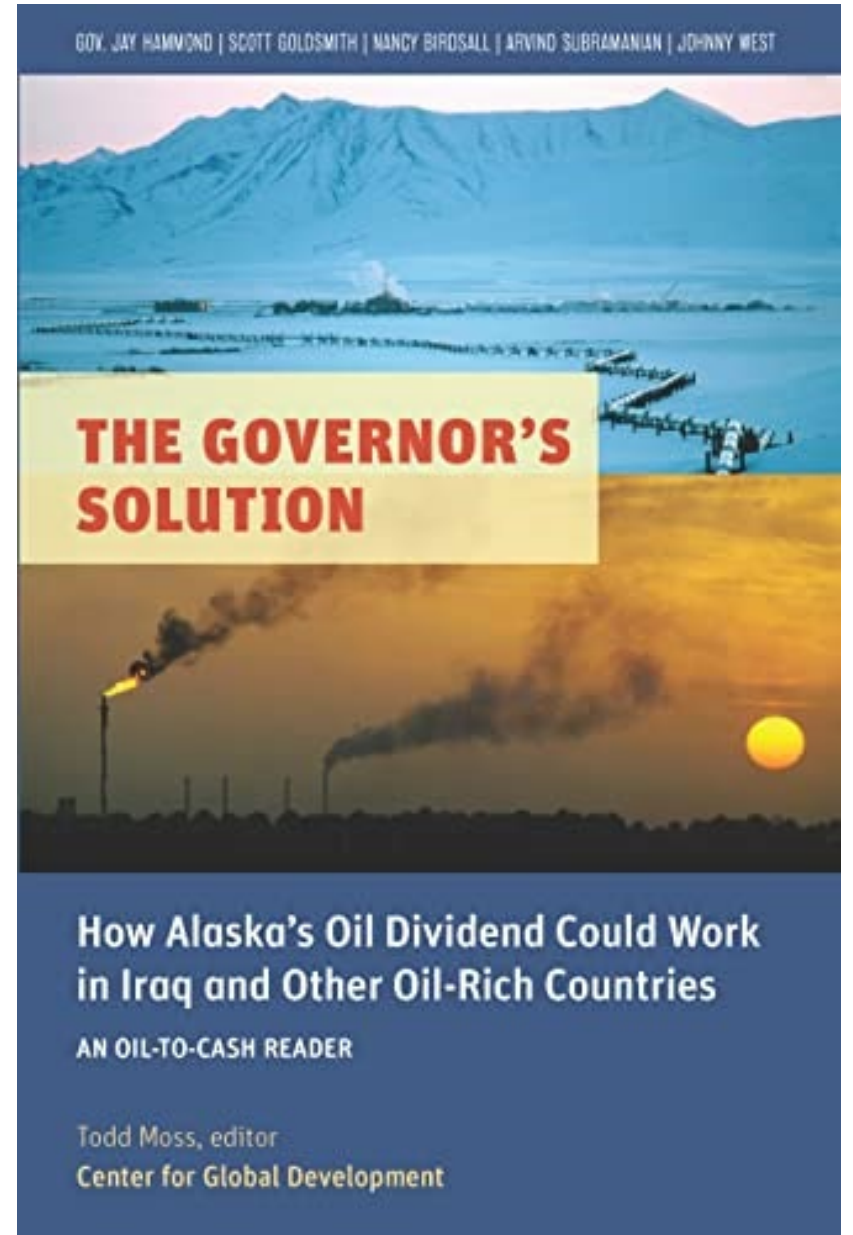
Author, *Common Wealth  
Dividends: History and Theory*  
(Palgrave Macmillan, 2021)

# Alaska Permanent Fund

Alaska Permanent Fund value and dividend (1996-2014)



U.S. EIA



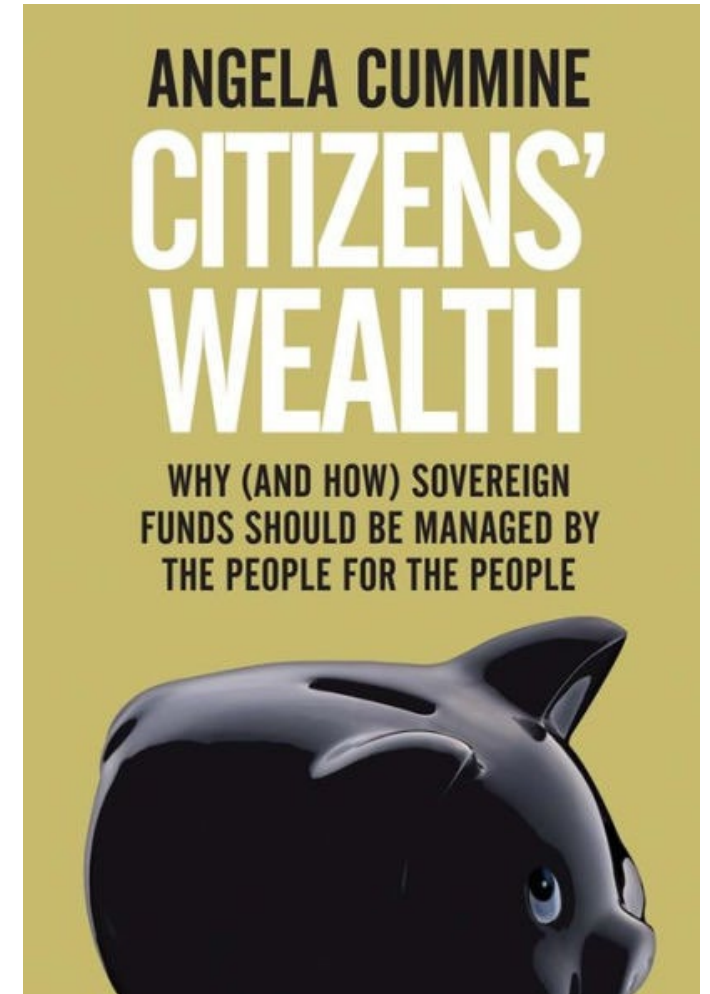
# Underlying principle

- Wealth from *common heritage resources* should be shared equitably
- Contrast with standard Basic Income:

Standard Basic Income	Common Wealth Dividends
“How will it be paid for?”	Funding source is baked right in
Moral hazard	No moral hazard
Politically divisive	More cross-partisan

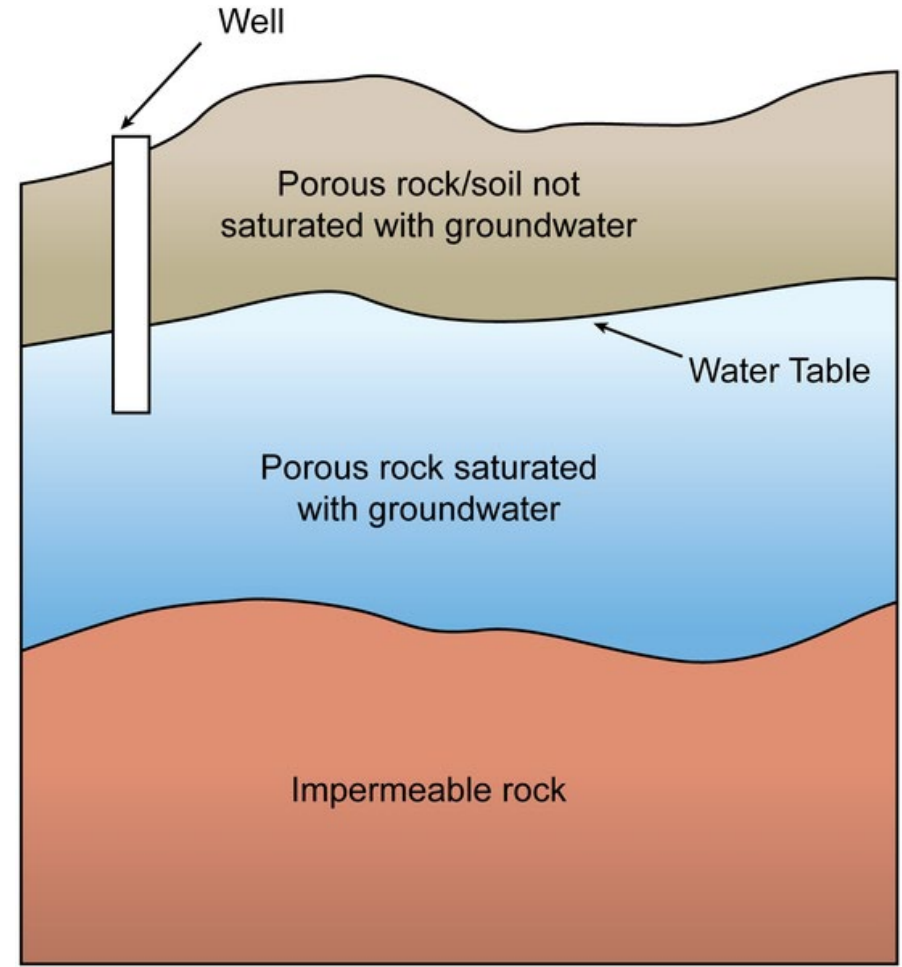
# Kinds of natural common wealth

- Non-renewable (oil, gas, coals, minerals, etc.)
  - Imperative to convert into some other form of wealth-producing capital; issue dividends from net earnings
- Renewable but degradable (forests, fisheries, etc.)
  - Manage sustainably, then issue dividends
- Non-degradable (broadcast spectrum, orbital paths)
  - Administer fairly, then issue dividends



# Water

- Maine Water Dividend Trust proposal
  - Small tax on large-scale extraction
  - Money to be placed in a trust, spent on conservation and issued as dividends
  - Inspired by Alaska Permanent Fund



Geoff Ruth, CC BY-SA 3.0

# Deep sea minerals

- Cobalt, manganese, nickel, rare earth elements
- Regulated by International Seabed Authority (ISA)
- Extraction will probably begin very soon, could be worth up to USD 1 trillion annually
- Will the mineral wealth be captured by private interests, or placed in trust for all?



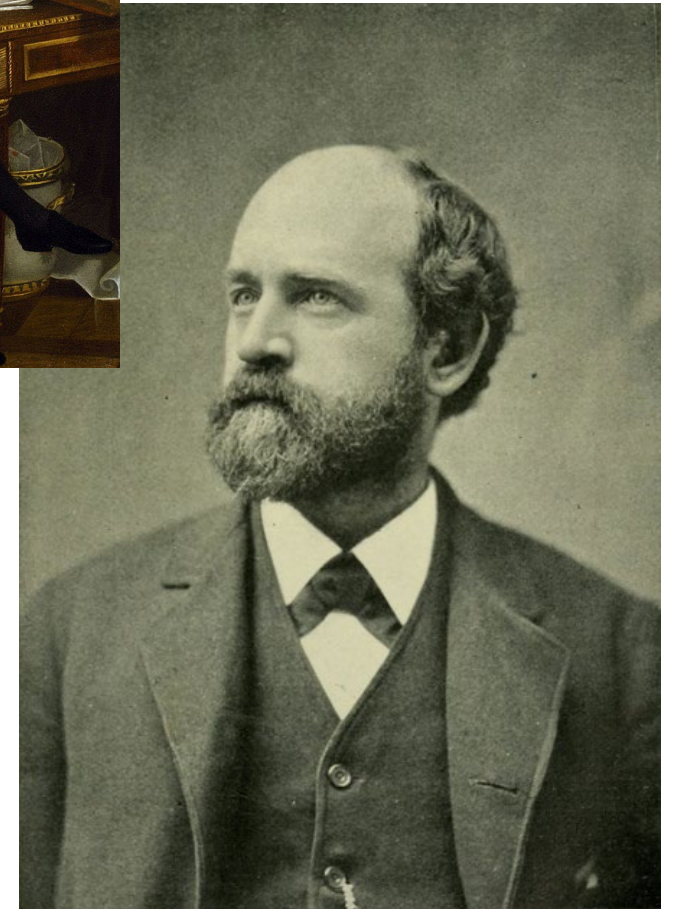
# Land

- Hybrid Thomas Paine / Henry George proposal:
  - Tax land (but not buildings or other improvements) up to rental value
  - Issue net revenue as dividends
- Challenges:
  - We already tax land! And those revenues are already spoken for



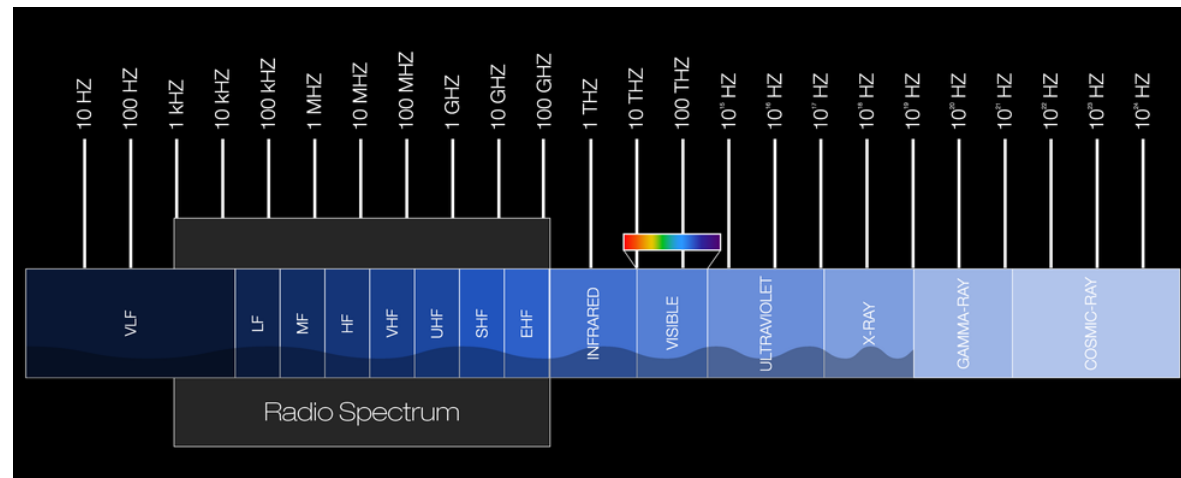
Thomas Paine,  
1737-1809,  
author of  
*Agrarian Justice*

Henry George,  
1839-1897,  
author of  
*Progress and  
Poverty*



# Broadcast spectrum

- Limited range of 3 kHz to 300 GHz is suitable for radio, TV, cell phones, etc.
- Large blocks sold at auction by governments (over 200 billion USD so far), could fund dividends

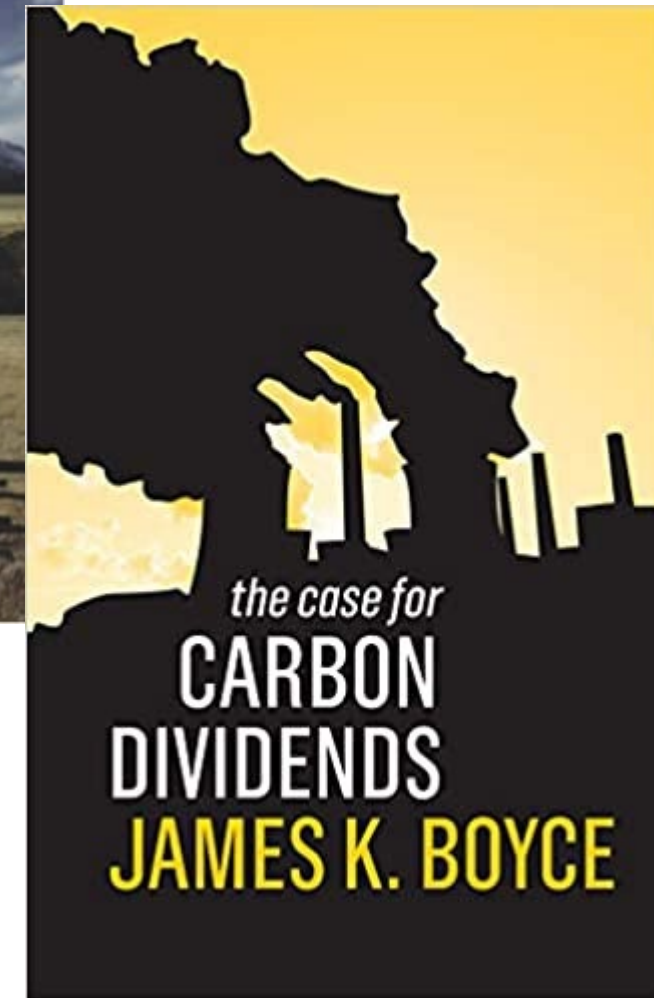
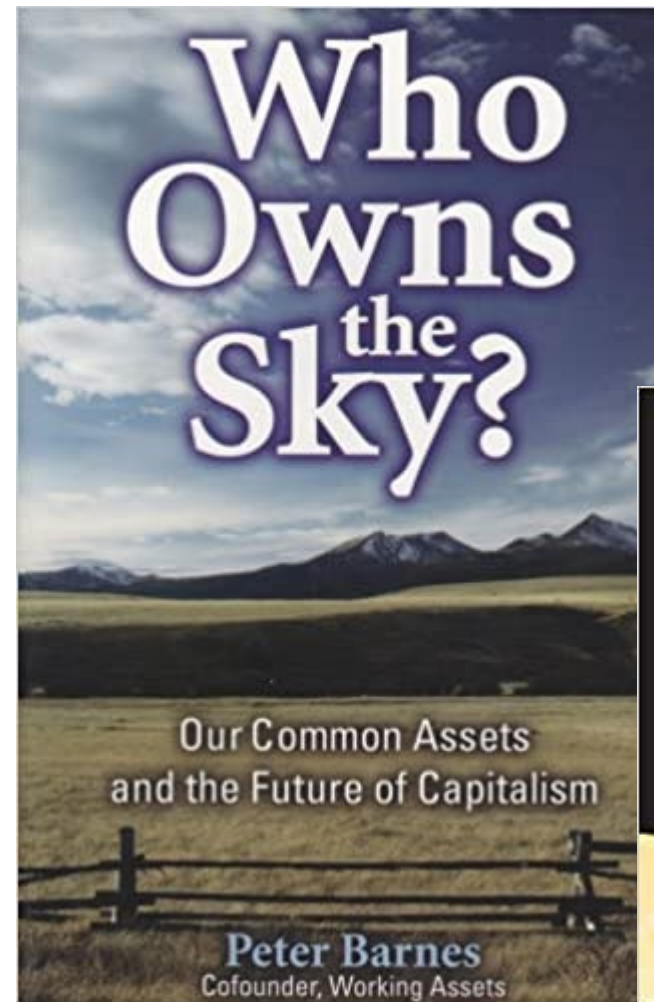


NASA

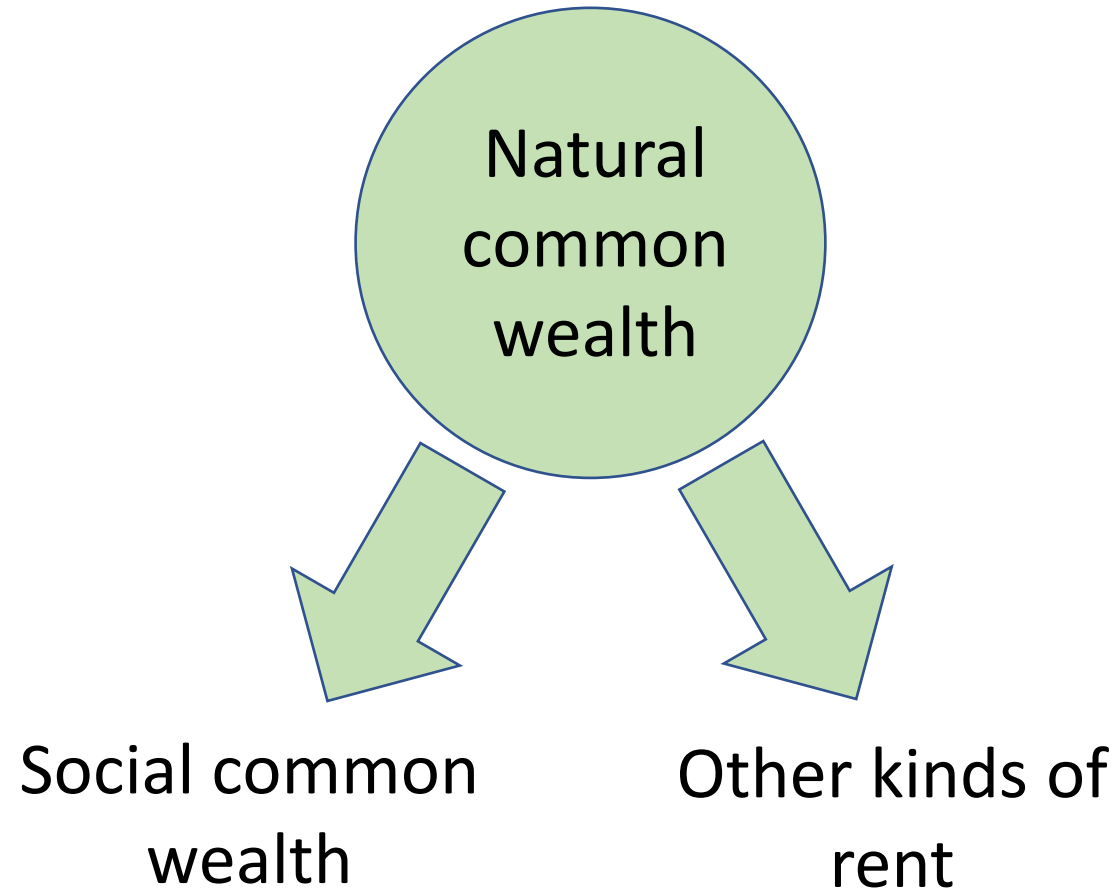


# Carbon permits

- Declining annual cap, auction permits (or carbon tax equivalent)
- Why issue dividends?
  - Build public support
  - Keep households financially afloat during decarbonization
  - Ensure program is not regressive
- Over 60 carbon pricing programs today
  - <10% of revenue recycled to households



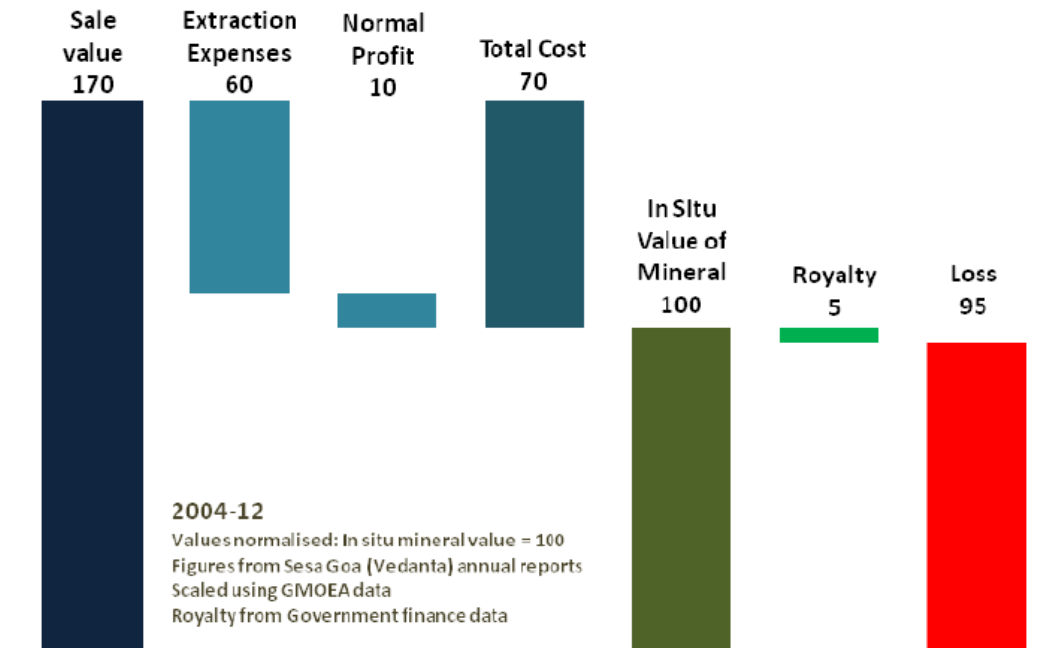
# Beyond natural common wealth?



# Rent

- Definitions:
  - *unearned income, or*
  - *compensation beyond that necessary to incentivize production*
- Minerals: classic example of rent going into private pockets
- How to extract rent? Some examples:
  - Windfall profits tax
  - Transaction fees (Tobin tax)

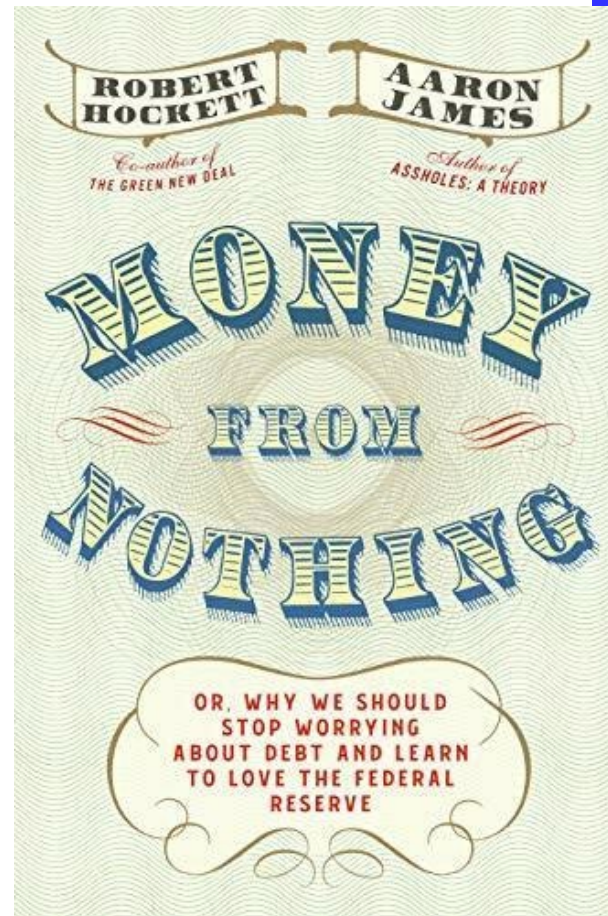
## Case study: 8 years of mining



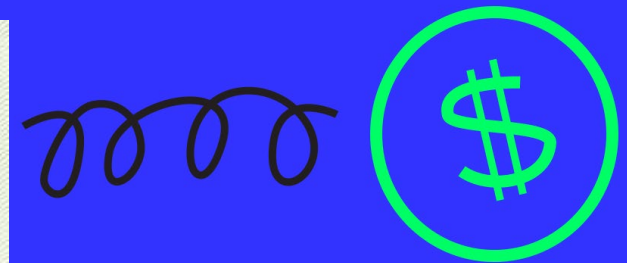
From Basu and Pegg, “Minerals are a shared inheritance: Accounting for the resource curse” (2020)

# Social common wealth

- Part ownership of private companies that benefit from public funding or public R&D
- Direct public initiatives
- Data dividend
- Dividend issuance as instrument of monetary/fiscal policy



**MY DATA,  
MY MONEY.**

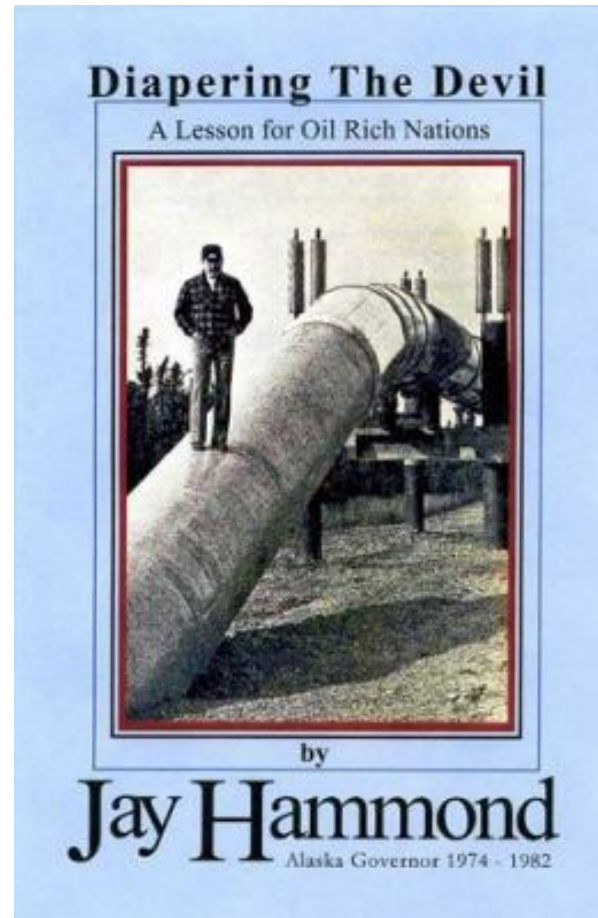


#DDPforAll

**D** DATA  
DIVIDEND  
PROJECT

# Dividends versus social spending

- Aim for balance?
- Where possible, issue dividends
  - Government programs have other ways of raising funds
  - Progressive versus regressive
  - Resource curse!



“I call petroleum the devil’s excrement. It brings trouble.... waste, corruption, consumption, our public services falling apart. And debt, debt we shall have for years.”

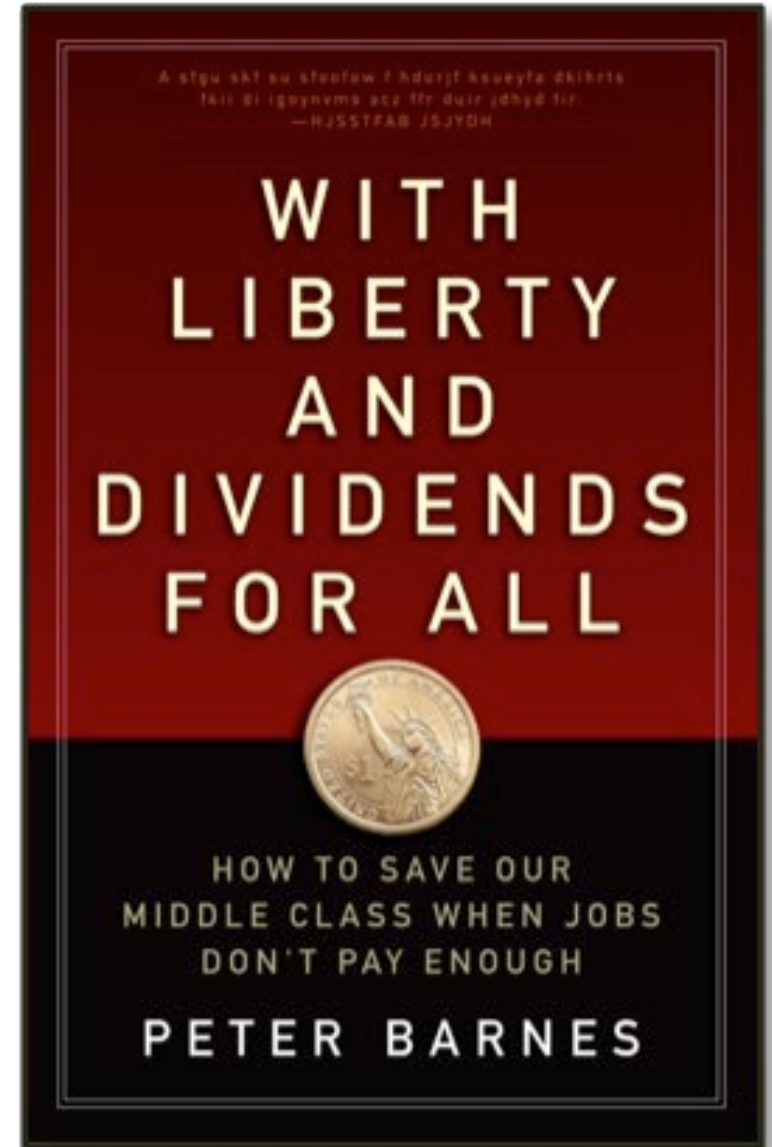
--Venezuelan official, quoted in *The Economist*

“Direct cash distribution of oil revenues to citizens is . . . a way to strengthen the country’s social contract.”

--Todd Moss and Lauren Young, “Saving Ghana from Its Oil: The Case for Direct Cash Distribution” (2009)

# How to institutionalize?

- Public, private, or semi-public
- Trusts
- “Build the pipes”
- Any scale: local, state/province, national, global



# Scoping studies

## Applying the Alaska model in a Resource-Poor State:

### The Example of Vermont

Gary Flomenhoft

(This is an early version of a paper later published as a chapter in:

*Exporting the Alaska Model: Adapting the Permanent Fund Dividend for Reform around the World.* Eds. Karl Widerquist and Michael Howard. Palgrave-Macmillan, St. Martin's Press, NY, NY 2012. Pages 85-107)

“The meek shall inherit the Earth, but not its mineral rights”

-J. Paul Getty<sup>1</sup>

Sovereign Wealth Funds (SWFs) are typically found in States or countries with great oil wealth such as Abu Dhabi, Saudi Arabia, Norway, Alberta, and Alaska. The Alaska model might be perceived to apply only to states with oil. Yet SWFs can be based on other valuable resources such as copper (Chile), diamonds (Botswana), or even phosphates (Kiribati). In the United States, the state of New Mexico has three SWFs, the Land Grant Permanent Fund (mineral resources and surface land), Severance Tax Permanent Fund (minerals), and Tobacco Settlement Permanent Fund. Wyoming has a fund from coal, oil, natural gas, oil shale and other minerals, and Texas has a fund based on royalties and rents from oil, gas and valuable minerals on public lands.<sup>2</sup> Of the fifty or more SWFs around the world, only Alaska's pays a small dividend or basic income to

1



## NATURAL COMMON WEALTH AND ECONOMIC RENT IN CANADA

Ben Earle, Liam Wilkinson,  
Floyd Marinescu, and Ken Yang

commonwealth  
CANADA

Work-In-Progress Draft for Feedback

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