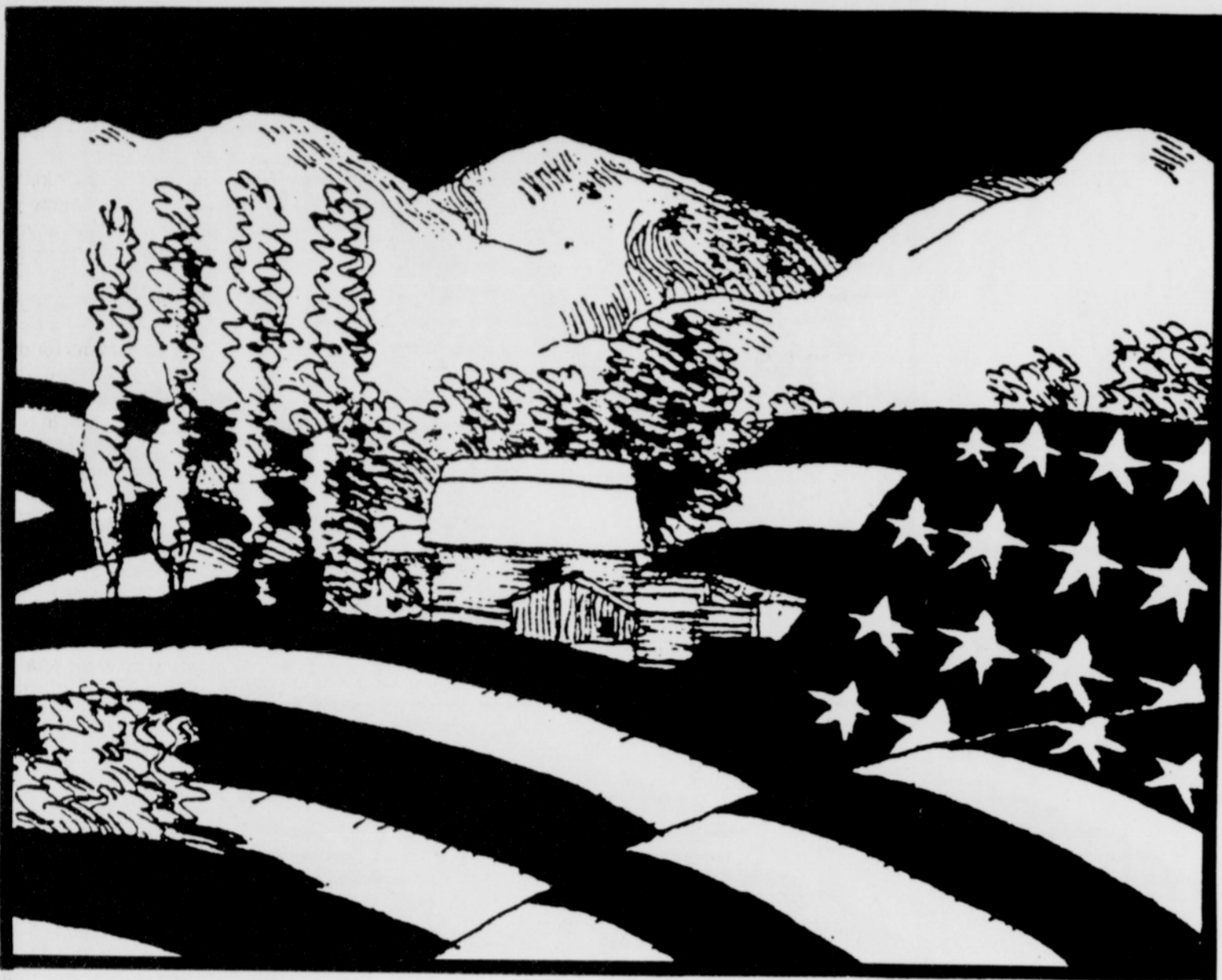


# A DIFFERENT SORT OF CORPORATE GOVERNMENT



BY LUKE MEAD

I think it is abundantly clear to the readership of the NCTE that we live under a corporate government where almost all the heads of the various departments of the federal government have been selected from corporate America. John Snow, a former official with CSX Railroad who was appointed Treasury Secretary, comes to mind. Frankly, I don't believe the corporate structure of economic organization is such a bad idea, *depending on who controls it!* Corporations, as we well know, are controlled by stockholders, and more often than not the CEO of the company is the majority stockholder. Now let me show you where I'm going with this.

Henry George, the 19th century American social reformer, believed in the ethical ideal that wages of labor belonged to the laborer and the laborer alone, yet the value of the earth and its resources beneath our feet belonged to everybody equally. And I say why not? Just seeing as how nobody can "create" earth or minerals from scratch and are essentially a "God given" gift. To politically implement this ideal, Henry George advocated the "single tax," or as economists call it today, "Land Value Taxation," or LVT. LVT differs from conventional property tax in that instead of taxing a percentage of the gross value of land and improvements, LVT only taxes the full value, or sometimes just a percentage of the value of the land or site value.

The conclusion I've come to is based on the following: So often I've heard politicians and business people speak of a "stakeholder" society. A society where ideally every man, woman and child is a stockholder. What I say is why not do it directly by nationalizing all the "land" in the broadest economic sense, which means public and private property — mineral, logging and fishing rights, bandwidth, etc. — and have it managed by a single corporation owned only by the citizens of the country equally. Each citizen from birth to death has one share of stock. A share that cannot be sold, traded, bought or bartered. From this stock each and every citizen would receive a dividend, much like the Alaska Permanent Fund, but this takes it a step further.

In my view, the dividend should be guaranteed based on the site value of all the land within the country and divided up equally to all citizens. To get an example of the potential revenue, in 2000 the gross value of all private real estate in America was \$12 trillion; three-fourths residential, one-fourth commercial. In most U.S. metro areas site value accounts for 50%, sometimes 80% of total real estate value. Let's say the average site value for all real estate in the U.S. is 60%; this would therefore amount to \$7.2 trillion for the dividend fund. This makes for an annual income of \$24,000 for each and every American citizen. You're probably thinking holy s\*&, where would all that money come from?

Where it would come in the context of a corporation like this would be from land rent and the sale of resources to loggers, fisherpeople and metal smelters, for instance. To get an idea of how this would work practically, let's say you have a family of

four living in a house worth a total of \$200,000 with an annual earned income of \$50,000, which is close to dead-average for American households today. Let us say the site is valued at 60%, or \$120,000. Already we know the family would be getting a rebate of \$96,000, which leaves \$24,000 for the tax bill or land rent. Many may think this is an extremely steep tax, but today the average American pays nearly 50% of their income to federal, state and local government in one form or another.

This social dividend set-up would serve as a complete replacement for all the conventional anti-poverty programs, Social Security, and transfer payments that governments typically use. In the example of the aforementioned family, the family is being "paid" their dividend in the form of the tax break so they can afford the house. As far as funding other government

functions, Silvio Gessel (an early 20th century social reformer who favored the land-rent proposal) also came up with "friegeld," or translated, free-gold. Friegeld, or "stamp script" as it was commonly called, is a currency that automatically depreciates in value over time while a supply of new bills equivalent to the amount depreciated are constantly spent into circulation by the government.

For example, if we were to have a supply of currency circulating in our economy of \$12 trillion, no more, no less, and the monthly depreciation rate was 5%, this means it would give the government a monthly operating budget of \$600 billion to spend into the economy. In essence this would give the government an annual budget of \$7.2 trillion! All without really hurting the economy. The reason I say without really hurting the economy is because this type of depreciating currency encourages people to spend it quickly, resulting in high velocity or turnover. In the 1930s, many communities around the world adopted this type of currency which they called "stamp script" since it involved sticking stamps to the currency note, once a month. On a local scale at least, the currency was very successful in keeping businesses running.

So now that we have this "people's corporation" set up, the land rents would be used to pay strictly for the social dividend while stamp script (or "freigeld") would be used to pay for all the other functions of the government/corporation. In case you're wondering how much of the economy the government should control, I would recommend that the corporation only control enterprises such as public utilities, transportation, communication infrastructure, mines, parks and recreation in addition to more common government functions such as education, healthcare, police, firefighters, the military and the courts/justice system. In this ideal setup, I believe the only corporation allowed should be the citizens' corporation. All other businesses would be handled by single proprietorships, partnerships and cooperatives. Employees of the citizens' corporation would have worker representation built into the workplace to negotiate with management. Employees of other businesses could form more traditional unions to collectively bargain.

To ensure a healthy private sector all the transport, communication, public utility and mining functions of the corporation would be paid for with user fees, which would mean a low monetary depreciation rate. This would make saving much more practical so as to provide capital for private business. In this ideal system the financial functions would also be controlled by the corporation because, in my opinion, money should only be a means of exchange for commodities and a placeholder — not a commodity in and of itself to be bought, sold or traded. As opposed to the present setup of high-interest, compound interest and all other wackiness, if a person wanted a loan all anyone would have to pay in addition to the loan would be a service fee up front to cover the costs of administration. Some might argue that an economy like this without corporations to make computers, automobiles or toasters would cause these consumer items to be unrealistically expensive. Here is my rebuttal to that question:

For one thing, it would not be like a return to pioneer times. Instead, what would happen is a reversing of the process known as "vertical integration" that has been underway in many manufacturing businesses for some time. Now of course with so many more individually owned businesses it will make things more expensive in the short-run. However, it will offer the consumer real choice of goods and services as opposed to cheap plastic crap at Wal-Mart. It will also offer real choice of vocation and workplace as well, as opposed to Mceedees and the Corporate Rat Race. With socialized medicine, guaranteed income for all plus mines, railroads and public utilities operated not-for-profit, it will make many of these consumer and capital items cheaper than they ordinarily would be in a small-business economy. However, they will probably be more expensive than they are today.

I guess for me it all comes down to choices, and the choices are this: Would you like to live — and I mean simply to live and do what you want as opposed to slaving away day after day. Notice that I said "simply live" rather than live in so-called luxury. Would you like to live modestly, being free and independent with real choice in the marketplace of vocations, goods and services? Or would you rather be controlled, *i.e.*, enslaved to the present corporate machine in order to "possess" all that cheap plastic push-button contrivance and mindless entertainment that passes as American culture?

Personally, I would rather choose the former, and as fossil fuels and fissionable metals continue to be depleted, I don't think we will have much choice within my lifetime to return to austere and simpler living. The question is, will we make it a smoother less painful transition or will it be rough and painful?

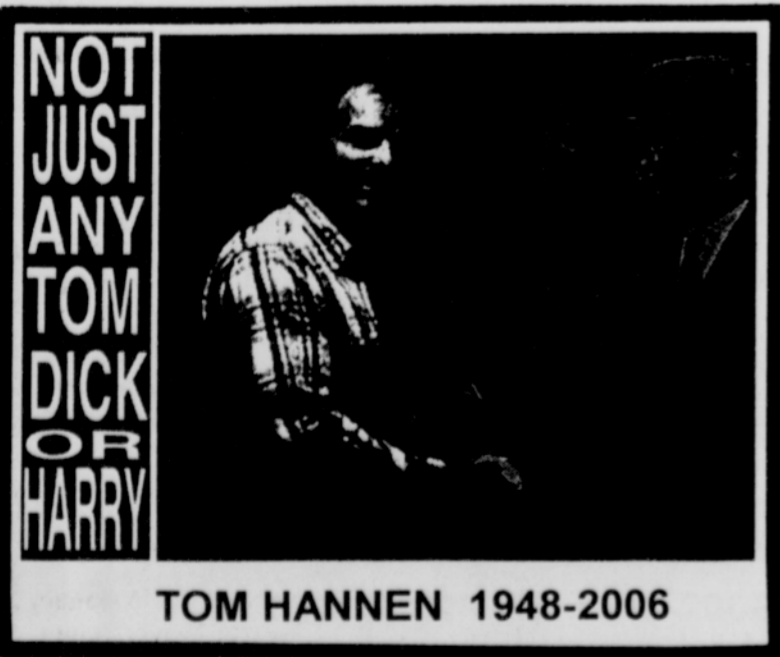
Luke Mead lives in Astoria.

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