EXPORTING THE ALASKA MODEL
Adapting the Permanent Fund Dividend for Reform around the World

Edited by Karl Widerquist & Michael W. Howard
EXPORTING THE ALASKA MODEL
Exploring the Basic Income Guarantee

Basic income is one of the most innovative, powerful, straightforward, and controversial proposals for addressing poverty and growing inequalities. A Basic Income Guarantee (BIG) is designed to be an unconditional, government-insured guarantee that all citizens will have enough income to meet their basic needs. The concept of basic, or guaranteed, income is a form of social provision and this series examines the arguments for and against it from an interdisciplinary perspective with a special focus on the economic and social factors. By systematically connecting abstract philosophical debates over competing principles of BIG to the empirical analysis of concrete policy proposals, this series contributes to the fields of economics, politics, social policy, and philosophy and establishes a theoretical framework for interdisciplinary research. It will bring together international and national scholars and activists to provide a comparative look at the main efforts to date to pass unconditional BIG legislation across regions of the globe and will identify commonalities and differences across countries drawing lessons for advancing social policies in general and BIG policies in particular.

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Basic Income Reconsidered
Simon Birnbaum

Alaska’s Permanent Fund Dividend
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Basic Income Guarantee
Allan Sheahen

Basic Income Guarantee and Politics
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Exporting the Alaska Model
Edited by Karl Widerquist and Michael W. Howard
# Contents

*Other Books by the Editors* ix  
*List of Figures and Tables* xi  
*Foreword* xiii  
*Preface* xvii  
*Acknowledgments* xix  

## Introduction

1. Exporting an Idea  
   *Karl Widerquist and Michael W. Howard*  
   3  

## Part I  Expansion of the Model Using Existing Funds and Dividends

2. From Price Subsidies to Basic Income: The Iran Model and Its Lessons  
   *Hamid Tabatabai*  
   17  

3. Overcoming Dividend Skepticism: Why the World’s Sovereign Wealth Funds are Not Paying Dividends  
   *Angela Cummine*  
   33  

4. Room for Improvement? Assessing the Strengths and Shortcomings of the Alaska Model in Advance of Export  
   *Alanna Hartzok*  
   51  

5. What Happens to the Permanent Fund Dividend and the Rest of Alaska’s Unique Fiscal System as Oil Production Continues to Fall?  
   *Cliff Groh*  
   65
Part II  Wider Application of the Model

6 Applying the Alaska model in a Resource-Poor State: The Example of Vermont  
   Gary Flomenhoft  
   85

7 Alaska’s Permanent Fund Dividend as a Model for Reducing Global Poverty  
   Paul Segal  
   109

8 Constituting the Commons: Oil and Development in Postindependence South Sudan  
   Jason Hickel  
   123

9 The Ideal Solution: A Plan for Iraq?  
   Jay Hammond, with an introduction by Larry Smith  
   141

10 A Cap on Carbon and a Basic Income: A Defensible Combination in the United States?  
   Michael W. Howard  
   147

11 A Permanent Endowment for the United States  
   Karl Widerquist  
   163

12 Exporting the Alaska Model to Alaska: How Big Could the Permanent Fund Be if the State Really Tried? And Can a Larger Fund Insulate an Oil Exporter from the End of the Boom?  
   Karl Widerquist  
   169

Part III  A Hybrid Proposal with Commentary

13 Citizens’ Capital Accounts: A Proposal  
   Karl Widerquist  
   183

14 A Jubilee Tax for Citizens’ Capital Accounts  
   Michael W. Howard  
   205

15 Widerquist on Citizens’ Capital Accounts  
   Jason Berntsen  
   209

16 Freedom, Development, and Oil: Citizens’ Capital Accounts for Iraq  
   Ayelet Banai  
   217

17 Citizens’ Capital Accounts: A Comment on Contributions  
   Christopher L. Griffin, Jr.  
   225
18  Reply to Comments  233  
   Karl Widerquist

Part IV  Conclusion

19  The Alaska Model as a Menu of Options  243  
   Karl Widerquist and Michael W. Howard

Bibliography  253

List of Contributors  273

Index  277
Other Books by the Editors

Karl Widerquist

*Alaska’s Permanent Fund Dividend: Examining Its Suitability as a Model*, coeditor with Michael W. Howard (Palgrave Macmillan, 2012)


*The Ethics and Economics of the Basic Income Guarantee*, coeditor with Michael Anthony Lewis and Steven Pressman (Ashgate, 2005)


Michael W. Howard

*Alaska’s Permanent Fund Dividend: Examining Its Suitability as a Model*, coeditor with Karl Widerquist (Palgrave Macmillan, 2012)


*Socialism* (Humanity Books, 2001)
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Figures and Tables

Figures

4.1 A green tax shift for the Pacific Northwest 54
4.2 Changes in GDP distribution over 100 years: Australia 56
5.1 Alaska North Slope oil production, Fiscal Year 1978 through Fiscal Year 2011 67
5.2 Barrels of oil per day per Alaskan, FY 1977–2010 68
5.3 Real annual oil revenues per Alaskan, Fiscal Year 1978 through Fiscal Year 2010 68
5.4 Cumulative state of Alaska financial flows, Fiscal Years 1977–2010 69
7.1 Alaska Permanent Fund Dividend, current US$ 112
7.2 Alaska Permanent Fund, value in current US$bn 113

Tables

6.1 Low and high estimates of possible dividends for Vermont 105
7.1 Global poverty estimates with RD less tax, and reduction relative to current poverty 116
7.2 Estimates for selected large countries, 2002–2006 rents 117
8.1 Summary of proposed petroleum export revenue allocations 133
13.1 A CCA with an initial grant of $50,000 and 3 percent interest, to age 80 189
13.2 A CCA with an initial grant of $125,000 and 3 percent interest, selected years 191
13.3 CCAs supported by $1,775 yearly grants, selected years 202
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Foreword

The genesis of this book, and its paired work published earlier this year, about the Alaska Permanent Fund dividend must start with the British-born American pamphleteer Thomas Paine’s *Agrarian Justice* in 1797. In this essay, directed to the French Legislature, Paine beseecched them to consider that they had left out one of the crucial “rights of man,” namely, the right to a share of the earth for every person. Paine stated, “There are two kinds of property. Firstly, natural property, or that which comes to us from the Creator of the universe—such as the earth, air, water. Secondly, artificial or acquired property—the invention of men.” In the latter, he said “equality is impossible; for to distribute it equally it would be necessary that all should have contributed in the same proportion, which can never be the case; and this being the case, every individual would hold on to his own property, as his right share. Equality of natural property is the subject of this little essay. Every individual in the world is born therein with legitimate claims on a certain kind of property (natural property), or its equivalent.”

In this statement, Paine summarized and anticipated the essential problem with basic income advocacy up to the present time. A major source of resistance to the idea of a universal basic income comes from the widespread belief that it is unfair to confiscate a person’s own rightfully acquired property and redistribute it to other people who have done nothing to earn it. People tolerate taxation for social purposes to varying degrees, but giving an unconditional dividend check or cash to “undeserving freeloaders” just goes against the grain in most societies, particular in those with a Protestant work ethic. In my opinion, this is the primary reason for the failure of basic income efforts up to now.

On the other hand, if everyone receives a share of “natural property,” as Paine suggested, then resistance to basic income will evaporate. Oil companies cannot claim to have put the oil in the ground, and therefore it is widely understood, even in libertarian Alaska, that they don’t own it, the people do. Therefore, the collection of rent in
the form of royalties and severance taxes on the extraction of oil and distributing a share to everyone in the state are not seen as a violation of property rights. On the contrary, thanks to Jay Hammond and others, most citizens of Alaska believe the oil belongs to them, and that they are entitled to a share of the rent. I believe this book can help to promote this concept globally.

The difficulty lies in the obfuscation of property rights by oil companies and the governments influenced by them. Oil companies invest money in surveying, exploring, testing, drilling, pumping, storing, piping, and so on, for which they are entitled to be compensated. When they acquire ownership of oil leases, they are able to claim the value of the oil in the ground as well. Even in Alaska, oil companies have been receiving two-thirds of the oil revenues, and the Alaska government receives only one-third. Furthermore, most governments who collect oil rent and create sovereign wealth funds like the one in Alaska do not distribute income from the fund to their citizens. In fact, only Alaska does so, a curious fact investigated by Angela Cummine in chapter 3 of this volume.

Paine lived in an agrarian society, before the widespread exploitation of fossil fuels, where the vast majority of people were farmers, and he proposed in his plan that “Every proprietor, therefore, of cultivated lands, owes to the community a ground-rent (for I know of no better term to express the idea) for the land which he holds; and it is from this ground-rent that the fund proposed in this plan is to issue.” The term “ground rent” has been expanded by Ricardo and others to the concept of “economic rent,” referring to the excess income beyond the cost of production. Clearly, there is economic rent from many natural resources, in addition to surface land. This principle can thus be extended to other property not created by individuals, namely, assets created by society in addition to property created by nature. That principle will be expanded in this volume. Although Henry George later popularized Paine’s idea of collecting “ground rent” in the form of land value taxation, George never emphasized direct distribution of revenues as Paine did.

In 1996 I attended the meeting of The Basic Income European (now Earth) Network (BIEN) in Vienna, which had as its theme the two-hundredth anniversary of “Agrarian Justice” by Thomas Paine. Only three presentations in the entire conference dealt with the concept of distributing rent from natural resources; and, inexplicably, Paine was largely left out of the conversation. Europe has a history of supporting social welfare from income taxes and other taxes on production, has a higher level of social solidarity than the United States,