

PA 395/NR 385-Valuing Common Assets for Public Finance in Vermont

Spring 2008

This Syllabus and related materials may be found online at:

<http://www.uvm.edu/~gflomenh/PA395-CMN-ASSTS/>

Class Time: Tuesday 5:30-8:30PM

3 credit hours

Location: Gund conference room

Enrollment limit: 20

Pre-requisites: Graduate standing or permission

Instructors:

Gary Flomenhofs, Faculty CDAE/Gund

Amos Baehr, CDAE/Gund Graduate student

Robert Costanza, Director Gund Institute

Joshua Farley, Asst. Professor, CDAE/Gund

Course consultants:

Peter Barnes, Director Sky Trust, author *Capitalism 3.0*

David Bollier, Director onthecommons.org, author *Silent Theft*

Required Reading

Barnes, Peter, *Capitalism 3.0*, Berrett-Koehler Publishers (November 1, 2006)

ISBN-10: 1576753611

ISBN-13: 978-1576753613

at UVM bookstore

[download page](#)

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Friends of the Commons

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[State of the Commons Report](#)

[Commons Rising](#)

Additional text

Barnes, Peter. *Who Owns the Sky? Our Common Assets and the Future of Capitalism*

Island Press, Washington, Covelo, London, 2001.

ISBN: 1-55963-854-0 hardcover

ISBN: 1-55963-855-9 paperback

Course Description:

Use of common assets for public revenue and resource conservation is gaining recognition in policy discussions relating to carbon emission, groundwater use, genetically modified organisms, payment for ecosystem services, broadcast airwaves, and many other aspects of “the commons.” What’s lacking in these efforts is quantitative research on the value of common assets to inform policymakers. Students in this course will thoroughly explore the use of common assets worldwide for public revenue such as the Alaska Permanent Fund. Then they will perform research to quantify available revenue in Vermont using common assets such as atmospheric absorption of carbon, groundwater use, and other common assets. Legislators working on these issues have requested more detailed information and this course will provide it. End result of the course will be policy recommendations for legislators working on S.44 and related bills. Students will gain knowledge of leading edge issues such as carbon cap/trade, groundwater, GMOs and other issues, and will gain experience into the process of forming public policy and public finance.

Explanation

Common assets take two forms: natural assets and socially created assets. Natural assets consist of those parts of nature, that no human being may rightly take claim for creating. These include fossil fuels like oil, coal and natural gas, minerals like gold, silver, platinum, uranium, public forests, electromagnetic broadcast spectrum, water, the atmosphere, etc. Socially created assets include all those things created by society as a whole which once again, no individual can possibly take credit for. These include the stock market, monetary system, internet, land values, etc. Every state has a basket of common assets equally or more valuable than Alaskan oil. Most of them have been privatized.

Naturally created assets include sources, sites and sinks. Sources include all natural resources created by nature as named above. Some states may have more fossil fuels or minerals, others more public forests, water, or other natural resources. Land is also a natural asset as some of its site value is due to its natural characteristics such as views, fertility, or location. Sinks are defined as the ability of the environment to absorb waste. The ozone layer and ability of the biosphere to absorb carbon dioxide are surely natural assets if there are any. These are extremely valuable functions of nature, yet we don't pay anything for them. The sky trust promoted by Peter Barnes has proposed a cap/trade system for the atmospheric sink. The Chicago Climate Exchange has already begun voluntary trading of carbon permits. Paying for the use of sources, sites, and sinks could generate huge revenue from natural assets in every state.

Property rights to some common assets are already owned by the public, but others are not. The electromagnetic broadcast spectrum, if it were leased annually instead of auctioned off, would be worth approximately \$782 billion per year as of 2002 in the US. The public already has rights to spectrum through the Communication Act of 1934. Liquidity of the financial markets is a socially created asset worth about \$51.2 Trillion in the US. Federal Reserve banks have privatized seignorage (The right to create money) to the tune of about \$8 trillion per year. The internet was created by military research (DARPA) using taxpayer dollars, yet the people receive no direct return on their investment. Land values are socially created assets, as without population or municipal services land is nearly worthless. All of these socially and naturally created assets lend themselves to creating common property rights, collecting revenue, and distributing dividends. Distribution of revenue from common assets directly to the public has many advantages including fairness, efficiency, and freedom. The marginal benefits are greatest to the lowest income people, yet no transfer payments are required.

This course offers a service learning component by working with the members of the Green Budget Coalition including VT Business for Social Responsibility (VBSR), VT Natural Resource Council (VNRC), and VT Public Interest Research Group (VPIRG).

Course Schedule:

Part One – Literature review of common assets worldwide

Part Two – Summary of existing Vermont State tax revenue from common assets

Part Three – Quantification of natural and social common assets revenue in Vermont

Part Four – Submission of papers to peer reviewed journals, and policy recommendations for use of common assets for public revenue and resource conservation in Vermont

Grading:

Participation 10%

Literature review 10%

3 short Papers 45%

Final Policy paper 35%