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June 26, 1991

The Honorable John Major
Prime Minister
10 Downing Street
London, SW1A 2AA

Re: SAV-Dividend and local finance¹

Dear Mr. Major:

Enough with the slogans about "The poor getting poorer, and the rich ..."! A new focus is long overdue in the discussion about the growing poverty in the developed nations.

Our "underclass" clearly need to work. (I started to add again, but realized we are talking about second and third generation jobless people!) An important solution would be to get back the labor-intensive jobs exported by transnational profiteers; I use the latter word in the same sense as bucaneers and racketeers. Only a permanent re-establishment by companies of [insert any so-called industrial nation's name] of these kinds of jobs, locally and globally, will revitalize the people of such nation's many unemployment-plagued communities. If these communities are bettered, we all will benefit -- particularly the Greater Metropolitan Areas they are part of.

To accomplish the return to the developed nations of labor-intensive jobs, I recommend (1) a local source of new capital and (2) the recognition of government(s) as a "factor of production," with the latter to include fundamental government reorganization that returns centrifugal power to the village-county. These two socio-economic forces would under-pin a "New World Order" that would sound a new drumbeat -- one that is local in origin and that

¹Social appreciation value dividend ("SAV-dividend"). This letter was inspired not only by the request of your fellow citizen, Julia Bastion, but also by the attached article, as published in my local Gannett paper (Citizen-Register - 5/2/91): "Bring those exported jobs back home." I found it particularly appropriate to address this to you, considering that Mr. Lockman's article could have been written by M.K. Gandhi for his "home-spun" movement!

Barbuto: SAV-dividend

asserts a generation of commitment for a dynamic political economy for "the majority." Such a commitment, especially from leaders in our globe's Greater Metropolitan Areas, would energize what one American Gannett columnist [Lockman] called for: "governments at every level to become part of a coordinated federal plan."

However, any serious thought on solutions also requires input on how the political economy needs to be re-structured when the jobs do come home. The main reason for this is that income from jobs of that low level will need to be supplemented. Unless social reforms are in place, we will get a repeat of the farm-labor-to-the-cities debacle of the First Industrial Revolution: the owners of capital got the benefit of cheap labor. (Actually, the miserable [V.Hugo] immigration policies of the industrial nations and the miserable labor policies of other nations continue to provide such de-humanized cheap labor.)

What I have been working on for years is for residents of communities to become actively involved in the preparations for a 21st Century Revolution. My image of success comes from the experience of the American Revolution's Philadelphians and Tom Paine's "Common Sense" pamphlet.

Cooperation as wealth, as capital

I have been urging, since 1979 and throughout ten (10) electoral campaigns as a Democratic Party candidate for every level of government (including U.S. Congress in 1990), that local citizen boards and laws be fashioned for local "wants" and that local citizens take control over the price and quality of services that are best performed by local government. My experience as an elected trustee of my Village of Croton-on-Hudson proved to me that such goals are real!

I have become more convinced than ever that central to this ethic is that people must locally establish a form of community fund that will make capitalists of the many, and never again of only the few. Such a fund, as key to this new Revolution, would assure that the majority's primary income would be community-based, not wage/job-based; the supplementary income would come from one's work. [This prescription to fight wage-based poverty may sound familiar to those who primarily "live off" funds from unearned income.]

To accomplish such community funds for waves of vibrant, local political economies, the cooperation of the residents and local businesses would be considered a new form of "capital." This form of capital would become the new, Twenty-first Century "factor of production." Wherever precious, community-based cooperation can be

Barbuto: SAV-dividend

shown to add value, "a dividend for social appreciation value" (not a tax) would be collected from owners of land and users of labor in these communities. (Users of foreign labor for [e.g., American] sales, or [American] labor for foreign sales, would pay the same "dividend" into a new, shared [nation of labor/sales]-United Nations fund. These funds would also gain "capital" from a revised form of the Reagan-Bush Administration-killed "Law of the Seas Treaty.") The funds distributed to wage-earners would be considered untaxable, unearned income.

What better place to start such community-based funds than in our Metropolitan areas! This is where, especially in the impoverished neighborhoods, managers of the old ways have bludgeoned miserably and unjustly those least responsible for the me\$\$ created by the powers-that-be that shaped our developed nations and their panoply of Status Quo-supporting international institutions!

Communities as change catalysts

The usual claim in political democracies or in centrally planned economies, is that only the Establishment's status quo forces can assist the poor, and particularly the underclass. I think that the momentum for such changes must be the people of each local community, aided by their use of that critical "factor of production" (particularly for "social credit" generation): our governments. The clear objective of transnational businesses and industries, universities, and large unions, and their respective state, national and global government department partners, is to de-populate or gentrify-out any what and who they consider counter-productive, local barriers to their self-centered goals. So, I realize that my formulation for change butts two conflicting forces head to head: barrio versus barrier.

This leads me to conclude that it is no longer even reasonable to say that "organized labor must be persuaded" and "the federal government, White House and Capitol Hill, needs to make it a priority." Those at the top, or at the apex of the power pyramids of West and East and their Third World client-states, whether called monarchs, power elites or party centralists; whether in the profit, government or not-for-profit sectors, have proven themselves, each and all, and once again in the sweep of history, as incapable of supplying the basic wants of the majority of us -- unless, that is, we have the bucks to pay the fare or the opinions to get the fare! How can the apparent lock be turned? What's the key?

Barbuto: SAV-dividend

A new, majoritarian solidarity

Only a multiplicity of broad-based, Polish and Eastern Europe-like actions for local self-determination, and/or communitarian revolts, will make the centers "be persuaded," or better, participate. (I prefer the use of Gandhian centers of power, envisioned in a multiplicity of gear-like interconnectedness, rather than authoritarian, hierarchical top or apex images that are isolated into competing power blocs or pitted against rabid revolutionists "for the poor".) Underclass benefits will only come from the structural, systemic kind of social change; the initiation of such change won't come by persuasion and priority setting of the presently entrenched, Establishment players. For a real political democracy to get what will be attacked by these power blocs as "radical" or "unrealistik" respectively, requires not only a new and creative advocacy of such communitarian action, but a new constituency: a merger of "the poor" with another, but broader constituency base.

The traditional, "benevolent" association of the "liberal intellectuals" with the poor has not worked! Coalitions of marginal groups, such as the "Rainbow Coalition" forged by America's Jesse Jackson, has not been effective! The socialist-communist effort at bureaucratic domination of the workplace has been an utter failure! And the return of ruling classes to the Western bloc of developed nations: who command the business cycles; who manipulate the media; who utilize divisive tactics to fragment challenges to their privileged status quo has, with the show of force in the Middle East by the Coalition Forces for a New World Order, now unmasked the Western version of democracy as bankrupt, in principle and in principal.

The new constituency for change in whom I have confidence has been on the game table for me ever since I read a quote from Mario Cuomo when he was a candidate for Governor; I have been deeply persuaded by its basic wisdom: "Tax Reform & Jobs: I am a traditional Democrat who believes you have to keep the working middle class and the poor in one party because once you don't, once the middle class goes over to the right with the rich, they bludgeon the poor . . . Instead of the Reagan tax cuts across the board which take money from the needy and give it to the rich in the hope that they will produce jobs, I favor tax cuts that specifically and directly encourage savings and investment." (Emphasis added.) [By copy of this letter to Dr. Steven Cord, publisher of "Incentive Taxation", I am asking him to provide you and Governor Cuomo with tax policy alternatives "favored" in this quote.]

Barbuto: SAV-dividend

I used this quotation in a Cuomo campaign pamphlet, for which I was the main researcher and writer. The pamphlet was used when Mario Cuomo primaried Ed Koch for the Democratic Party nomination for Governor of New York in 1981. Unfortunately, since then, Mr. Cuomo is stuck in Democratic Party deja vu. If Cuomo had built the constituency that this quote envisioned and that his actual work in Queens/New York City had evidenced: WOW! Instead, the public perception (both middle class and poor -- the ACTUAL majority) is "Oh ----, more of the same." I believe, however, that his remaining political appeal is rooted in the hope people have for such a majoritarian coalition to be formed; for governments not only euphemistically for the people, but of and by the people and, therefore, actually for the people. Recent urban studies have proven how simultaneous middle income flight and public services disinvestment have ruined the once "promised land" experience that inner city neighborhoods once held for now lost-in-suburbia, exurbanites, regardless of ethnic origin, race or creed.

The county as lead government

The leaders of the nations of our globe need to experience and then to affirm a new confidence in the centrifugal importance of local communities. So I don't mean to deride calls for national leadership. I just think there is more promise in the words of my favorite bumper sticker: "If the people lead, the leaders will follow." The performance of and by the many and its promise for the many of the American Revolution was undermined largely by the "coordinating" work of the ruling class' few, in the name of federalism. And two hundred years later, with the slogans of "the new federalism" and "trickle-down economics" of the 80's and before that with the "Guns and Butter/War on Poverty" policies, state and national governments have destroyed our Metropolitan areas and our farm and rural communities and produced our debt-ridden economy and family budgets.

In America, since state and national government bureaucrats dominated "local" programs to failure, there is now a widespread aversion to "putting social programs into the hands of community groups." Agreed: don't put programs in. Instead, we need a local leadership, and I prefer it to be county-based, that recognizes native strengths and supports local satisfaction of local wants. An enlightened leadership's main task, then, would be to protect the "locals" from the sociopaths. (Our 500th Anniversary of American Destruction of Native Americans is a good time to reflect on examples of local "home rule" destroyed -- in the name of Progress, of course, by sociopaths.) [I don't know what England's "county" counterpart is, but South Africa's discovery of Swiss cantons or China's "feng shen" are models that excite me.]

Barbuto: SAV-dividend

For America, and its Greater Metropolitan Areas, specifically, I am convinced that county governments must now come to the rescue. Our large numbers of unemployed and under-employed persons, and our large numbers of ordinary working people who are over-taxed by State and Federal bureaucracies, need the new governmental orientation that I refer to as "centrifugal," and others (like Ralph Borsodi) called "decentralist." Our people who live in our nation's metropolitan and rural areas should be hearing from County governments that can creatively use this time (that the Reagan-Bush years provide) of no national leadership and no national money.

I am also confident that we need comprehensive reform of the federal and state income tax laws that will result in leaving income where income is earned; America's workers will make their own social programs with their own hands and minds, locally. "Home rule" powers of local government are still extensive. (The 1928 National Platforms for Democrats and Republicans were identical on "home rule.") The overwhelming majority of people in these Metropolitan areas, except for the day-time, non-resident executives, are poor welfare recipients or middle income workers. (Governor Cuomo's dynamic duo!) Would that they, each and all, would come together in solidarity! Say, in Yonkers; where politicians fear to tread.

Social appreciation value as common wealth

Global, national and state government recognition, in legislation, of the game chip of "cooperation = social appreciation value" would both recognize and forge such cooperation. A "community" of persons creates this wealth naturally by their solidarity. They do so without any brokering of such a phenomenon from apex-powers. This would be a true "common wealth." County governments would be ideally situated to take up the task to legislatively establish the SAV-dividend. The dividend would be no more than the public's claim for a well-deserved return on investment for all of the services, expenses and commonwealth value that "we", as local community, add and continue to add to the profits and to the value of the assets (particularly to land value) of the for-profit sector and/or to the salaries of its executives. However, and I say, Listen all you confused, "progressive income tax" supporters: this "value-added" dividend would not fall on the backs of our rich workers, but only on resource-rich owners including, especially, owners of so-called public debt on the public's infrastructure and holders of "natural" resources, such as land, the spectrum, oil and the like.

Implementing the SAV-dividend

The SAV-dividend can be a new financial implement or "tool of

Barbuto: SAV-dividend

conviviality" for all of us. (The latter phrase is from a book by Ivan Illich.) And it is "all of us" that I care about. However, many may be offended by my contentious tone. My offensive aims, however, are real when they relate to those who no longer have a desire to be part of an "us", but who want to go it alone or for "their own." Theirs are aims that, wrapped as they are in the names of individualism or parochialism or nationalism or empire must be contended with by the only form of political economy police that a political democracy can tolerate: a society under the rule of law, with laws democratically and wisely fashioned, administered and lived with by the four branches of government; the "fourth" having been identified by Thomas Jefferson as the people -- upon the tentative completion of each generation's constitutional convention.

So where to start with the SAV-dividend? Will the laws to establish such be "music to the ears" of all of us? No. But, are we willing to take on those who by their wants and ways, can be shown to be, very simply, breachers of the peace because they are barriers to a pursuit of political and economic justice for all?

For a good start, the federal and state "enterprise" zones could be revised to capture this local dividend for local and county government use. I would also argue for a claim for a state and federal share in these dividends that would capture for state and federal revenue the value-added recognition of public purse-supported state and national "Location-value contributions," e.g., school funding, road and public transportation systems, and the like. The second socio-economic area to start SAV-dividends is inherited wealth/estate taxation. This area has, I believe, been let go by our American Establishment controllers to become, in both de facto and de jure terms, a violation of our U.S. Constitutional prohibition on royalty "title grants" of the type that our people wanted no part of after our independence from England. The global money and banking system now rules these United States and other developed nations and those closest to such power are no less the titled lords and ladies that our forefathers promised our people protection from.

To meet any "due process" and "taking" challenges by the current owners and users of assets that generate such "dividends," I would urge governments to grandfather in the SAV-dividend payments and defer the actual appropriation of the dividends until sale of the asset or the year 2000, but until no later than the end of the owner's generation. Meanwhile, as to grandfathered, social appreciation value-added resources, current government revenue would come from the "social credit" [thank you, Major C.H. Douglas (UK)] generated from such "anticipated" public revenues. (The Center for the Study of Economics led by U.S. Professor Steven Cord

Barbuto: SAV-dividend

has statistics to show how the income tax on wages could be replaced by such sources of public revenue.)

Conclusion: Fraternity

In closing my remarks, I again emphasize the critical need to "bring back home," to our developed nations, labor-intensive jobs. Simultaneously, we need serious, democratic planning with local-county government for a form of centrifugal reconstruction of our national political economies. We must stop the mere moving of poverty 'round and 'round, and the playing of the age-olde game of the powers-that-be of pitting worker against worker, or poor against poor. The role of county governments in the collection of and the distribution to all workers of the "social appreciation value dividend" would finally make the revolutionary cry of "Fraternity" (or "Solidarity") mean something to the majority. It is in that spirit--of brotherhood and forgiveness, that I would grandfather the global, national and/or state mandates for the declaration of such "dividends" until the 21st Century begins. But I would start the public and private sector accounting recognition of it NOW!

Imagine: Peace.²

Cordially yours,

Richard Barbuto

²For the past ten years, I have dedicated many of my political writings to the memory of John Lennon and have ended many such works with this most wonderful of his musical works.