

AFFEERCE White Paper 04/23/2023

AFFEERCE is a profitable business plan culminating in a new Lockean-Georgist political-economic system of federated dominions. In this federation most land is common property and exclusive access to parcels is awarded to the party willing to pay the highest rent. The rents are then used to fund an allocated basic income called an Earth Dividend. This dividend pays for basic goods and public services effectively putting an end to poverty, tyranny, taxes, and war.

Factors eliminating poverty include Earth Dividend allocations for food and shelter, and the absence of land speculation leading to more affordable sites.

The Earth Dividend allocates sufficient funds for public services such as police, roads, education, healthcare, and courts, rendering taxes unnecessary. Because the Earth Dividend is tied to each individual, when a person moves to another dominion, their funds follow, incentivizing public institutions to serve those living in their dominions, and countering tyranny.

Rents will remove more currency than is being introduced with the Earth Dividend. Deflation is countered by paying artists and inventors based on the use of their intellectual property, allowing all content to be free.

Land is in perpetual auction. Parcels on dominion borders can be bid on and then switched by the property owner into the neighboring dominion. This auction replaces warfare.

The business plan unfolds in phases. Phase I starts when the initial software and legal infrastructure are complete and sufficient funds exist for the initial purchase of real estate into a commons trust. A digital currency, backed by this land (alternatively referred to as VIP\$, LCs, Elsie, or land coins), is minted, and pegged to a fiat currency (probably the US\$). These LCs are then sold on the open market. Funds obtained from selling LCs are used to buy more properties into the commons. As more properties are purchased, more LCs are created to sell and keep the process going.

Here are the leasing terms for commons land:

- An advanced rent account (ARA) has funds equal to 12 times current month's rent.
- Rent drops by 8.33% or 1/12 every month and is subtracted from the ARA. For example, the current month's rent is \$8.33 given \$100 in the ARA, leaving a balance of \$91.67. Next month's rent will be $\$91.67 / 12$ or \$7.64. This happens in perpetuity unless the title holder freezes or increases the rent by adding funds to the ARA.
- Title holder owns the structures.
- Commons land is in perpetual auction. Property owner agrees to relinquish the title if they are out-bid. That is, another party is willing to at least triple the ARA and pay the current owner 133% for their structure's assessed value. The current owner can increase their rent to match the bid, and retain title.
- The ARA can be funded with either fiat currency or LCs at the peg.

Rent payments are distributed as follows:

- 30% to the county or property tax jurisdiction that agreed to take this in lieu of property taxes.
- 7% to the AFFEERCE Benefit Corporation (ABC). The ABC manages land purchases into the commons and is chartered to keep the LC market value at 99% of peg.

- 7% to a nonprofit called the VTLM that manages the software infrastructure and currency.
- 26.25% to the Earth Divided Subsidy Fund (EDSF) to subsequently fund annuities that pay the Earth Dividend.
- 26.25% to the Land Fund for additional purchases.
- 3.5% as a dividend to holders of the currency. For every .1% the market value of the LC drops below 99% the dividend increases by .7%. E.g., if the LC drops to 98.9% peg at market, the dividend increases to 4.2%. The inverse is true for every .1% the market value exceeds 99.1%. The premium/discount goes to/from the EDSF.

Multiple economic forces help keep the LC at 99% of peg, primarily the dividend to currency holders and that the LC can be used to pay rent, or bid on land, at peg. Provided the LC holds 99%, land will quickly be purchased into the commons. This eventually leads to communities entering phase II of the business plan. A community enters phase II when it hits these metrics:

1. A population of 100,000.
2. 2/3 of community's land is in the commons.
3. 2/3 of the populace live on commons land.

When this happens, land in the AFFEERCE Commons Trust is moved to a phase II community commons trust, with all residents, at the time of transition, issued an Earth Dividend. Community trust rents are similarly distributed except:

- The 7% that went to the ABC goes to a local governing structure called a cellular democracy, which manages Earth Dividend distributions for public services and has a political structure that handles negative externalities equitably and efficiently, and satisfies all assumptions of the Tiebout hypothesis.
- The 26.25% Land Fund and the 26.25% EDSF all go a local EDSF. This 52.5% is managed by the cellular democracy, and likely used to entitle new residents.

The entire ABC Commons Trust, itself, transitions to phase II when these conditions are met:

1. There is an insufficient supply of land for sale to hold the LC below 200% of peg. (Fiat currency inflation, construction, and rents sequestered in the EDSF, exert deflationary pressure on the LC. Currency released in Earth Dividend distributions is insufficient to counter deflation.)
2. There are no logistical impediments to the purchase of land.
3. There is a sufficient quantity and quality of commons land to provide food and housing for the entire world's population.

At ABC Phase II, rents directed to the land fund are redirected into the EDSF. The VTLM gains the power to revalue the LC to keep market price at 99% of peg.

As additional Earth Dividends are issued, productive resources are increasingly reallocated to service holders of the Earth Dividend, reducing the real cost of an Earth Dividend.

Ultimately, deflationary pressures of an increasingly sequestered land-backed currency, demanded to purchase an Earth Dividend at auction, will lead to the universal collapse of fiat currencies. This ushers in a transition to the federation of dominions described above, through economic necessity. Cellular democracies will help governments at all levels make this a smooth transition.