Earth Dividends

In version 6.0, Earth Dividends were first awarded three after the start of Phase I. Since Phase I lasted 20 years, the first Earth Dividends were equivalently issued 17 years before the end of Phase I. The latter remains true in 6.1. Earth Dividends will first be awarded 17 years before the end of Phase I.

This is not a complex problem. The highest retail demand found in several years of empirical data can be used in the spreadsheet to predict the end of Phase I. Phase I will end sooner than expected on the spreadsheets because there is no way to account for the panic buying of the Elsie as Phase I draws to a close. In the unlikely event that the actual end of Phase I goes beyond the end predicted, the VTLM will lower the rate of issuing new Earth Dividends so that the ratio of the EDSF to the present value fund at the end of Phase I is aligned with the percentage specified in the business plan.

Because the Elsie is pegged to the U.S. dollar at 1:1 throughout Phase I, dollar inflation equals Elsie inflation. At the end of Phase I, the Earth Dividend Subsidy Fund (EDSF) holds a minimum of 6 trillion Elsies (in 2022 dollars). Because Commons Trust property appreciates faster than inflation, the fund will have more than could be expected from property purchases and inflation alone.

Earth Dividends are issued to Phase II communities with an average population of 100,000. A similar number can be auctioned at the discretion of the VTLM. The first communities to reach Phase II will probably be rescued communities. Seventeen years before the end of Phase I, there will be about 24 such communities, based on simulations.

The monthly cost of a Phase I Earth Dividend is 1000 Elsies (in 2022 dollars). Seventeen years of an Earth Dividend costs 204,000 Elsies (in 2022 dollars). The expense of Earth Dividends for 24 communities, each with a population of 100,000, is 489.6 billion Elsies. This is an upper bound on the Elsies distributed as Earth Dividends in Phase I for many reasons. The property in the Commons Trust in all 24 communities to qualify for Phase II would push Phase I to completion in less than 17 years. If Phase II community property were the only property in the Commons trust, the present value fund would be 100% of the EDSF. By the end of Phase I, the present-value fund should not exceed 10% of the EDSF. Finally, the size of the commercial segment supporting 24 communities of 100,000 would push Phase I to completion in less than 17 years.

Ambitiously, during the final 17 years of Phase I, 2.5 million Earth Dividends can be issued to Phase II communities, and another 2.5 million can be sold at auction. The average duration of Earth Dividend payments during Phase I will be 8.5 years. The hit on the EDSF is 500 billion out of six trillion, or about 8%. Much of that will be recovered in Earth Dividend auction proceeds (do not confuse with property auctions) and the increased rents predicted by Ricardo's law of rent.

Only in Phase II, with the Elsie deflation and then Elsie hyperdeflation, is a serious effort made to award Earth Dividends to the world. These decrease the present value of an Earth Dividend and reallocate the world's productive resources into servicing the Earth Dividend to obtain the only currency that increases in value.

Earth Dividend calculations are not part of the Phase I spreadsheet. In the quantity they are awarded, their net effect is neutral. They are an essential part of Phase II and the Phase II spreadsheet. Phase II ends when the present value fund supports an Earth Dividend for the entire world's population.