Financing an Earth Dividend

The resources required to feed, house, educate, heal, and govern the Earth's population are roughly $115 trillion (2022 dollars). Although it appears that ground rent is insufficient for the complete task before elimination of taxation and the liberation of intellectual property, it is not so.

Currency is not wealth, but a claim on wealth. It has no direct effect on total productive capability, but very much determines what is produced. A new and sought-after currency has the power to shift productivity to those areas in which it is spent. This is a very positive side-effect of Phase II monetary policy.

On the other hand, a demanded non-fiat currency with limited supply has the de facto power to end taxation by rendering the fiat currencies in which taxes are paid worthless. This is a negative side effect which must be avoided until the hyperdeflation event horizon paves the way for a smooth transition.

Nevertheless, together, these two side effects render the $115 trillion requirement moot. There is no theoretical downside limit to the cost of providing the world with food, housing, health care, education, police and fire protection, street maintenance, sanitation, and local government.

Navigating the most affordable, yet least chaotic path is the job of the VIP Treasury. It will be done under the oversight of legacy governments, ISO working groups, and interested parties.

Smoothly bringing the cost of the Earth Dividend down from $115 trillion annually to a manageable level takes patience and several decades. Establishing biometric identities for the world population, alone, will be a Herculean task.

To protect Earth Dividends from inflation of fiat currency, only VIP$ are valid at Earth Dividend auctions. Subsidy funds are in VIP$. If the VIP$ trades at a premium to peg, rent in U.S. dollars must be converted, at market, to VIP$ before being added to the fund. Maintaining this discount at 1% is the primary objective of the VIP Treasury and a critical objective of the ABC.

Increasing land purchases is the only Phase I remedy against the VIP$ trading well above 99% of peg, if the conditions for ABC Phase II are not met. Once in Phase II, the discount can be maintained with peg appreciation until the onset of hyperdeflation.

The present value fund is sequestered. It is not used as capital for loans. However, an interest rate of 4% is used for appreciation of the present value. How is that supported?

Should land purchases dry up, sequestering creates an interest rate equal to the natural rate of VIP$ deflation (VIP$ appreciation). In Phase II, this is not allowed to fall below 3.9% annually. The rate of deflation will typically be larger. The rest of present value appreciation is 0.1% from the VIP$ dividend.

Increasing demand and limited supply of the VIP$ will lead to appreciation of the VIP$ and an appreciating peg. The controlled appreciation of the VIP$ can be used in the computation of present value.

Present value of 1,000 VIP$/month at Different Rates of VIP$ Appreciation			
Life Expectancy in Years	VIP$ Appreciation at 12%	VIP$ Appreciation at 20%	VIP$ Appreciation at 30%
10	$69,701	$51,745	$37,934
20	$90,819	$58,864	$39,893
30	$97,218	$59,844	$39,994
40	$99,157	$59,979	$40,000
50	$99,745	$59,997	$40,000
60	$99,923	$60,000	$40,000
70	$99,977	$60,000	$40,000
80	$99,993	$60,000	$40,000

How does the appreciation of the VIP$ feed, house, and govern the world?

By realigning productive forces away from space flights for billionaires, gold plated smartphones, luxury items in general, and almost the entire financial industry into food, housing, infrastructure, public safety, healthcare, and education!

At 20% annual appreciation, the cost of a lifetime of benefits, regardless of age, drops to no more than $60,000 VIP. This still represents $480 trillion worth of land value, about twice the current world land value. Nevertheless, this is far less than the projected land value when developing nations receive this benefit, when all taxes and most barriers to entry are eliminated, and when intellectual property is free.

The average actuarial present value of an Earth Dividend, from Phase I through the start of ABC Phase II, is $250,000 VIP. Once Phase II begins, it will drop with deflation. This frees up existing present value funds for more Earth Dividends.

If the pace of deflation is too abrupt, it will cause a chaotic move to federation. Once deflation begins, the VIP Treasury will do as much as it can to control deflation expectations. Nevertheless, the present value required for an average Earth Dividend will slowly drop with every auction. This not only increases the number of Earth Dividends that can be issued from a given amount of subsidy fund, but it also increases the number of Earth Dividends that the current present value fund can support as well.

At some point, the size of the existing pool would be sufficient to supply a distribution package for every person on Earth. That day is hastened by the hyperdeflation event horizon, which completes the reallocation of productive resources needed.

Education and Healthcare

As of this writing, education and healthcare in the United States are not designed around AFFEERCE models. While other countries might come closer, there will be no supply to match Earth Dividend demand at the start of Phase II.

Under Keynes Law – demand creates supply in the short run - it is expected that educational institutions and healthcare facilities that meet the model will arise. If there are no outlets to distribute the funds, the funds can be used to create those institutions, but that is not optimal.

Locally, community colleges and trade schools are expected to sign on the AFFEERCE education distribution, if for no other reason than the appreciation of the VIP$. Public universities will move to the education distribution at different times in different states, also because of the appreciation of the VIP$. An appreciating currency increases the efficacy of Keynes Law.

AFFEERCE self-insured HMOs should also form due to the appreciation of the VIP$. Earth dividend holders unable to find convenient self-insured HMOs will receive a monthly $60 VIP credit toward an insurance premium of their choice.

The other monthly $40 VIP that would have gone to the self-insured HMO goes to a VIP-budgeted fund used by the district council to encourage formation of a local self-insured HMO. The wellness annuity and VIP$ appreciation will also encourage health coverage.