

# U.S. Projected Rent Revenue



The [hyperdeflation at the end of Phase II](#) allows the [Earth Dividend](#) to reshape the economy by reallocating productive resources to service itself (the Earth Dividend). This almost omnipotent power attributed to the hyperdeflation event horizon is somewhat theoretical, although the evidence is very substantial. It is difficult, if not impossible, to conceive of any other outcome.

In the interest of reassuring those who are hesitant to rely on a strange event predicted to occur some 40 years into the future, this module shows why [rent revenue](#), at least in the United States, is sufficient for the Earth Dividend, without any qualitative or “spooky” changes to the allocation of productive resources as a result of rapid currency deflation.

## **ATCOR**

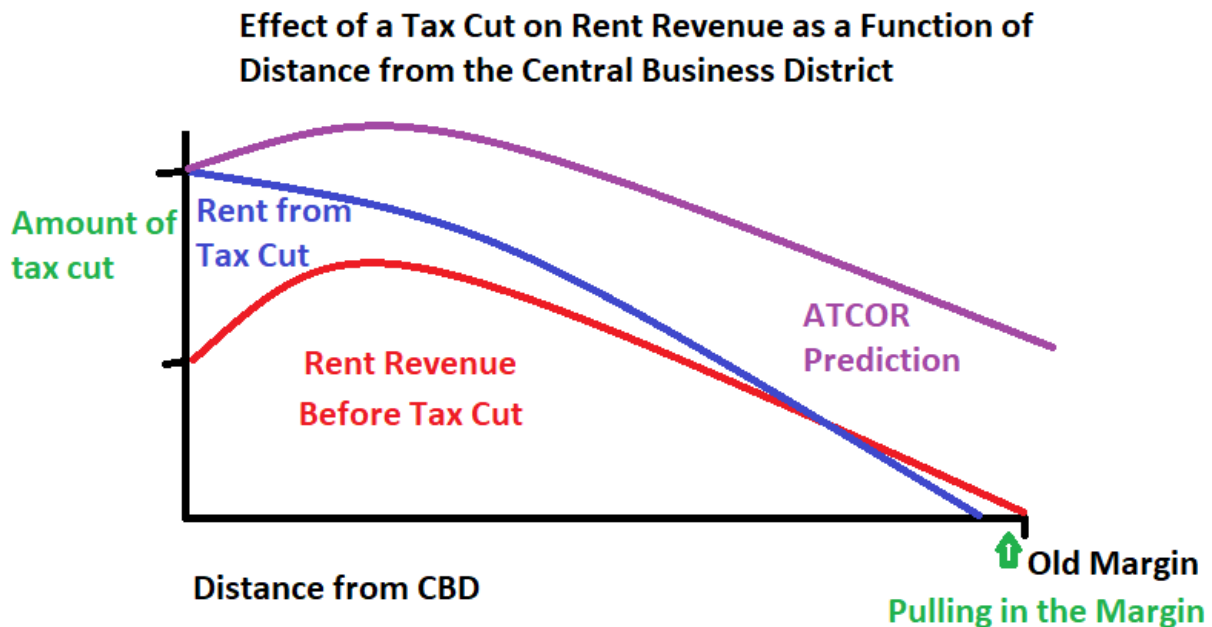
[ATCOR](#) is a Georgist acronym for “All Taxes Come Out of Rent”. That is, if taxes go down by \$10, rents will ultimately go up by \$10. While the qualitative relationship is almost certainly true, quantitatively, ATCOR can easily be proven false. This is done using marginal land. Marginal land is like ground in an electric circuit. Rather than voltage, it always has a land value of zero. With pun intended, it is a ground for ground.

A person living on marginal land will not see their rent change from zero regardless of whether their taxes go up, go down, or stay the same. If taxes go up, rent cannot drop below zero. If taxes fall, a natural response is to use the windfall for better land. Demand at the margin drops, and land prices near the margin drop as well, pulling in the margin. This is the opposite of what is predicted by ATCOR.

Assume demand for houses in the central business district (CBD) is as inelastic as the supply. A drop in taxes will lead to a corresponding increase in rents. If it did

not, those near the CBD would move in with their tax windfall, pushing the rent up to the ATCOR prediction. In the CBD, ATCOR must be true.

Movement of population into the CBD, produces a drop in demand elsewhere, particularly near the CBD. Furthermore, those without unlimited wealth will choose to spend part of their tax windfall on other discretionary items. By induction, ATCOR loses its potency as one gets farther from the CBD, until it actually inverts at the margin. The drop to zero near the margin is fairly insignificant, since rents were very low to begin with.



The area under the red “Rent Revenue Before Tax Cut” curve is the projected total rent revenue. It reaches a maximum at some distance from the CBD where density x land value x area is a maximum and then drops off until the margin. The purple line at the top, the ATCOR Prediction, runs parallel with the rent revenue at a distance equal to the tax cut.

However, a prediction made from analysis at the margin, along with demand considerations, shows the rent revenue from the tax cut is equal to ATCOR only at the CBD. It drops off slowly as rent revenue rises to a maximum and then more quickly once rent revenue begins to fall. It reaches zero revenue before the old margin, creating a new margin ([pulling in the margin](#)).

In the final analysis, rent revenue from the tax cut is the area between the blue and red line, as opposed to ATCOR, the area between the purple and red line.

The graph is qualitative rather than quantitative and affected by many variables such as the structural density of the region, the progressiveness of the tax that is cut, and ease of mobility within the region and into the region. Whatever the actual curves, it is clear that rent revenue from the tax cut is less than ATCOR.

If ATCOR is accepted, the job of this module is done. The total government taxes collected in the U.S. of over [\\$5.1 trillion](#) exceed the Earth Dividend for 325 million people of \$4.68 trillion. However, based on the graphical analysis and intuition, I would say "a third of taxes go to rent". I feel confident that this estimate is sufficiently conservative.

Beside the elimination of taxes, what are the rents paid on land today? This is equal to the mortgage payments, if all land was mortgaged at 5%. Using the conservative estimate from the Bureau of Economic Affairs ([BEA](#)), rent on \$23 trillion of land value at 5% is \$1.15 trillion.

The taxes not included in the former group and serving to lower BEA estimates are property taxes. Property taxes clearly follow the ATCOR model. If there are \$0.57 trillion in U.S. property taxes and they are eliminated, ground rent will rise by the same amount.

The greatest source of ground rent under [land-based capitalism](#) is [location monopoly](#) profits. That is calculated below and explained in an asterisk to the table at \$1.95 trillion.

There are at least three intangibles of land-based capitalism that are multipliers on the ground rent. They are the [liberation of content](#), the [liberation of land](#), and a cachet associated with the purchase of [location value](#).

The liberation of land allows exclusive use to the [most efficient user](#), and the liberation of content ends the constraints of the [IP monopoly](#) on production. Multipliers assumed are 1.15 and 1.5 respectively. The additional cachet associated with the purchase of location value, personified by the [landed aristocracy](#), is assumed to have a multiplier of 1.05.

Conservative Prediction of Ground Rent Revenue		
	Amount (Trillions)	Multipliers (guesstimates)
Property tax elimination	0.57 ( <a href="#">Urban Institute 2020</a> )	
Current land value at 5%	1.15 ( <a href="#">BEA 2015</a> )	
33% of eliminated taxes	1.7 ( <a href="#">Statista 2022</a> )	
Location monopoly rents	1.95 ( <a href="#">Statistic 2022, IRS 2017</a> ) *	
Landed aristocracy		1.05
Free IP content/ideas		1.50
Most efficient user		1.15
<b>Total</b>	<b>\$5.37 trillion</b>	<b>5.37 x 1.05 x 1.5 x 1.15 = 9.73</b>
<b>Total after Multipliers</b>	<b>\$9.73 trillion</b>	

\* Total revenue of C-Corp (2019) and S-Corp (2017 *latest available*) at 66% assuming 33% net revenue trebles to 99% on average. Elimination of taxes will go directly to revenue at a higher rate than 33% accounted for above. Very conservative estimate due to the 2017 number, low tax accounting, and exclusion of the largest class of business – sole proprietorships ([Hodge 2014](#)) from the data.

Before the multipliers, there is already \$5.37 trillion worth of ground rent, in excess of the \$4.68 trillion needed for the Earth Dividend (this module applies to the U.S. only). After the intangibles, an estimated \$9.73 trillion in ground rents will be generated, over twice the amount needed for an Earth Dividend.

If that were the case, the [VIP Treasury](#) would be pouring a lot of money into the intellectual property royalties and infrastructure reimbursement to stop deflation. The Earth Dividend would probably be increased as well.

As stated at the start of this module, it is expected that the hyperdeflation of Phase II will materially reduce the real cost of an Earth Dividend, perhaps by an order of magnitude or more.