

A Radical Innovation for Purchasing Land into the Commons



Two parcels of identical land in terms of soil, other composition, and size might have very different prices. One parcel could easily cost 1000 times more.

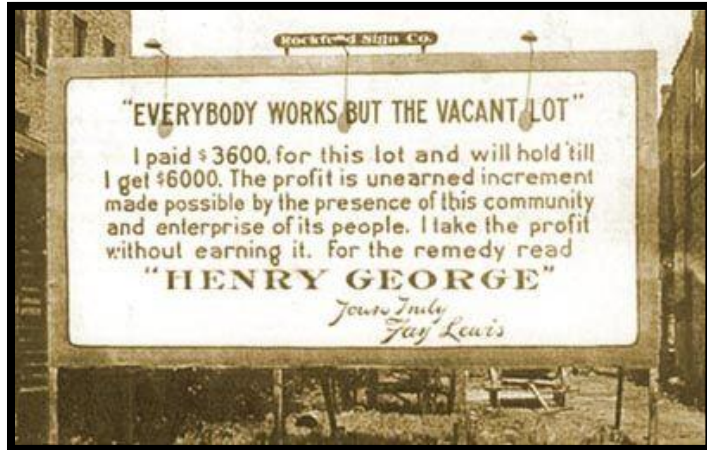
By some seemingly magical process, the community built around that land, transfers value from its buildings, roads, movie theaters, and airport directly onto

the land. Thus, the slogan, “land value is created by the community”. More than a slogan, it is a root of economic justice.

According to the [Lockean principle](#), the creators of value have full rights to that value. How can the community have rights to the land value without stealing land from its current owners? And if the community stole it anyway, the very value they were attempting to capture would disappear as businesses and homeowners fled.

“It is a position not to be controverted that the earth, in its natural, uncultivated state was, and ever would have continued to be, the common property of the human race. In that state every man would have been born to property. He would have been a joint life proprietor with rest in the property of the soil, and in all its natural productions, vegetable and animal... Every proprietor, therefore, of cultivated lands, owes to the community a ground-rent (for I know of no better term to express the idea) for the land which he holds; and it is from this ground-rent that the fund proposed in this plan is to issue.” – [Thomas Paine](#)

“The profit of the land is for all” – Ecclesiastes 5:9



Many economists consider land to be of trivial importance in a modern economy. Thomas Paine's vision seems to be archaic. Yet virtually synonymous with land is the concept of location. Location is everything. The real estate agent tells us the three most important attributes of any property: Location! Location! Location!

Paine's ground-rent is synonymous with location-rent. But what causes people to rent location? What gives location its value? It is only peripherally the quality of the land. An Illinois cornfield rents for many times more than good agricultural land in rural India. Location rents in San Francisco are 100 times higher than in Decatur, Illinois.

Location value is created by the community, not nature, not really. There are some deserted South Sea island-paradises where the location has no value. Location value is a product of a community's use of the gifts of God or Nature. Location value is created by employment available in the community, amenities of the community, density of the community, the crime, the schools, the markets, the suppliers, and literally hundreds of other parameters.

There is a natural right of one's ownership of one's own labor. But who owns the value created by the community? Economist John Locke felt that community-owned land should go to the laborer who could best utilize it. But how is this determined? Mostly, it was first-come, first-served.

The AFFEERCE position on community is closer to that of American Economist [Henry George](#). Location value is created by the community and it should be owned by the community. Unfortunately, the community has long since surrendered its most valuable locations to private entities. What does the community do when it needs revenue? It taxes the labor of individuals. The community says to the worker, "You stole my land, so I'll steal your labor." Two wrongs do not make a right. But the common wisdom is that it is too late. Land grabbed centuries ago is firmly in the private sector. Any attempt to change that would be both theft and tyranny.

If we are to return labor to the laborer and the land to the community, it must be done voluntarily through a market. AFFEERCE is a collection of innovations that allow such a market to function properly.

A benefit corporation must have a well-defined benefit it prioritizes ahead of shareholders. The legal benefit promoted by the AFFEERCE Benefit Corporation is to purchase land into a [commons' trust](#) with a [currency backed by land](#) in that trust; rent each parcel of that land to the highest bidder of ground rent; and use the money collected from the rents to ultimately transition the land into a Federation Commons Trust. The ground-rent collected in the federation will be [distributed equally to each resident](#) of the [Federation](#), for food, shelter, healthcare, education, security, government, infrastructure, and more.

To go from where we are now to this egalitarian distribution requires a number of innovations and considerable time; considerably more time without the innovations. Let me hypothesize what the process would be like without innovation.

A wealthy person decides to create a land trust with \$20 million in initial capital. The trust will purchase land throughout the world and rent the land at market price. The rents collected minus expenses will be used to purchase more land into the trust. Once the trust contains 70% of the world's land, by value, the trust will distribute the rents, equally, per capita to all humans on Earth.

Problems with this scheme abound. For one, there is no way to separate land from structures, so the trust would be forced to engage in active real estate management. The burden of failing to pay property taxes would fall on the trust, which conflicts with the tenant being able to build what they please.

Perhaps a bigger problem is that most of the world's land has no rental value at all, contributing nothing to future land purchases. Speculators hold such land in hopes of future rent, but speculation is a losing game for the trust. Land speculators profit from community growth, however, too much speculation puts an end to that growth.

For land speculators, there is an optimal level of total speculation at any given margin. As the trust seeks to purchase all the world's land, they will choke off any speculative advantage once held by their idle land.

Despite the difficult problems, suppose our hypothetical trust is run by a large number of idealistic, hardworking volunteers who find tenants, manage rentals, purchase property and manage to consistently generate a 1% real return annually.

As a result, the real value of land in the trust also grows by a minimum of 1% every year.

The total value of the world's developed real estate reached [\\$326.5 trillion in 2020](#). Suppose the goal of the trust is to reach \$240 trillion (70%) in property value before it begins to distribute its rents to the people of the world. How long would this take?

Every 70 years, the real value of property in the trust will double. If the trust began with \$20 million worth in 2020 valued dollars, after 70 years, it would have \$40 million worth of property in 2020 valued dollars.

The goal is to multiply the original investment 12 million times (\$20 million x 12 million = \$240 trillion). That would take just under twenty-four 70-year periods, or a total of 1,650 years.

If the trust began with the fall of Rome, and managed to hold good title, avoid wars, revolutions, plagues, and assorted barbarian invasions, and trustees managed to not be burned at the stake as devils in the 1500s when their work was "nearing" completion, we would just now be starting to enjoy the fruits of the trust.

Despite being nonsense, a process cannot be improved by innovation until it is described. Only when the hypothetical trust is considered, however ridiculous it may be, can the question be asked, "Are there innovations that can improve this process and speed it along?"

The answer is most assuredly yes. From a slightly higher \$30 million investment, AFFEERCE has reduced the time from today's [debt-based capitalism](#) to a [land-based capitalist economy](#) from 1,650 years to 40 years, with the first populations winning a share of the trust in under 3 years. Most pricelessly, to raise hope in a world devoid of hope in as little as a few months.

Like the 1,650-year plan, it involves reinvesting the rent. Unlike that centuries-long plan, it employs a secret weapon called [ram and jam](#) to radically accelerate the process.