

Hayseed County



“What a bunch of rubes,” said Betty. “And I’m not talking about the people of Hayseed County. I mean the ABC spent twenty friggin million developing some of the coolest software around, and the only county in the world that takes them up on their agreement is Hayseed County, population 19,342 with 7,456 households according to Wikipedia. I checked Realtor.com. There’s land for sale in the county for \$1,000 an acre. What a joke. I would have expected more from their big-time investors.”

“I saw a press report that soon, the ABC will no longer even be getting revenue. It will all be diverted to Hayseed County’s own commons trust,” said Ricardo. “Peter, one of their investors, said ‘It’s all about Hayseed County’ like he didn’t even care that the ABC, his source of profit, would just disappear.” Another student started laughing and had difficulty stopping.

“I’ll agree”, said Professor Greene, “the ABC likely would have preferred a larger and more diverse group of counties to begin, but this might work out for the best.”

The laughing student started up again. “For the best?” exclaimed Ricardo. “If they create 100K of VIP\$ for each of those seven thousand-odd houses, that’s \$700 million – rent that starts out at annualized 5% in the first month, or \$2.9 million and drops by 8.75% a month for the rest of time. From that, they must support the cellular council, the VIP Treasury, Earth Dividends for everyone in town, and a dividend on the VIP\$, and give 30% off the top to the current government in Hayseed County. And in 3 years or so, it drops to nothing, and there are no more houses to buy. The ABC Land Fund is getting 37.5% of the net rents and can’t even spend it because all the land in Hayseed County has been purchased.”

“That assumes everybody sells,” said Betty. “Of course, they all will. It’s free money. Never again will they have to pay property taxes, and they certainly won’t have to pay a penny in rent. Who in their right mind would treble a house in Hayseed County? I don’t think this is what Marc had in mind when he imagined Telosa.”

“I think they’ll take their money and run,” said Ricardo. “That’s what I would do.”

“You’re forgetting sales mode”, said the professor. “With sales mode, half the residents will take their money and run. The houses are auctioned and whatever

the highest bidder pays for the structure and land goes to the advance rent pool. The more worthless the land, the higher the bid because the house comes property tax free. Bids could easily be as high as \$60,000 for the house on what was initially \$100,000 property. Since only half of the owners abandoned their homes, the average rent per house would initially be at least \$30,000, or \$18.6 million in the first month."

"Whoop-de-do," said Betty, twirling her finger. "The ABC can pay their bills in the first few months. The county will be paycheck-rich. But in a few years, it will all be gone. The only thing that will increase in size is the disappointment. Nobody will ever treble those pathetic houses!"

"Consider that the good citizens of Hayseed County just got a lot richer," said the professor. "They have the entire price of their property handed to them. Those with mortgages are now free. There is a huge amount of money for remodeling, for dining at expensive restaurants, for going out to the theater, for healthy groceries."

"And plenty of things that won't help the local economy at all", objected Ricardo, "like taking a vacation, or ordering from Amazon."

"Or getting the hell out of Dodge," added Betty to laughter.

"Taking vacations creates demand for local airport transportation and ordering online for local package delivery," said the professor. "But you are correct, I was speaking primarily of all the things they could bring to Hayseed County, like health grocery stores and perhaps a luxury boutique. After all, most spending is local."

"Perhaps they could build a museum or a grand symphony hall opera house.", said Ricardo, stealing some of Betty's laughter.

"An opera house! That's a great idea Ricardo," said the professor. "The land is super cheap and I'm sure the people of Hayseed County, with their newfound wealth, would love an opera house."

"Very funny," said Ricardo. "Now I know you're pulling our leg. An opera house might cost \$25 million to build. I doubt there are enough construction workers within 100 miles of Hayseed County. Like the people are going to take all their windfall and say 'hey, let's build an opera house in the middle of a corn field. And while we're at it, let's build the Grand Ole Opry and all the honky-tonks of Nashville in that-there soybean field.'"

There were more laughs and the professor said, "You should consider becoming their county planner." The class was having a jolly good time laughing at what they figured had to take the cake as the most ridiculous business idea in modern history.

"I think that perhaps," said the professor, "some opera-loving society will come to Hayseed County and build it for free." The laughter died down. There is such a thing as overkill on a joke.

The professor stood there pondering. "Yes. I'm certain that will happen. After all, it won't cost them much, if anything." All snickering came to an abrupt end. The students tilted their heads like curious dogs thinking 'What's he talking about?'

"A \$25 million opera house won't cost much" said Ricardo cynically. "I think it is time to move beyond this joke of AFFEERCE and go back to learning real economics. You know, what we are paying our ridiculous tuitions for."

"It's not a joke," said the professor. "The opera society comes to Hayseed County, buys some cheap land, pays whatever exorbitant cost required to build the opera house, and then as soon as it is complete, sells the land into the ABC Commons Trust for replacement cost at average regional labor charges, including a reasonable fee for any design, or subcontracting time. With inflated Hayseed County labor prices, they'll pay something, but probably not much. The opera house certainly hasn't depreciated. The society donates the new opera house to the county."

"Wait a minute," said Betty. "Are you telling us that it costs almost nothing to build anything in Hayseed County?"

"All development on private land is paid at average regional labor and material costs, provided one sells that land into the commons trust afterward."

"So once land is in the commons trust," said Ricardo trying to regain some confidence, "construction makes no sense. Better to construct on private land and sell it into the trust. Once all the private land is gone, nobody will construct anything."

"Because of the 33% structure premium," said the professor, "new construction on commons land significantly reduces one's own rent. It also provides a developer with a margin of profit. It is advantageous to build on one's own commons land."

Betty chimed in, “But they pay no rent in Hayseed... Oh my God!”

“Oh my God, indeed”, said the professor. “Developers will be pouring into Hayseed County. People with new ideas for businesses. Existing industries wanting to add another factory for free. Levitt town like developments are pure profit. Office buildings and apartment houses will produce massive income. Even skyscrapers in a year or two. Ground rents will go through the roof. There are only 560,000 acres in the entire county. Every single one must be used by the most efficient user.”

“I can see how the county and the ABC are raking in the bucks”, said Betty. “But I’m not clear on where the rest of the rent money is going.”

“Actually, the ABC will be no more than a skeleton, at least temporarily,” said the professor. “It will survive only by the good graces of the VIP Treasury and ABC investors. You see, the ABC no longer has any land. Once the number of Hayseed County homes purchased into the ABC Commons Trust exceeded certain thresholds, a Hayseed County Phase II commons trust was created and the land transferred to that trust – transparent to the leaseholders and county. Even the monetary responsibilities of the ABC are now negotiated between the VIP Treasury and Hayseed County. In a Phase II commons trust, 75% of non-county money is used for Earth Dividend subsidies.”

“Are you saying all that rent money is going back to the people of Hayseed County as a basic income?” asked Ricardo. “Aren’t they getting enough money?”

“Typically, a Phase II commons trust uses all of its subsidy money for its own residents,” said the professor. “With the ABC out of commission, the Treasury will encourage them to hold a few lotteries as well. Split the profits with the Present Value Fund.”

“Wait”, said Betty. “this is insane. You can build anything you want for free...”

“As long as there still is private land”, interrupted the professor.

“I was saying, you can build anything you want for free, make a huge, anti-competitive profit from operations, pay a high enough rent to ward off those wanting to take over your business or home. And these high rents go right back to Hayseed County for infrastructure, schools, police and fire protection, and a basic income for all the residents. Where is all that wealth coming from?”

“Why doesn’t everybody move to Hayseed County?” asked Ricardo

"To answer Betty first," replied Professor Greene, "moving land into the commons trust creates wealth in and of itself. By making that land available to its most efficient user, everybody is better off. Unfortunately, that is only part of the wealth that will be pouring into Hayseed County. Much of their gain will be a loss for the rest of the world. For instance, why should anyone build a home or business anywhere else when they can build for free in Hayseed County? And to answer your question Ricardo, rents in Hayseed County will soon be more expensive than the Upper East Side of Manhattan."

"That can't be!" said Betty. "They cannot maintain a basic income with that kind of inflation. People who work in menial jobs will not be able to live in the county where they work. The whole idea still sounds like BS."

"Some people commute over two hours to their job in San Francisco", said Ricardo.

"But not in Hayseed County", said the professor. "The janitors and busboys that work in Hayseed County will have no problem paying the rent. But you guys and gals, when you graduate from college, you will not be able to afford anything within 50 miles of Hayseed."

"If a business pays that kind of money to their cleaning staff, they will not be competitive," said Ricardo.

"Business does not pay," said the professor. "The Earth dividend provides everyone with food, housing, quality medical care, and unlimited free education, as well as public services."

"As I said," rejoined Betty, "it is not possible for the Earth dividend to keep up with inflation."

"Ah! You are forgetting about the greatest revolution in currency, since... Currency."

"Bitcoin?" asked Betty.

"No", said the professor. "Bitcoin and all the fiat currencies have one thing in common. They are inherently worthless."

"But the supply of commodity-based currencies does not match the needs of government," said Betty.

"The gold standard made the Great Depression many times worse," added Ricardo.

"Only one commodity gains in value with increases in population and productivity," said the professor. "That commodity is land or location. And if land is not in the commons trust, it can't back anything. The currency created when, and only when, moving land into a commons trust is the VIP\$. It is the only real currency and it will ultimately eliminate all other currencies."

"So, food and housing will cost the same number of VIP\$ every year?" asked Ricardo.

"In a perfect world, that is true," answered Professor Greene. "But Hayseed County is an isolated county, surrounded by counties that did not sign the agreement."

"Now you sound like Leon Trotsky", said Betty. "If the revolution does not spread to the entire world, it will fail. For some strange reason, my trust level isn't quite that high."

"Yeah," chuckled Ricardo, "if the basic income doesn't work in Hayseed County, nobody is going to try this foolish experiment on the grounds that if more people do it, it will work."

"Oh, you misunderstand", said the professor. "The Earth dividend will work in Hayseed County. It will work, all right. It will work too damn well. If rent costs 900 VIP\$ one month it will cost 800 VIP\$ the next. If we are lucky, the same rent will cost 1 VIP\$ in one year's time."

"That's deflation," said Betty, "hyper-deflation!"

"The Earth dividend is not paid directly from ground rent, which can be in dollars or VIP\$," continued the professor. "It is paid from an actuarial-based present value fund of VIP\$ alone. It can be no other way, since the VIP\$ can never be inflated. Remember, it can only be created when land is moved into the commons trust."

"And when every last parcel of Hayseed land is in the Hayseed Phase II Commons Trust," added Betty, "there are no more VIP\$ to create. So how can they maintain the present value fund for the Earth dividends?"

"Excellent!" said the professor. "You understand the problem. But I doubt you see that the problem and solution are one and the same."

"The solution to what?" asked Ricardo.

The professor shrugged. "Everything." He sighed and a tear appeared in his eye. "Everything in the whole world."

"Now you're starting to scare us Professor Greene," said Betty, clearly concerned.

"Even when the Earth Dividend is given away, there is a small VIP\$ fee. When the Earth Dividend is auctioned, the entire bid must be in VIP\$," said the professor, staring into space. "This creates a demand for the VIP\$. It is completely refundable if you lose. On those lotteries open to the whole world, everybody tries to acquire the bid on the VIP\$ market, but nobody is selling. All the VIP\$ are sequestered in the present value fund and they aren't making any more of them. After all, all Hayseed County land is already in the Commons Trust."

"You've already told us that," said Betty. "Why is this a solution to anything?"

"Because every month, fractions of VIP\$ are distributed to pay for food, housing, education, and healthcare for the residents of Hayseed County. Additional fractions are distributed for local government, police and fire protection, streets, sanitation, infrastructure, and whatever other goods and services Hayseed County is paying for with their overflowing coffers."

"Good for Hayseed County," said Betty, rolling her eyes, "but I hardly see how it's good for the entire world, let alone how it," she made air quotes, "'solves all the world's problems.'"

"She got you there, professor," added Ricardo.

"Productivity," proclaimed Professor Greene. "The productive resources of the world will no longer be concentrating on gold-plated smartphones and sending billionaires to space. That's where the margins are today. Thanks to the appreciating VIP\$, tomorrow, productive resources will shift to food, housing, education (the AFFEERCE version of an educational system), and health care (again, the AFFEERCE version). They will shift to infrastructure, and police protection, and good government. Everyone will have these necessities, because that is where the productivity will be."

"In Hayseed County!" Betty and Ricardo chanted in unison.

"Everywhere," said Professor Greene. "These resources are available on the market. Furthermore, the minute the VIP\$ starts appreciating, everyone will realize that the days of their fiat currency are numbered. People who can't get a VIP\$ will

settle for gold instead. I can imagine the farmers of Cornhusk County, next door to Hayseed, marching into their county board meeting with pitchforks and telling the startled board members that if they don't approve the agreement, they'll be riding the pitchfork. The measure will pass unanimously."

"So, counties, provinces, or whatever they are called throughout the world will see the light?" asked Betty.

"Enough of them will, so that we can have a smooth transition to a new epoch for humanity," replied the professor. "Although I suspect that one hundred years from now, the world's largest megacity will still be in Hayseed County".

"But all this is conjecture," said Ricardo. "Hayseed County just signed the agreement with the ABC three months ago. As far as I know, all the land is still in the ABC Commons Trust."

"Nope," said Professor Greene. "Just this morning, I heard that they had hit the required threshold and all land had been moved to a Phase II commons. This is why I brought up the topic in class. Everything is happening as predicted for a lone county and I thought all the students in this class should be aware of what is going on, because it is going to affect you all very soon and very hard. I hope you will all lobby your states and counties to approve the agreement."

"Screw that!" said Ricardo as he picked up his stuff and headed toward the door.

"Hasn't anything I said sunk in?" called out a frustrated Professor Greene.

"Sure prof," replied Ricardo. "I'm finished with all this crap." He pointed at his books. "I'm heading to Hayseed County to make my fortune."

The other students looked at each other, whispered a few things, and then followed Ricardo out.

"Hey," said Professor Greene. "Wait for me!"