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 the elimination of taxation and the liberation of intellectual property, it is not.

Currency is not wealth but a claim on wealth. It does not directly affect total productive capability but determines what is produced. A new and sought-after currency can 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 negative side effect must be avoided until the hyperdeflation event horizon allows 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 Elsies are valid at Earth Dividend auctions. Subsidy funds are in Elsies. If the Elsie trades at a premium to the peg, rent in U.S. dollars must be converted, at market, to Elsies before being added to the fund. Maintaining this discount at 1% is the VIP Treasury's primary objective and the ABC's critical objective.

Increasing land purchases is the only Phase I remedy against the Elsie trading well above 99% of the 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 to compute the present value. How is that supported?

Unlike the EDSF, once funds are moved to the present value fund, they earn dividends. Once Earth Dividends begin, the dividend on rent alone will fall toward 0.3%. However, auction proceeds will keep dividends above 1% before Phase II.

Increasing demand and limited supply of the Elsies will lead to the appreciation of the Elsie and an appreciating peg. The controlled appreciation of the Elsie can be used to compute 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 Elsie feed, house, and govern the world?

By realigning productive resources 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 Ⱡ. This still represents $480 trillion 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 all content is free.

The average actuarial present value of an Earth Dividend, from Phase I through the start of ABC Phase II, is $400,000 Ɛ. 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 control deflation expectations as much as possible. Nevertheless, the value required for an average Earth Dividend will slowly drop with every auction. This increases the number of Earth Dividends that can be issued from a given amount of subsidy fund and the number of Earth Dividends that the current present value fund can support.

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.

For more details, see the Phase II simulation.