

A Radical Innovation for Purchasing Land into the Commons



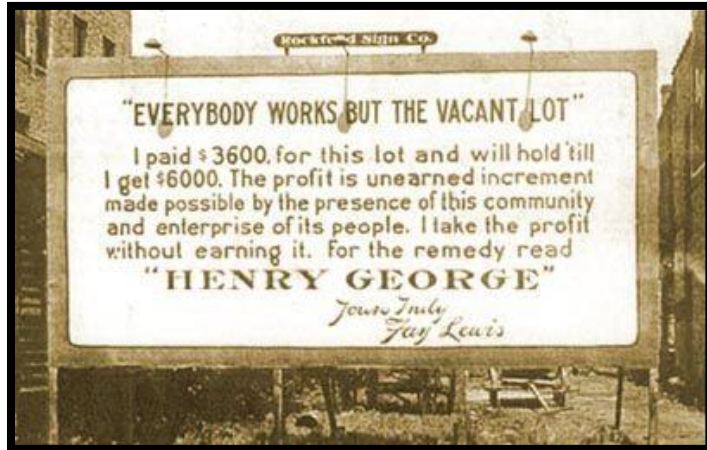
Two parcels of identical land in terms of soil, other composition, and size might have very different prices. One parcel could easily cost 1000 times more.

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” is often used. More than a slogan, it is a root of economic justice.

According to the [Lockean principle](#), the value creators 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 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 any property's three most important attributes: Location! Location! Location!

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

The community creates location value, 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, crime, schools, markets, suppliers, and hundreds of other parameters.

There is a natural right to own one's 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's position on the community is closer to that of American Economist [Henry George](#). The community creates location value, and the community should own it. 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. It 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.

Returning labor to the laborer and the land to the community must be done voluntarily through a market. AFFEERCE is a collection of innovations that allow such a market to function correctly.

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 transition the land into a Federation Commons Trust ultimately. 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 several innovations and considerable time; considerably more time without the innovations. Let me hypothesize what the process would be like without innovation.

Wealthy people 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 buy 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, contributing nothing to future land purchases. Speculators hold such land hoping for future rent, but speculation is a losing game for the trust. Land speculators profit from community growth; however, too much speculation ends 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 complex problems, suppose our hypothetical trust is run by many idealistic, hardworking volunteers who find tenants, manage rentals, purchase property, and 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% yearly.

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

The real value of property in the trust doubles every 70 years. If the trust began with \$20 million worth of property in 2020 dollars, after 70 years, it would have \$40 million worth of property in 2020 dollars.

The goal is multiplying the original investment 12 million times (\$20 million x 12 million = \$240 trillion). That would take just under twenty-four 70-year periods or 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. Trustees managed not to 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, innovation cannot improve a process until it is described. Only when the hypothetical trust is considered, however ridiculous, 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 larger \$24 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 three years. We will 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 is not in the business of real estate management and employs a secret weapon called [ram and jam](#) to accelerate the process radically.