Owner Credit / Wealth Coin

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A secure, distributed method for creating dynamically stable monetary systems, where each unit is defined/created by the ownership of real wealth.

After another tragic flirtation with central planning, at the beginning of the 21st century the global "Central Bank fiat money" credit system imploded. PDF

Now that the U.S. dollar is in full-on decline as the world's de-facto reserve currency, other governments (such as the Chinese) are lining up to take its place.

Do you really, really want to do this all again?

Contents

1 Dynamically Stable Currencies

Governments have proven themselves unworthy of "managing" currencies, probably due to the fact that governments are composed of people, and people are subject to greed. Therefore, it is necessary to establish currencies which have a value that is mathematically related to the intrinsic value of physical, widely traded commodities. Just as units of temperature are related in some widely known way to physical heat and cold, units of currency would be related to the rising and falling true "value" of a basket of commodities (KWh of electrical power, Kilograms of gold, Tonnes of cereal grains, live chickens, whatever).

The function of banks, traditionally the "creators" of credit (often by proxy for a central bank), would be relegated to the menial role of "aggregators" of credit – credit would be created by those who create the actual underlying wealth.

Finally, the value of the unit of currency would be held dynamically stable, by varying a credit factor K (the amount of credit created per unit of wealth), as the price of the basket of commodities increases and decreases (inflates and deflates). In an economy where the underlying commodities are heavily traded, the value of the basket could be priced on a literally sub-second basis, and the credit factor K updated continuously in sub-second real-time (using an industrial process-control feedback damping control algorithm called a PID control loop).

As a result, several good things would happen:

1. The creation and ownership of wealth – by individuals – would be immediately convertible to credit in a currency, proportional to the credit factor K. The value of the unit of currency is held, dynamically and immutably, equivalent to the value of the basket of commodities defining the currency.

    - New credit would be created proportionally to the creation of new wealth, and by the ebb and flow of liquid credit within the economy; as prices decline (deflation), K increases, allowing new credit to be created, to purchase the under-priced wealth. As prices increase (inflate), the inverse occurs (encouraging the selling of wealth for credit which is stored up or used to redeem previously pledged wealth), driving excess liquidity from the economy.
    - All factors influencing the value of the currency (commodity prices, inflation/deflation, credit factor K) are transparent, allowing the individual creators of wealth to issue/redeem credit for their own benefit – not the central bank and/or governments benefit!
    - Units of credit can be stored and passed down to future generations, without loss of value, allowing multigenerational wealth transfer – something that has been made impossible by the usury-based central bank monetary systems.

2. All currencies would all be freely tradable, and frictionlessly convertible at current market rates, as defined by the price of the underlying commodity basket.

- Attempts to "corner the market" on commodities by artificially increasing or decreasing their price would bring the wealth of the entire economy to bear on the attack; as K is increased/decreased in response, the wealth owners in the economy could use their individual and collective credit to literally suck the wealth out of the attacker, transferring it to the wealth owners, and eliminating the attack. Or, they could simply transfer their credit, immediately and frictionlessly to a different currency, leaving the attacker holding his own worthless, manipulated currency.

3. Credit could be used – spent, traded, given, stored, lent – without usury. Of course, it could be lent at interest if the owner of the credit wishes (eg. to companies, strangers).

4. All transactions in a currency are universally visible and completely anonymous.

    - Every transaction is provably between the owners of two valid credit accounts, and the credit system is in accounting balance before and after every transaction (no credit created it lost, until it is redeemed by un-pledging the wealth by which it was created).
    - Every transaction is anonymous and cryptographically secured (but either party may choose to prove and/or reveal their part in a transaction.)

And, best of all:

1. No government would ever again be able to hold its citizens hostage to a Fiat currency (which it can create and spend first, in effect robbing its citizens via the indirect tax called Inflation). Denizens like Robert Mugabe, and the head of the Federal Reserve would be powerless against the sheer defensive force of wealth created and wielded by their own citizens.

    - The constant drain of wealth from the economy toward the central bank caused by the payment of interest on credit creation would be eliminated.

2 Owner Credit

Here are some thoughts on the concepts underpinning a decentralized, dynamically stable wealth-backed currency system, that is immune from debasement attempts by bankers and other undesirables:

Wealth Coin