

Virtual Wealth

"If the Internet is going to become the engine of global commerce it's cracked up to be, it needs a currency it can call its own - a currency as nonproprietary and international as the Internet itself."

~ Wired Magazine

Private currencies have a long history, they are still in use today and new ones are created daily due to the advent of the Internet.

There are more than 1000 online "e-currency brokers/exchange sites" globally, and the number continues to grow. Even corporations use private currency such as Frequent Flyer "Points" or Rewards - some like Disney Dollars print their own, and that doesn't count the virtual world currencies in places like Second Life.

In the United States, during the Free Banking Era (between 1837 and 1866) almost anyone could issue paper money. States, municipalities, private banks, railroad and construction companies, stores, restaurants, churches and individuals printed an estimated 8,000 different monies by 1860. If the issuer went bankrupt, closed, left town, or otherwise went out of business the note would be worthless. Almost all private money issued in conventional Industrial Age money systems fail.

Bernard Lietaer, co-designer of the convergence mechanism of the Euro, discusses why in a interview about the problem of conventional money systems, what money is, and private complementary currencies. In essence, any individual or institution can issue a private currency that is independent of the national currency and underpinned by contract law (or merely good will) rather than the nation state powers. Anyone can issue private currencies, even kids in a street club, the question is who will use it and what confidence will they have in it.

Friedrich von Hayek noted in his *Denationalisation of Money: An Analysis of the Theory and Practice of Concurrent Currencies* argues (and I agree) that:

"Establishing a currency and a User base sufficient to give it utility have been inhibited by geographic boundary previous to the Information Age, and now more recently we see the "you first syndrome": consumers will seriously engage with 'private money' when it is in general use and offers clear advantages over the national currency."

One clear advantage digital currency has over contemporary money is that it transcends physical boundaries and physical coercion.

"In cyberspace, the threats of physical violence that have been the alpha and omega of politics since time immemorial will vanish. In cyberspace, the meek and the mighty will meet on equal terms. Cyberspace is the ultimate offshore jurisdiction. An economy with no taxes. Bermuda in the sky with diamonds. When this greatest tax haven of them all is fully open for business, all funds will essentially be offshore funds at the discretion of their owner. This will have cascading consequences. The state has grown used to treating its taxpayers as a farmer treats his cows, keeping them in a field to be milked. Soon, the cows will have wings." ~ Sovereign Individual

The Internet facilitates this potential by extending markets beyond territorial boundaries using Information tools that make global communications commonplace, therefore in the Information Age a community does not have to be limited to a geographic area. Quoting Lietaer: "It enables us to consciously design money to work for us, instead of us for it."

Due to complementary community currencies and to corporate scrip, conventional currencies will lose their hegemony, although they will not disappear. Lietaer says these currencies are "complementary" and not "alternative" to national and supranational currencies like the Dollar, the Euro, etc. "When a full spectrum of currencies are available, people will complete more transactions, enabling more people to meet their needs and create trading relationships."

Currencies such as Crowne-Gold, ePayCafe, or even 1DMC can be issued (or barter exchanges completed) by whoever owns a commodity or service. These systems thus do not require a central authority to guarantee the currency and manage its supply.

When money created as mutual credit (like "Points" LETS , ROCS, and Time Dollars), is in sufficient supply it will encourage cooperation among participants thereby increasing use, utility, and comprisable strength of value versus National currencies. Demurrage currencies also discourage hoarding and encourage longer-term planning and sustainable investment.

Do to the lack in ease of obtaining or earning options for "private credit" it has limited use, there have been few recent attempts to establish large-scale private currencies that are fully negotiable and that aren't restricted to customers of a specific business, industry sector, members of an affinity group, or geographical region. Until now that is, one purpose of the PeacePortal , ShareMyBiz, ePayCafe, Freebay, and the other platform partners in the Free Digital Universe enterprise is to Steward a common equal law forum where anyone can start from nothing and begin earning a globally viable currency.