The Geodesic Economy, Internet Bearer Transactions, and Yet Another "Stateless" Currency

A Rant

by

R. A. Hettinga, Chairman/CEO,
The Internet Bearer Underwriting Corporation

What's a Geodesic Network?

- Peter Huber:
  "The Geodesic Network", 1986
- The Economics of Networks:
  - Lines cheaper than nodes: Hierarchical
    - Operator switched networks...
  - Nodes cheaper than lines: Geodesic
    - Moore's "law" drops switching by 1/2 every 18 mos
    - Bucky Fuller: "Straightest line across a sphere"
    - The mother of all geodesic networks...

What's a Geodesic Economy?

- Hierarchical networks create hierarchical societies
  - Nomads to Cities to Empires to Nation States to Superstates
  - Proprietors to Partnerships to Corporations to Multinationals-Kieretsus-Zaibatsus
- Geodesic networks create geodesic societies
  - Mainframes to minis to micros to swarms
  - The depression (farms to mfg), various recessions (mfg to knowledge)

What's a Geodesic Economy?

- The internet is the mother of all geodesic economies
- Geodesic Economies need Geodesic Payment
  - Hettinga's 3 rules for internet financial operations
    - Geodesic (peer-to-peer) Payment
    - 3 orders of magnitude cheaper than the thing
    - Nothing but net (TCP/IP or go home)

What's a Bearer Transaction?

- Okay, so you know the difference between bearer and book-entry…
  - The book-entry / bearer distinction very old
  - Clay promises and Grain Banks, Tally sticks and Italian Monks
  - Telegraphy, Mainframes, and ubiquitous book-entry
- Physical (Bearer) Delivery is dead
  - My Brinks to your Cage costs too much

What's a Digital Bearer Transaction?

- Cryptography
  - Diffie & Hellman; Rivest, Adleman and Shamir
  - Geeks vs. Spooks; Geeks vs. Cops
  - Financial Crypto is the Only Crypto that Matters
- Financial Cryptography
  - Signature Protocols: Chaum, Brands, Wagner
  - Unsigned Protocols: Millicent, Micomint, etc.,
  - Geeks vs. Banks: Digital Bearer Protocols will be the only Financial Cryptography that matters...

What's a Digital Bearer Transaction?

- "The Geodesic Economy" FTVFR column
  - Pick an instrument, there's a bearer FC protocol
    - Cash, Debt, Equity, and, yes, derivatives
    - From $10^9? To $10^-6?
- Digital Bearer Transactions are, guess what,
  - Geodesic
  - 3 orders of Magnitude Cheaper
  - Nothing but Net

The Plug: What's IBUC?

- The Internet Bearer Underwriting Corporation
  - Internet:
    - Nothing but Net. "Inside Out". IP or go Home
  - Bearer:
    - Digital Bearer Financial Cryptography Protocols
  - Underwriting:
    - We underwrite internet transactions
    - We assume the (technological/financial) risk of same

The Plug: What's IBUC?

- Strategy:
  - Replace insecure book entry transactions on secure private networks with secure digital bearer transactions on insecure public networks
    - Yes, all of them, or at least with book-entry's current penetration
  - Walk in the front door
    - Yes, they're anonymous, but cost matters more than privacy
  - Obey all laws everywhere…
    - "Render unto FinCEN", and all that...

The Plug: What's IBUC?

- Tactics:
  - Streaming cash for streaming media
    - Millidollar transactions using MicroMint
    - ATM withdrawal, 85bp one-time front-end load
    - Unlimited transactions, free deposit
    - Yes, we can make money, more important, so can the merchant.
  - Blind signatures for *storage*
    - Yes, you can spend them, but what on, just yet?

Right. What's a "Stateless" Currency?

- While we're pitching each other our protocols, here…
- Gene Fama, Fisher Black, and the "new" monetary economics
  - Why keep currency when you can keep assets with a return?
    - You need lots of computers, you need lots of

Right. What's a "Stateless" Currency?

- Ian Grigg, Mark Tenney
  - "If I can get an S&P backed digital bearer instrument, who needs money"
- Paul Harrison
  - If we can hold digital bearer title to *anything*, even
    - Stuff in transit (bills of lading)
    - Stuff in warehouses (wearhouses)
  - Who needs the CPI?

Right. What's a "Stateless" Currency?

- A true index-based currency
- Any one can issue it
- Emil Lizardo in Buckeroo Bonzai
  - The ganglia twitch…

Thank You

- Robert Hettinga
  - <mailto:rah@ibuc.com>
- The Internet Bearer Underwriting Corporation
  - <http://www.ibuc.com> (what there is of it)