

A large pile of gold coins, likely Mexican gold coins, with the word 'SWIFTCOIN' overlaid in white text. The coins are scattered and overlapping, creating a dense, textured background. The lighting is warm, highlighting the metallic sheen of the gold. The text 'SWIFTCOIN' is centered and written in a bold, sans-serif font.

SWIFTCOIN

How to Value a Swiftcoin



The Swiftcoin code does not contemplate "mining" as the alleged source of all the currency. In fact, instead of energy consumption by computers in pursuit of digital gold, the market value of work as measured in Watts is the theoretical basis of the Swiftcoin value. Swiftcoin is the world's first Technotronic Era digital currency. How ironic then that Swiftcoin would also work to strengthen the Fourth Amendment to the U.S. Constitution by helping modern citizens meet the challenge of the Orwellian surveillance state now upon us.

"In the Technotronic society the trend would seem to be towards the aggregation of the individual support of millions of uncoordinated citizens, easily within the reach of magnetic and attractive personalities exploiting the latest communications techniques to manipulate emotions and control reason. The Technotronic era involves the gradual appearance of a more controlled society. Such a society would be dominated by an elite, unrestrained by traditional values. Soon it will be possible to assert almost continuous surveillance over every citizen and maintain up-to-date complete files containing even the most personal information about the citizen. These files will be subject to instantaneous retrieval by the authorities. "

Zbignew Brzezinski, *Between Two Ages: America's Role in the Technetronic Era* - 1970

Swiftcoin and The Digital Currency Board



Definition of Currency Board

A monetary authority that makes decisions about the valuation of a currency, specifically whether to peg the exchange rate of the local currency to a foreign currency, an equal amount of which is held in reserves. The currency board then allows for the unlimited exchange of the local, pegged currency for the foreign currency. A currency board can only earn the interest that is gained on the foreign reserves themselves, so those rates tend to mimic the prevailing rates in the foreign currency.

For our purposes in this brochure, let the local currency be Swiftcoin and the foreign currency Bitcoin. Let the U.S. dollar be the reserve currency. Like most of the world's developed economies, the United States does not have a currency board. In the U.S., the Federal Reserve is a true central bank, which operates as a lender of last resort, engaging in forward contracts and trading Treasury securities in the open market. The exchange rate is allowed to float and is determined by market forces as well as the Fed's monetary policies. By contrast, currency boards are limited in their power. They essentially hold the required percentage of pegged currency that has been previously mandated, and exchange local currency for the pegged (reserve) currency, which is typically the U.S. dollar or the euro.



A country that introduces a currency board commits itself to converting its domestic currency on demand at a fixed exchange rate. The Argentine peso, for instance, was convertible into one American dollar for ten years until 2001. Profligate money printing in violation of the currency board led to the collapse of the peso. In contrast, the Hong Kong dollar has been officially fixed at about HK\$7.80 per American dollar since the board was introduced in 1983. To make this commitment credible, the currency board holds reserves of foreign currency (or gold or some other liquid asset) equal at the fixed rate of exchange to at least 100% of the local currency issued.

Unlike a conventional central bank, which can print money at will, a currency board issues domestic notes and coins only when there are foreign-exchange reserves to back it. Under a strict currency-board regime, interest rates adjust automatically. If investors want to switch out of local currency into, say, dollars, then the supply of domestic currency will automatically shrink. This will cause interest rates to rise, until eventually it becomes attractive for investors to hold local currency again.

The predictability and rule-based nature of a currency board are two of its biggest advantages. Like any fixed exchange-rate system, a currency board offers the prospect of a stable exchange rate, which can promote both trade and investment. Its strict discipline also brings benefits that ordinary exchange-rate pegs lack. Profligate governments, for instance, cannot use the central bank's printing presses to fund large deficits.





But discipline has its drawbacks. Like other fixed exchange-rate systems, currency boards prevent governments from setting their own interest rates. Hong Kong's interest rates are in effect set by the FED. Because its inflation rate has been higher than in America, this has resulted in low—and sometimes negative—real interest. In turn, this cheap money fueled a bubble in property and share prices.

If local inflation remains higher than that of the country to which the currency is pegged, the currencies of countries with currency boards can also become overvalued and uncompetitive. Governments cannot use the exchange rate to help the economy adjust to outside shocks, such as a fall in export prices or sharp shifts in capital flows. Instead, domestic wages and prices must adjust. In countries where these prices are sticky, such as Argentina, the risk of currencies becoming overvalued is high.

A currency board can also put pressure on banks and other financial institutions if interest rates rise sharply as investors flee local currency. A classic currency board, unlike a central bank, cannot act as a lender of last resort. A conventional central bank can stem a potential banking panic by lending money freely to banks that are feeling the pinch. A classic currency board cannot.



The Digital Currency Board or DCB



(as proposed by Daniel Bruno)

We propose to maintain absolute, unlimited convertibility between Swiftcoin and the United States dollar at a fixed rate of exchange of one to one, without restrictions.

The Digital Currency Board's reserves must be sufficient to ensure that all holders of Swiftcoin can convert them into the reserve currency USD (reserves of 115% of Swiftcoin in circulation).

The DCB earns profit from interest on USD reserves and does not engage in forward-exchange transactions. By anchoring Swiftcoin to the USD, volatility becomes manageable and speculative Bitcoinsque bubbles are avoided. In addition to being decentralized and partially open source, convertibility is proof of the trustless system. The inherent advantages of Swiftcoin over the USD as a payment system for commerce create real demand for the digital currency. The Swiftcoin Solidus Bond creates further demand.