# The VIP$


The VIP$ is a digital biometric currency, ultimately backed by the value of land in a common's trust. This biometric currency can never be lost or stolen. No wallet or phone is needed to use. It is neither worthless fiat currency, nor obsolete commodity currency, but a revolution in currency every bit as epochal as the invention of currency itself.

It has no transaction cost and it has intrinsic superiority. Ultimately VIP$ hyperdeflation will eliminate all of its fiat currency rivals. It marks the transition from debt-based capitalism to land-based capitalism.

*How the VIP$ is Created*

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| ABC Commons Trust *and* Phase II commons trusts | Full property value (including structures) when land is purchased into a commons trust. |
| *At* federation | As a replacement for fiat currency at the natural exchange rate. |
| *After federation* | Total currency in circulation and in the bank always equal to 20x ground rent. |

The VIP environment includes the currency, biometric identities, accounts, applications, and a 100-year record of all transactions.

VIP is an acronym for Voice, Iris, Palm, but will use the latest biometric technology. VIP$ users also have the option of a photo ID secured e-wallet. The downside of the alternative solution being that it is still susceptible to identity theft and requires a smartphone, smart watch, or implant, to use. See the module VIP Identity for a more thorough discussion of biometric identity.

## Earmarking

Earmarking restricts the set of products that can be purchased with VIP$, but is not a feature of the VIP$ itself. In actuality, it is a feature of an account holding VIP$. The producer of an earmarked account can add or remove VIP$. The consumer of an earmarked account can only spend the VIP$ according to the terms of the earmark. See the Earmarking module for further details.

## Monetary Policy

Currency is a claim on wealth, not a store of value as taught in so many economics texts. As a claim, it has much more power than credited by many economists.

Monetary policy is the art and science of manipulating these claims for the maximum attainment of an economy's goals. In debt-based capitalism, the economy's goals and those of working people are often, and increasingly, at odds.

The VIP$ is historically superior (qualitatively superior) to fiat currencies. A historically superior currency renders the claims of an inferior currency worthless and in time completely supplants that currency.

An orderly transition to a new world requires a monetary policy that puts brakes on this possibly sudden transition. Nevertheless, hyperdeflation of the VIP$ cannot be postponed indefinitely.

Initially, the VIP$ suffers from inflationary pressures, not deflation. After all, the ABC pays full property value (including structures), but the VIP$ is only backed by the value of the land.

Adding to this problem, the ABC ram and jam operation will flood the market with VIP$. Monetary policy in Phase I is all about reducing and controlling this VIP$ supply. Various arbitrage opportunities increase demand for the VIP$ in Phase I.

As Phase I matures, deflationary pressures increase with the growth of the Earth Dividend present value fund. Present value is calculated at the peg. Should the VIP$ trade over 100%, a surplus of VIP$ will be added to the present value fund with each Earth Dividend awarded.

Appreciation of the peg is not allowed in Phase I. Only when conditions for Phase II are met and the ABC enters Phase II, can the peg be appreciated. High deflation in Phase I will motivate property sales into the commons trust and bring about the conditions for Phase II, where peg revaluations can bring the VIP$ back to 99% of peg.

The Earth Dividend reallocates productive resources away from luxury goods and speculation into food, housing, merit-based education, patient-based health care, police and fire protection, streets, sanitation, local government, etc. In a few short years, we will undo the damage done by half a century of central bank money printing for the wealthy.

People will demand to sell their land into the commons trust for valuable VIP$. Only VIP$ can be used in an Earth Dividend auction. Despite political objections from special interests, those very special interests will want the valuable VIP$ for their own land as fiat begins to collapse. The outcome is inevitable.

Hyperdeflation is inevitable, because at the original peg to the U.S. dollar, all the land value in the world is equal to about one tenth of the present value needed to fund an Earth Dividend for the world's population.

Even if the VIP$ still partially accounted for structures into Phase II, and the entire bank were emptied, there is at most one fifth of the present value needed to fund an Earth Dividend for the entire world's population. It takes time to reallocate productive resources or for rapid development in the developing countries, so there will ultimately be hyperdeflation.

## Pegging

Initially, the VIP$ is pegged at 1:1 to the U.S. dollar. That is, an individual VIP$ is worth $1.00 U.S. However, the market value of the VIP$ is defended at 99% of the peg, or $0.99. This is the case throughout Phase I, no matter how high the VIP$ trades at market. A high-market value creates a sell-side arbitrage that literally sucks land into the commons trust.

Once revaluations begin in Phase II, it is too confusing to price VIP$ in this manner, especially, when the peg is undergoing rapid appreciation. Instead, the VIP$ is multiplied by the peg to arrive at the value used in commerce.

In Phase II, if the VIP is trading at 1 VIP = $2 U.S., 0.5 VIP$ (internally) displays as $1 VIP in commerce. In Phase I, the two notations are interchangeable, and in Phase II, most commerce will be in VIP$ as the international reference currency, so the notation $1 VIP will be of limited use.

In the U.S. dollar market, the value of the VIP$ is measured as a percentage of peg. If all is well, the VIP$ is held at 99% peg in Phase I as well as in Phase II. This is the goal of monetary policy until Phase II runs into the hyperdeflation event horizon.

There will be many revaluations of the VIP$ prior to federation. With each revaluation, the present value fund will be able to support an increasing number of

Earth Dividends. The goal of revaluation is to hold off hyperdeflation until productive resources are reallocated to support the Earth Dividend for the world's population.