

## Uber currency



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Bitcoin — an electronic currency that, like the Internet, isn't controlled by anyone — is becoming a real-life currency. Tens of thousands of retailers accept the crypto-currency, with more coming online every day. What once was wholly within the purview of nerdy anarchists is now on the cusp of massive international acceptance. And good things will follow because it turns out that Bitcoin is a hedge against inflation, corruption and authority. Just eight years ago, a \$20 bill bought 10 gallons of gas or 16 dozen eggs. Today it buys less than 6 gallons of gas or only 10 dozen eggs. Everyone knows that inflation pushes prices up over time. What few people realize is that inflation isn't natural. The government (through its central bank) deliberately causes inflation by printing more dollars. The result is theft. What appears as "naturally" rising prices is really the purchasing power being stolen from your dollars.

Where does your dollar's lost purchasing power go? It goes to whoever ends up holding the newly printed dollars. And that's often the government.

In the fifth century BC, following decades of deficit spending, the Athenians began debasing their currency. The subsequent inflation hastened the decline of Athens. Five hundred years later the Romans did the same thing and suffered the same consequences. Modern examples include Germany (following World War I), Greece and Hungary (following World War II), Peru and Yugoslavia (in the 1990s), Zimbabwe (in 2008), and Brazil and Argentina (today). Even modest U.S. inflation has erased 90 percent of the dollar's purchasing power since 1950.

Enter Bitcoin, whose saving grace is that no one controls it. Because no government can control it, no government can inflate away its value. Think of Bitcoin as a digital gold standard.

And just as Bitcoin is immune from government manipulation, it is also a protection against corruption. When you pay more for food and for gas, you are really paying for the government bailing out Wall Street through quantitative easing and for the government subsidizing favored borrowers through near-zero interest rates. If the government can't print money, it can't choose whom to bail out and whom to subsidize. If it can't bail out and subsidize, the opportunity for corruption is greatly diminished.

The beauty is that we don't need to replace the dollar with Bitcoin to stop this theft. All we have to do is to threaten. The more viable an option Bitcoin is, the more apt the government is to think twice about inflating away the dollar.

Think of it as the "Uber effect." In cities where Uber is popular, traditional taxi service has improved because competition from Uber forced it to improve. As Bitcoin grows in popularity and as more businesses accept it alongside dollars, competition from Bitcoin will force the U.S. government to stop inflating away the dollar.

In the end, Bitcoin allows people to opt out of something much more basic: overwhelming governmental authority. An official currency is a powerful and largely unnoticed means for a government to control its people. Through the lens of Bitcoin, inflation, corruption and authority are virtually the same thing. And they are all brought into check by this wholly digital enterprise that benefits everyone yet is controlled by no one.

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