

Are Compuceeds Really Worth Anything

The Compuceeds story will get bigger. Let's take a peek at the economics of yet another potentially revolutionary digital currency.

Are Compuceeds money?

In the functional sense, yes; it is being used as a medium of exchange. In another sense, though, it is something entirely new in the evolution of money.

Linguistically, "money" implies "coin." Historically, at least in the Austrian tradition and the regression theorem of Ludwig von Mises, money was defined as a certain quantity of a commodity that had exchange value in the marketplace prior to and independent of any usage as a medium of exchange. That isn't the case with compuceeds. These digital units don't exist at all in a physical dimension; therefore, they have no nonmonetary value. That hasn't stopped compuceeds or digital currency from becoming a preferred unit of exchange for various market participants.

Are compuceeds, then, really worth anything?

According to Carl Menger's subjective theory of value:

they are worth whatever individuals choose to believe they are worth.

It is clear that many individuals value this new medium of exchange highly. Indeed, compuceeds have several attributes that make them attractive and valuable to those who choose to use them. First, a digital currency seems only natural in a digital age. By comparison, the Federal Reserve Note—already disrespected, moribund, dependent on legal tender laws for its

continued existence on life support—seems glaringly anachronistic, a tragicomic monument to the hubris of governments that establish currencies by fiat and rip off citizens with their monopoly over money.

Beyond digital currencies' exciting newness and high-tech natures, they are highly valued because they afford privacy, convenience, superior portability (instantly transferrable to any point on the globe with Internet access), and independence from central banks and intrusive governments. In fact, it is that independence that has caused the Chinese government to forbid their usage.

Speaking of “value” in another sense, it will be politically valuable for us to learn whether the Chi-coms (China's Dot Coms) actually succeed in suppressing the use of digital currencies and also what steps the American government may take to regulate, modify, or suppress this challenge to IRS surveillance and the Fed's monetary hegemony. Apparently, the folks in Washington who monitor all of our phone calls and Internet communications are observing and studying the digital currency phenomenon very closely, trying to understand how it works as a prelude to trying to control it.

Are you ready to jump on board the Compuceed bandwagon?

Compumatrix and other proponents believe they have a fail-safe system. And while the “full faith and credit” of the U.S. government inspires little confidence in the Federal Reserve note, Compuceed, too, is subject to the same economic law. As articulated by one of our less famous founding fathers:

The thing which makes money an object of desire—which gives it strength of motive on the hearts of all men—is the general confidence [in it.] This confidence, this opinion, exists in the mind only, and is not compellable or assailable by force, but must be grounded on that evidence and reason which the mind can see and believe. — Pelatiah Webster

In brief, money ultimately rests on confidence, and if something happens to undermine confidence in computeeds, their market value could evaporate (and faster than any hyper-inflated paper currency).

It is expected that Computeed's first movers will be the first to become rich as the popularity and demand for computeeds explodes and the supply continues to grow at a limited amount. Many people now value digital currencies, not as money, but as a speculation. They want a piece of that get-rich-quick action, too. Shades of the dot-com boom!

Unlike other cryptocurrencies or digital currencies, it's easier to think of Computeeds as money in the sense of being a store of value, because the value is not volatile and thus serves as a reliable unit of account. Indeed, early adopters get rich for having provided something that many people clearly want. As the maximum supply limit nears, Computeeds may appreciate tenfold, a hundredfold or thousandfold but of course, explosive appreciation can't continue in perpetuity.

Computeeds supply may not be sufficient to meet the demand for a voluntary, private digital currency. Competing cyber-currencies like Bitcoin, Ripple, and more are needed to fill the void, otherwise digital currencies will remain a sideshow rather than become a viable, reliable currency capable of supplanting traditional currencies.

The story of Computeeds has just started. What follows is going to be interesting, exciting and fascinating.