

Why the Thaler? Because we are smart.

Whether you believe you can do a thing or believe you can't, you are right, said Henry Ford.

Suppose, for the sake of the argument, that we create a new currency to act as a virtual "gold standard". Let's call this virtual currency [Thaler](#) (in the [Holy Roman Empire](#), the Thaler was used as the standard against which the various states' currencies were valued). Suppose it is tied up to the Yuan and the Euro by two coefficients, **A** and **B**:

$$\mathbf{A \times 1 \text{ CNY} \leftrightarrow 1 \text{ Thaler} \leftrightarrow \mathbf{B \times 1 \text{ EUR}}$$

Thaler is a *bona fide* digital currency; there are no banknotes or coins, yet people should have the freedom of convert any amount of their liquidity and saving (not debt) into Thalers and do their business *via* Thalers. The values of two coefficients, A and B, should be updated on weekly, if not monthly basis (to save our adrenaline). The updating mechanism and its governing body (International Thaler Council in Geneva?) are subject to discussion.

Generally speaking, the underlying idea is that a *virtual* currency can act as adjusting and correlating mechanism for all real currencies, in a way resembling the [holomovement](#) of fish in a [school of fish](#). There are some crucial unresolved issues in such self-correlating mechanism, which have to be discussed in details, yet I believe the Thaler project is doable, firstly because it is based on phenomenon common to all living creatures, humans included.

Gradually, the virtual Thaler will become a *preferred* currency (not replacing the Yuan or the Euro), because (i) people will have more confidence in it, and (ii) the conditions for doing business *via* the Thaler will be more favorable.

NB: This is the key for success: the two 'founding fathers' of the Thaler, which will negotiate the values of **A** and **B** at the International Thaler Council, should reach consent on how to make all financial operations *via* the Thaler *more attractive* than using their real currencies. Again, the specific incentives for switching to a virtual Thaler are the key for success. As stated above, these crucial issues need to be discussed in details. There are other, also important technical issues, which at this stage will not be mentioned here.

The underlying idea is to avoid any possibilities for forceful imposing of someone's interests on other parties, but to ensure that all conflicts of interests will be resolved by the rules of mutual profit: doing your business *via* the Thaler must be financially preferable to **you**, compared to doing your business directly with Yuan/Euro. As a rule of thumb, doing business *via* the Thaler should guarantee 7 (seven) per cent saving to the purchasing party, compared to using *any* other scheme based solely on Yuan/Euro.

For example, suppose I have allocated 100.000 Euro for purchasing 1000 LED matrix from Mr. Chen in Shanghai. I'll have the option of paying 93.458 Thaler for the same 1000 LED matrix, based on the ratio for *readily available* Thalers, Euro/Thaler = **1.07**. So, the Thaler is "more expensive" than the Euro. But if I decide to convert certain amount of Euro to Thaler, the coefficient **B** (cf. above) for *purchasing* Thalers with Euro should be fixed to the ratio of, say, **1.08** Euro = **1** Thaler, which means that I will spend 100.935 Euro to obtain the needed amount of Thalers. Thus, I will have to invest 'slightly more' Euro (1.01%) in order to switch to Thalers. Yet my saving from operating with Thalers should be **7** % .

These 7% savings (compared to my *total* expenses I would had if I choose direct Euro/Yuan transactions with Mr. Chen) should be guaranteed by the International Thaler Council viz. Mr. Chen. In numbers: 1000 LED matrix would cost me 93.458 Thalers, but because Mr. Chen and I operate with Thalers, I will pay him 7% **less** in Thalers, that is, 86.916 Thalers (equivalent to 93.000 Euro, if I had Thalers readily available). Thus, I will **save** 6.542 Thalers ($93.458 - 86.916 = 6.542$) by avoiding direct Euro/Yuan transactions.

If we consider an exchange rate 1 EUR = 8.8 CNY (to make it simpler), Mr. Chen will get 880.000 CNY for my 100.000 EUR; hence we set, tentatively, **A** = 9.416 and **B** = 1.07. If he agrees to switch to Thalers, he won't get 93.458 Thalers (equivalent to 880.000 CNY), but 7% **less** (86.916 Thalers) due to my saving from switching to Thaler. Also, Mr. Chen **cannot** offer two prices for his 1000 LED matrix, for Euro/Yuan and (slightly higher) for Thaler.

Now, what incentives can be offered to Mr. Chen to agree to switch also to Thaler, and keep the amount of 86.916 Thalers in his new bank account? One incentive to keep the Thalers is that he would have to pay 'slightly more' (1.01%) Yuan for purchasing these 86.916 Thalers from Yuan. But he may wish to say -- Mr. Chakalov, I'd rather have your 100.000 Euro in Yuan in the first place. To which I respond -- Mr. Chen, do you *really* prefer the Euro/Yuan? Why don't you join the club and benefit from 7% saving in all your future purchase with Thaler, in both your country and the Eurozone? I trust Mr. Chen is smart and will make the right choice. If not, I will call Mr. Lee next door, who also offers LED matrix.

So, what can Mr. Chen save in the future from using Thalers?

Here I enter the unclear to me subject of taxation in China. In the ideal case, Mr. Chen should be granted by his Government the freedom to use a **new multi-purpose** tax form, which will be *exclusively* for his profit from financial operations with Thalers, and should pay less tax on his profit from Thalers, in both his country and the Eurozone. The European Parliament should grant us the same **new multi-purpose** tax form for our profit from Thalers, in both the Eurozone and China.

In simple terms, I automatically get 7% rebate, while Mr. Chen pays **less tax** (very important technical issue, open to discussion) at the end of his fiscal year. He will be selling much better than Mr. Lee, who (supposedly) hasn't switched to Thalers and cannot offer me 7% rebate. Conversely, Mr. Chen will automatically get 7% rebate on all his business-related acquisitions with Thalers in China and in the Eurozone.

Once we obtain some tentative values for **A** and **B**, we will run the model and find out the necessary adjustments of the *very* important value of 'less tax', ensuing from the chosen value of 'the rule of thumb', **5** +/- **2** (the value of **7** would ensure a robust kick-start, but it may be unrealistically high; the system should run smoothly on **3%** saving as well). Then we'll consider another case, and check out if our adjusted model (from those 1000 LED matrix) would also work. All this can be offered as an exercise to MBA students. At the end of the day, I believe it will work like a Swiss watch.

Another incentive comes from the unique feature of Thaler as representing everything with commercial value, which exists readily 'out there', and in this sense it will act as a virtual "gold standard". This is the basis for considering the incentives for the states included in the Eurozone and China, to find appropriate mechanisms for distributing and absorbing their loss of revenue.

After the meltdown of [U.S. Dollar](#) (expected shortly after the raising of U.S. national debt limit in [April 2011](#), in conjunction with the estimated \$1 trillion bailout of [many local states](#)), we will set the value of coefficient **C** (2.14 ?):

C x 1 U.S. Dollar ↔ 1 Thaler

There are plenty of unused letters in the English alphabet for the rest of major currencies.

To form a global consent on a Thaler, we have to evaluate the pros and cons. The first off question is whether such Thaler currency -- virtual "common denominator" and correlating mechanism for all real currencies -- would induce *less* damages and be *more* stable than any other global currency scheme.

Recall the Swiss Confederation, announced on August 1, 1291, between the rural communes of Uri, Schwyz, and Unterwalden. These people didn't love each other, yet they managed to create the most stable country in the world, because they were **smart**. We too can resolve our common financial problems. We only need to be smart. Yes **we** can.

There will be no reason for killing people for oil or precious commodities. If some government decides to send its people to some country to [kill people](#) there, the International Thaler Council will devalue the aggressive currency by raising the value of its coefficient-to-thaler (considering their national debt generated by such war, as well as the loss of assets in the ruined county), to the extent at which *their* war will become a financial nightmare. Nobody would dare to instigate a financial war against the Thaler, nor would have the freedom to *print* Thalers as 'world's reserve currency'.

NB: Nobody could even dream about implementing "new world order" and imposing another world's reserve currency, by establishing some "global central bank" and, effectively, "global government" to administer such *extremely dangerous* **real** currency (e.g., [bancor](#)). Nobody could gain control over the Thaler -- ever.

I can hear you saying -- this is absurd, the Thaler will have devastating effects on *our* economy, etc. But hold on -- what is the meaning of '*our* economy' today, and what meaning this phrase will *inevitably* have in 2020?

If you extrapolate the globalization of economy in the past ten years toward the next ten years, bearing in mind that the process is by no means linear, you may **love** the savings from Thaler. And if you do the same exercise with all people killed in the past ten years for oil and "strategic position" in the Middle East, you will certainly get *very* serious about the Thaler.

The underlying bold reality is that we and China have to establish much better financial ties, after (i) China's intention to help the debt-ridden countries in the [Eurozone](#), using its \$2.7trillion overseas investment fund, and (ii) the imminent meltdown of U.S. Dollar.

To sum up, China could account for almost one quarter of the global economy in 2020.

What is good for the Euro is good for the Yuan, and *vice versa*.

If there is a will, there is a way.

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http://www.god-does-not-play-dice.net/9_11.html#thaler

Truncated URL

<http://tinyurl.com/why-the-thaler>

Printable PDF

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Examine the objects as they are and you will see their true nature; look at them from your own ego and you will see only your feelings; because nature is neutral, while your feelings are only prejudice and obscurity.

Shao Yong, 1011-1077

Catherine Austin Fitts exposes the "tapeworm economy"

<http://www.realecontv.com/page/903.html>



Catherine Austin Fitts: "We are literally governed by private corporations."

Anthony, [January 10, 2011 at 8:51 AM](#)

Sir; This whole scenario is a big game the FED's (International Banks) are playing in order to take more control of the planet. In time the America, Canada and Mexico will become the NAU, (North American Union) with a new currency called the AMEROS. Remember nothing in Government happens by accident. It's all pre-calculated. **PRS** (cause a **P**roblem), (**R**ead to it), (**S**olve it). America will eventually go bankrupt and go the way of the EU. This is all part of the NWO (New World Order). We will not see it in our time but the future is [One Leader](#) for the Planet.