

United States Consumer Price Index 1913-2013



The problem of a stable 'value unit'.



A so-called 'value unit'
that is stable in terms of
real purchasing power
has been an elusive goal
for a long time.



That is because 'value'
is always *subjective* and *variable*.



Therefore, the first step is to realize that
there is no such thing
as a 'value unit'.



Value arises from ***demand.***



Demand is always *subjective and variable*
for each individual and each time and place.



Needs, preferences and income vary.



Producers have to go by
estimated average demand
in order to determine both
volume of production and prices.



Perhaps what we should be looking for
is a stable **"pricing unit"**...



... determined by
estimated average demand.



In the cryptocurrency world there are several attempts to create **'Stablecoins'** ...

Coin name	Issued by	Launched	Type of stablecoin	Features
AAA Reserve	Arc Fiduciary Ltd	2017	Fiat backed	Backed by cash, gilts and AAA-rated credit investments
AUDRamp (AUDR)	OnRamp Technologies	2018	Fiat backed	Backed by and pegged to AUD
A-Euro	Augmint	Not yet launched	Crypto backed	Pegged to EUR and backed by ETH
Bridgecoin (BRC)	Sweetbridge	Not yet launched	Fiat backed	To be backed by fiat, crypto, IPs, physical assets and more
Basis	Basis	Not yet launched	Seigniorage shares	Prices kept stable by algorithmically adjusting supply
BitUSD (BITUSD)	BitShares	2014	Crypto backed	Backed by BTS and pegged to USD
Boreal	Aurora	Not yet launched	Crypto backed	Backed by ETH and various cryptocurrencies

... all of which are
backed by or ***'pegged'*** to
other forms of 'money'...

CarbonUSD	Carbon	Not yet launched	Seigniorage shares	Coin supply algorithmically adjusted based on demand. Pegged to USD
Digix Gold Token (DGX)	Digix Global	2018	Fiat backed	Backed by gold. Each token represents 1g of gold
Dai (DAI)	MakerDAO	2017	Crypto backed	Backed by ETH and pegged to USD
EURS	STASIS Foundation	2018	Fiat backed	Backed by and pegged to EUR
eUSD (EUSD)	Hayven	2018	Crypto backed	Backed by ETH and pegged to USD
µFragments	Fragments	Not yet launched	Seigniorage shares	Pegged to USD. Supply inflates and deflates in response to demand
Gemini Dollar (GUSD)	Gemini	2018	Fiat backed	Backed by and pegged to USD
Globecoin (GLX)	RCS	Not yet launched	Fiat backed	Pegged to a basket of 15 fiat currencies and gold
HelloGold (GOLDX)	HelloGold Sdn. Bhd	2017	Fiat backed	Backed by gold. Each token represents 1g of gold
KUSD (KUSD)	Kowala	Not yet launched	Seigniorage shares	Pegged to USD. Supply expands and contracts depending on market conditions

... all of which are
items in limited quantity
 made valuable by
 their **own scarcity**.

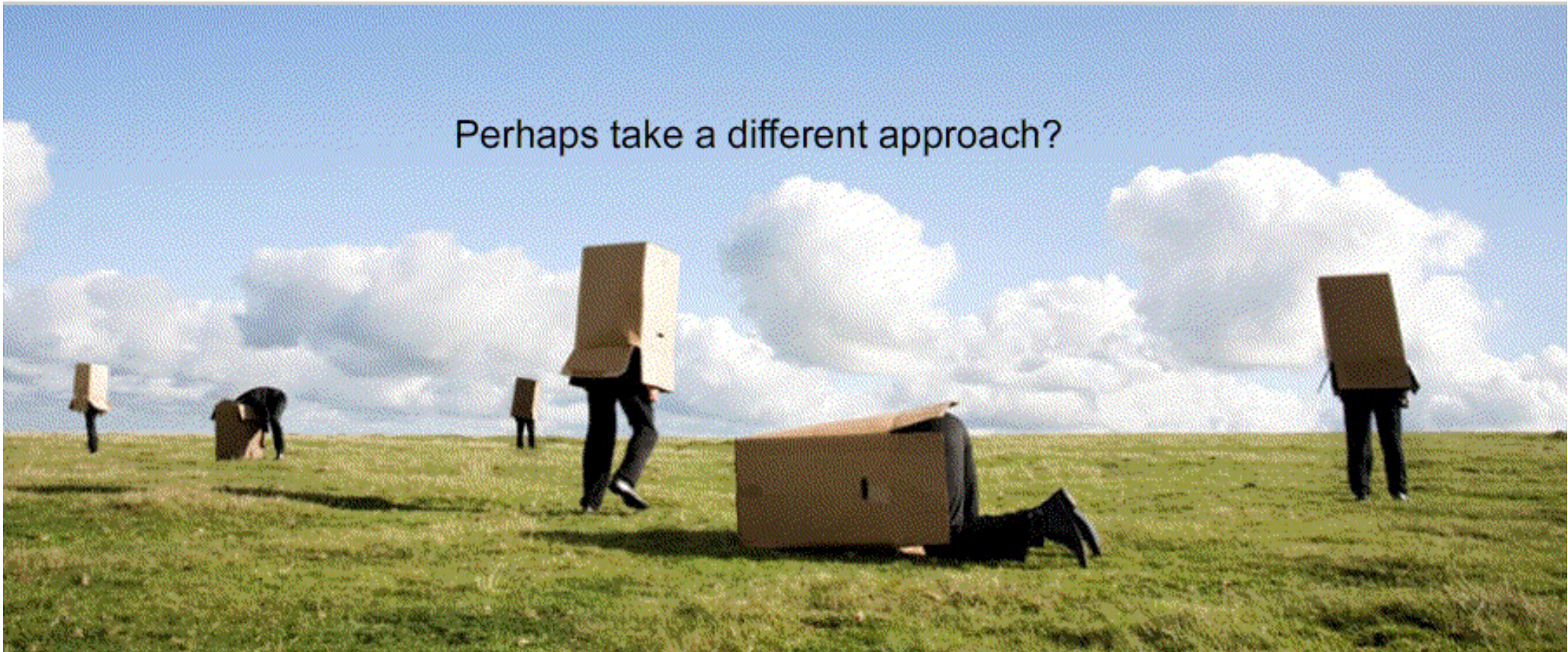
kUSD (KUSD)	Kowala	Not yet launched	Seigniorage shares	Pegged to USD. Supply expands and contracts depending on market conditions
Monerium	Monerium	Not yet launched	Fiat backed	Backed by USD, EUR and other currencies
NOS (Nollar)	NOS	Not yet launched	Fiat backed	Backed by EUR, pegged to USD/other fiat currency
nUSD (NUSD)	Harven		Crypto backed	Backed by nomins (Harven's native currency) and pegged to USD
Paxos Standard (PAX)	Paxos Trust Company	2018	Fiat backed	Backed by and pegged to USD
Rockz			Fiat backed	Backed by CHF
Saga (SGA)	Saga Foundation	Not yet launched	Fiat backed	Pegged to the International Monetary Fund's special drawing rights (SDR), which is in turn tied to an underlying basket of currencies
StableUSD	Stably Blockchain Labs	Not yet launched	Fiat backed	Backed by and pegged to USD
Stronghold USD	Stronghold	2018	Fiat backed	Backed by and pegged to USD
SwissRealCoin	SwissRealCoin	2018	Fiat backed	Backed by a portfolio of Swiss commercial real estate

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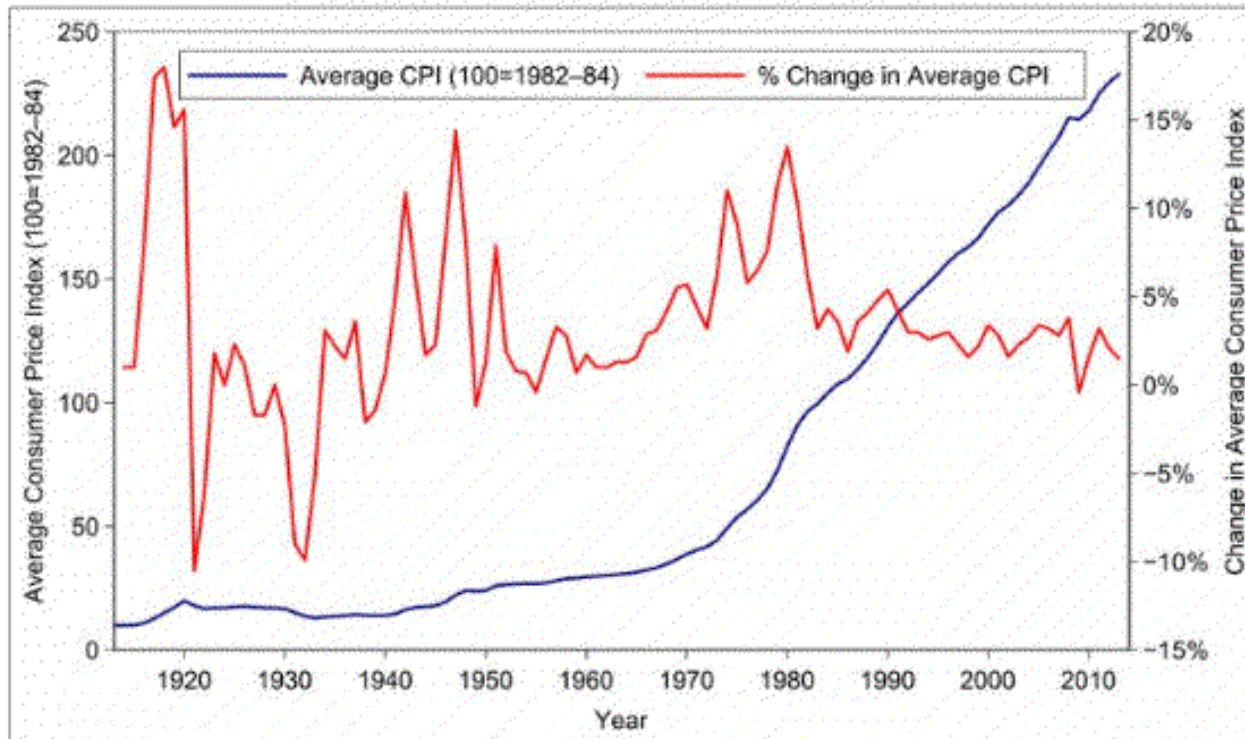
- gold
- US dollar
- other national currencies
- other cryptocurrencies

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Perhaps take a different approach?

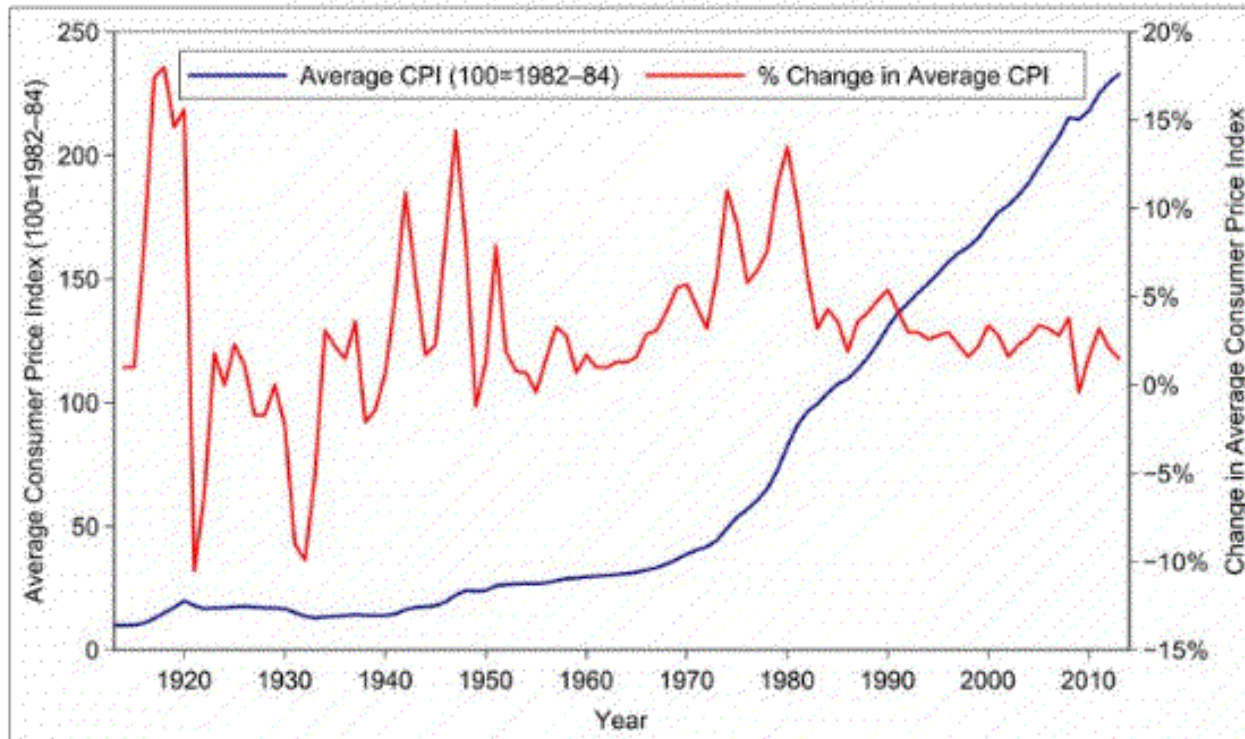


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To achieve a stable pricing unit,
It is necessary to
peg the unit
against variables

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To achieve a stable pricing unit,
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NOT to them.

This pricing unit is suited to
a *parallel **Producer Credit** money system*
where prices are determined by
the ***abundance of real production***



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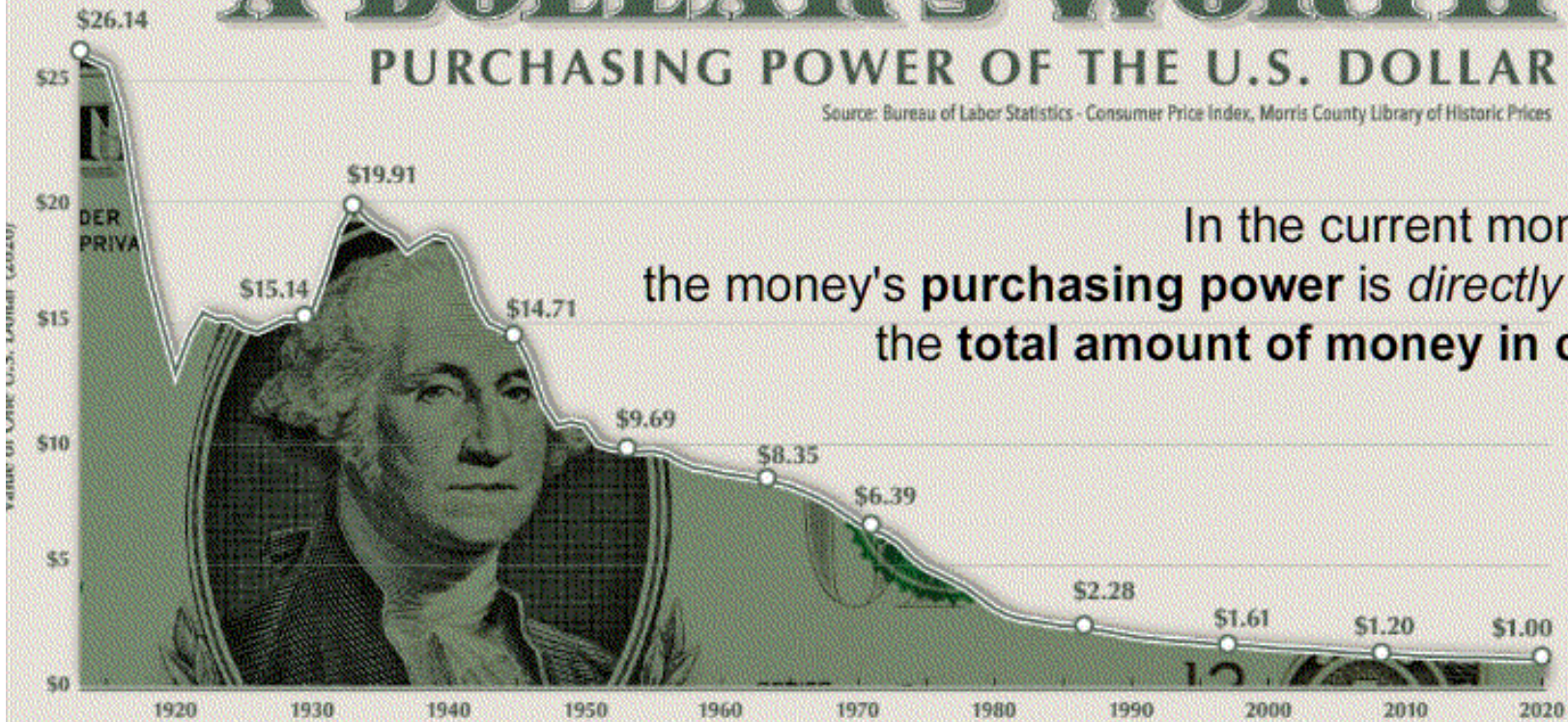
NOT the scarcity of money
relative to that production.



A DOLLAR'S WORTH

PURCHASING POWER OF THE U.S. DOLLAR

Source: Bureau of Labor Statistics - Consumer Price Index, Morris County Library of Historic Prices



In the current money system, the money's **purchasing power** is *directly affected* by the **total amount of money in circulation**.

A DOLLAR'S WORTH

PURCHASING POWER OF THE U.S. DOLLAR

Source: Bureau of Labor Statistics - Consumer Price Index, Morris County Library of Historic Prices



The need to continually **expand the money supply** to avoid deflationary debt-default catastrophes has **reduced the purchasing power** of the US dollar since 1913.

Producer Credits operate on
a different principle.

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a different principle.

A Producer Credit is a **legal claim**
on a specific Producer's output.

It is **pre-ownership of real goods or services.**



Therefore, the purchasing power of any particular Producer Credit is **defined** by what that Producer will give its customer in order to get its Credit back and extinguish it.



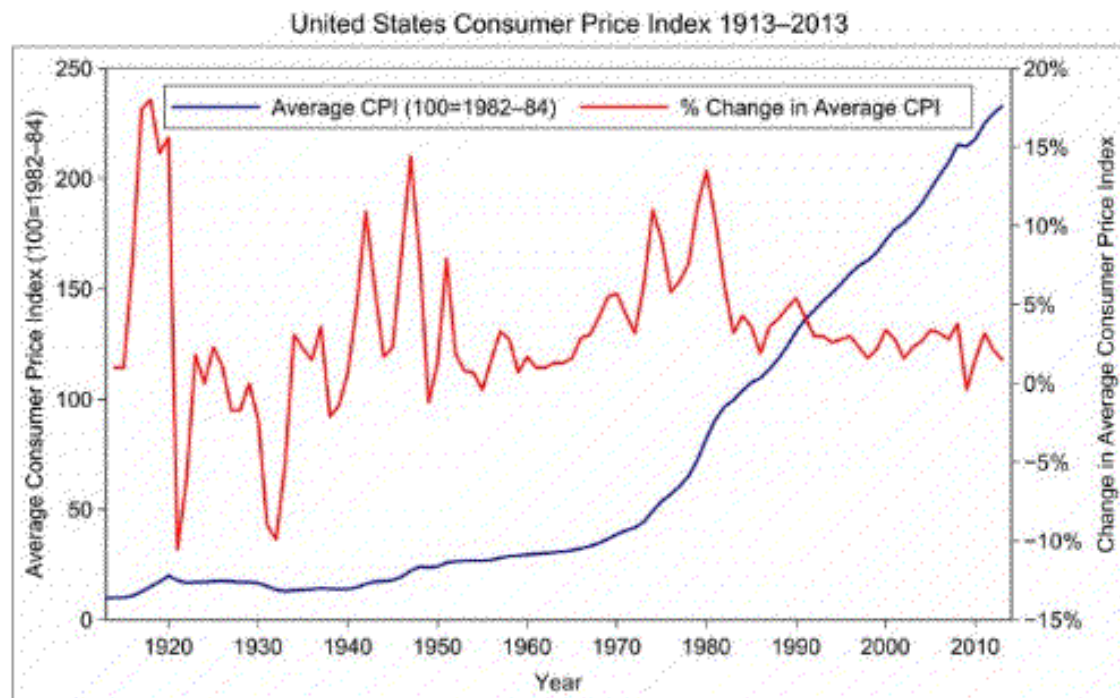
Therefore, it is ONLY
the ***Producer's PRICES***
that define the purchasing power of its Credits.



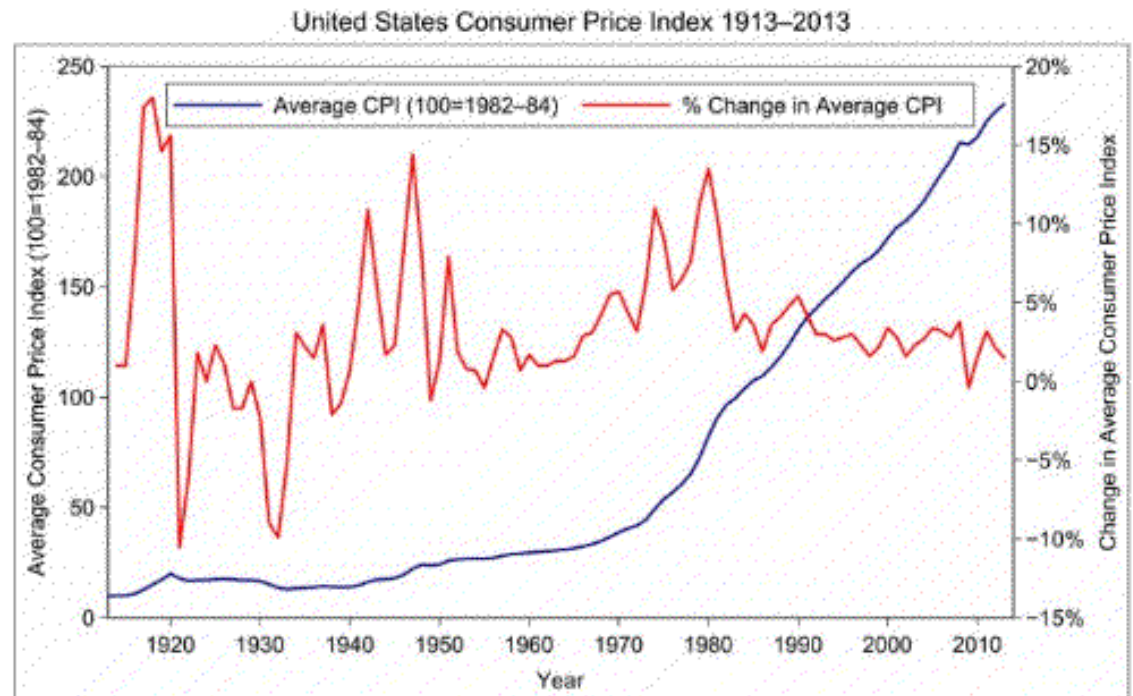
The total amount of Producer Credits in existence has *no effect* on the value of any individual Producer's Credits.



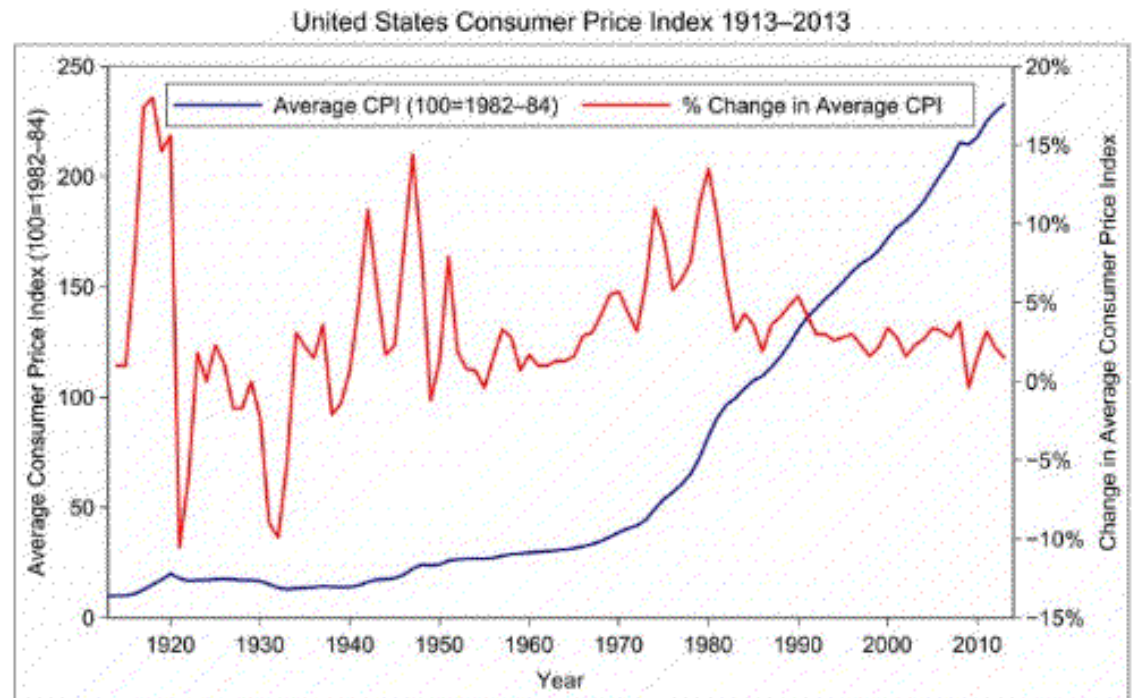
Of course, the prices
the Producer sets
in conventional money
change with inflation
as well as other factors.



Other factors such as supply shortages or surpluses mean that there can never be any future price guarantee.



However, the effects of inflation/deflation **can** be countered.



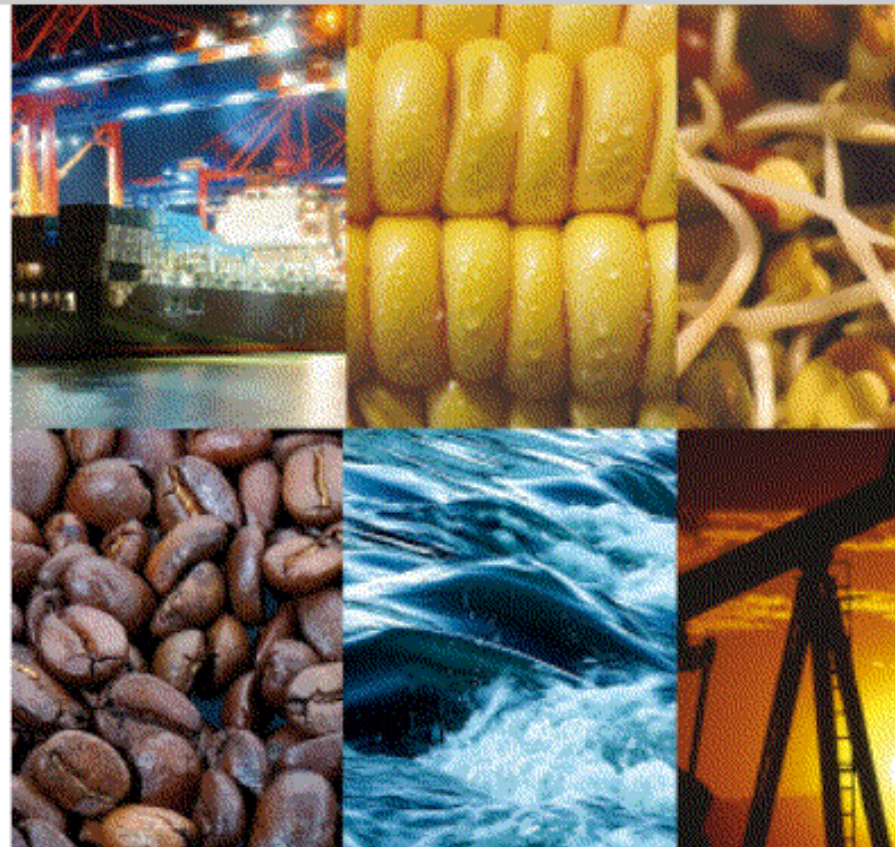
To counter the effects of inflation/deflation, the **Producer Credit pricing unit** is *defined as* the *conventional money price* of a **fixed basket** of *globally significant goods*.



An example is
the **Rogers Commodity Index**.

The Index represents
the average *United States dollar value*
of a basket of

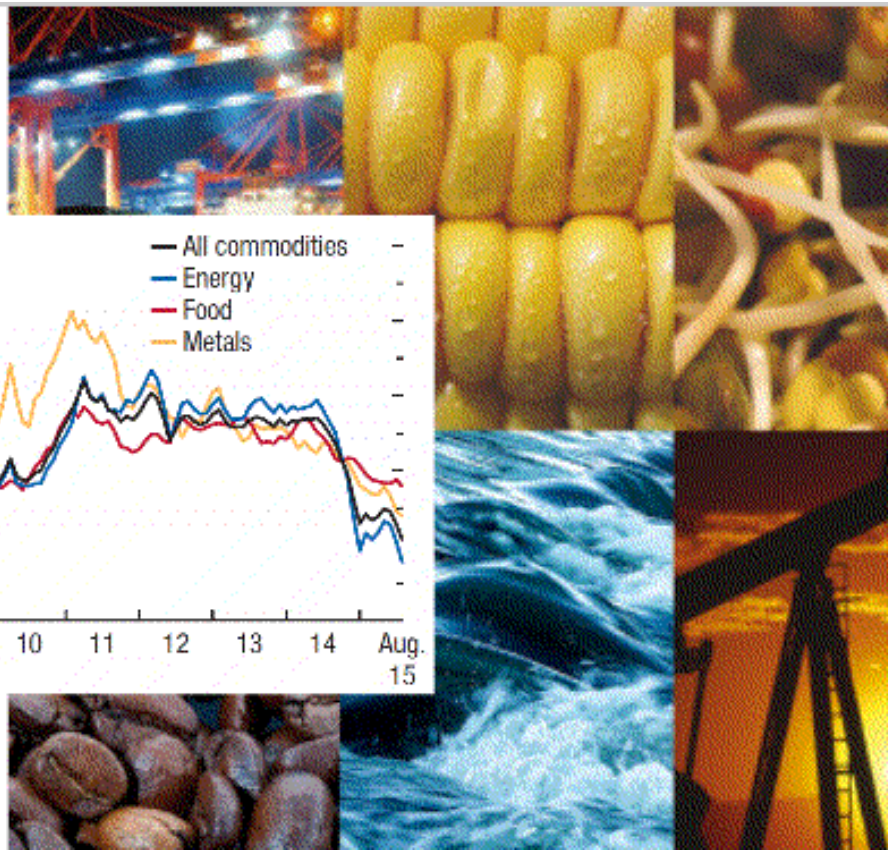
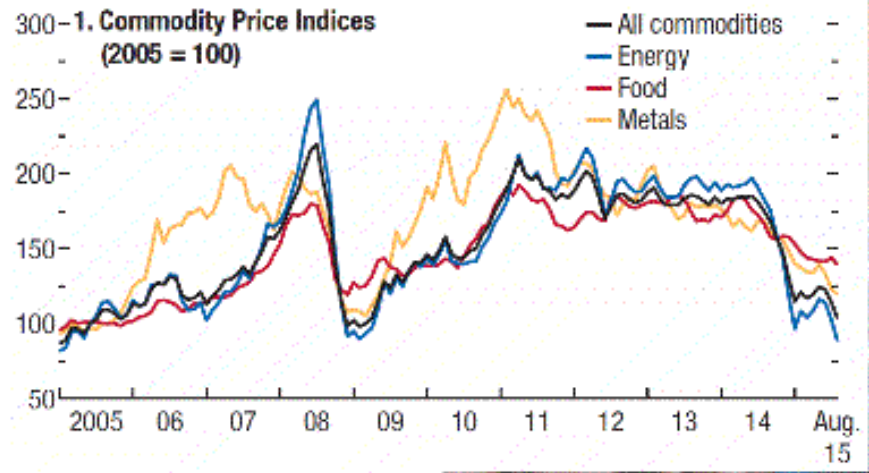
36 commodity futures contracts
traded on several markets
around the world.

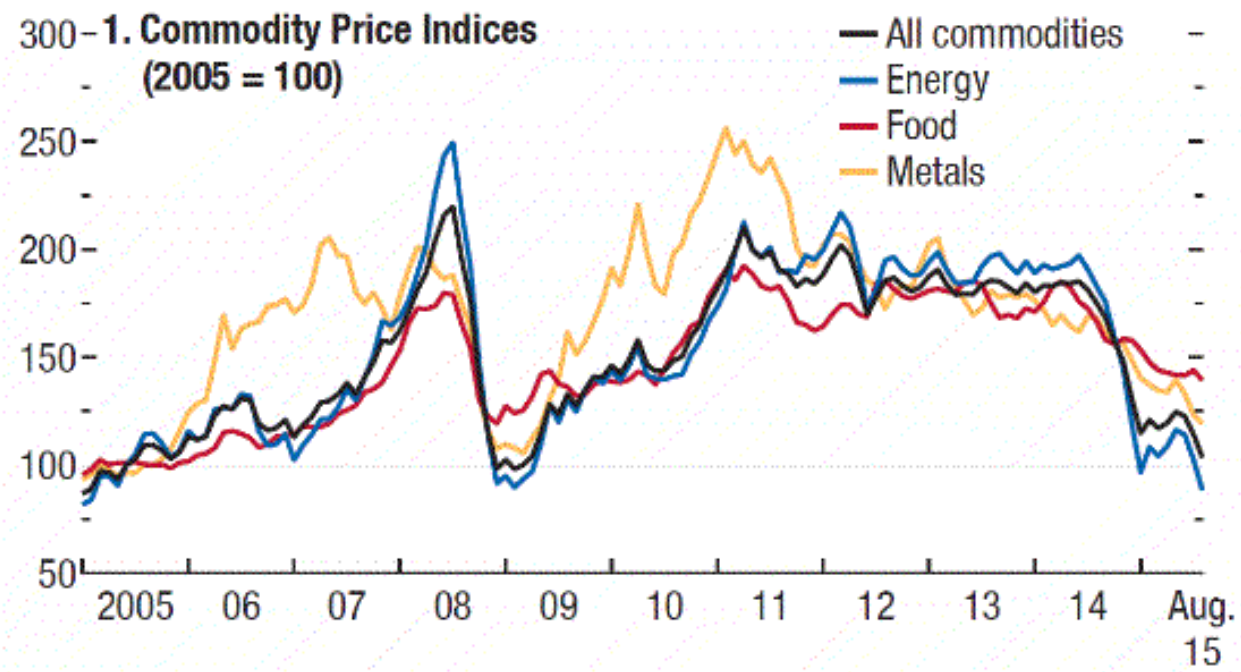


The commodities in the index are *widely consumed* in the global economy-
agricultural, energy and metals products.



The price of this basket
in any given currency
changes constantly.



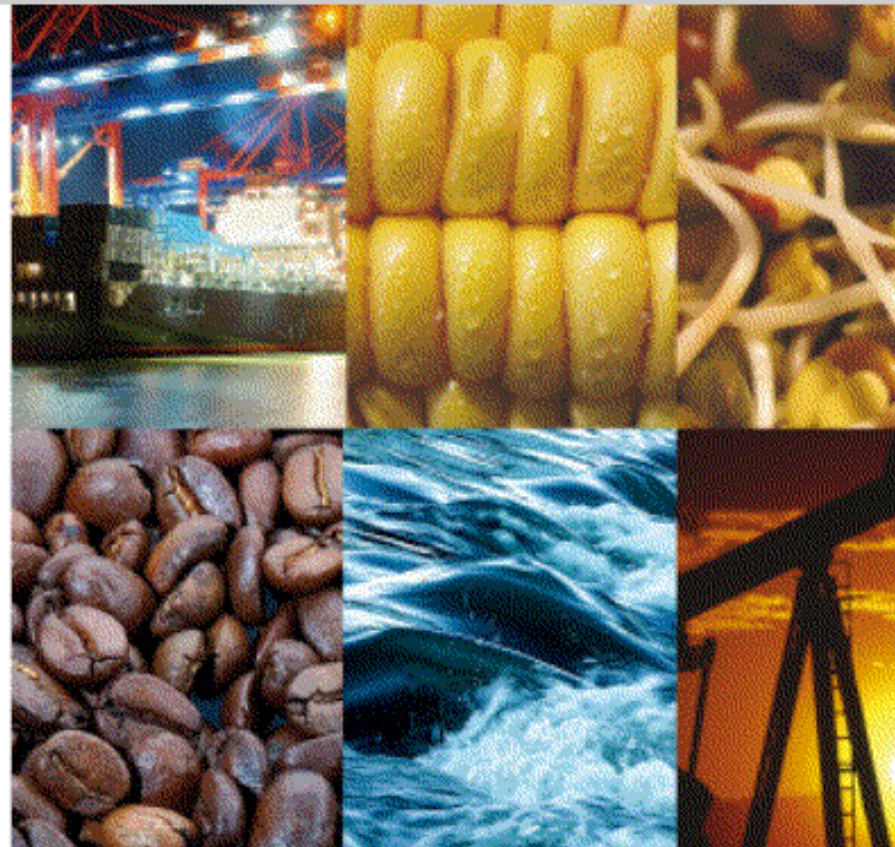


Futures contracts are agreements to buy/sell standard quantities at an agreed upon price on a specified date.



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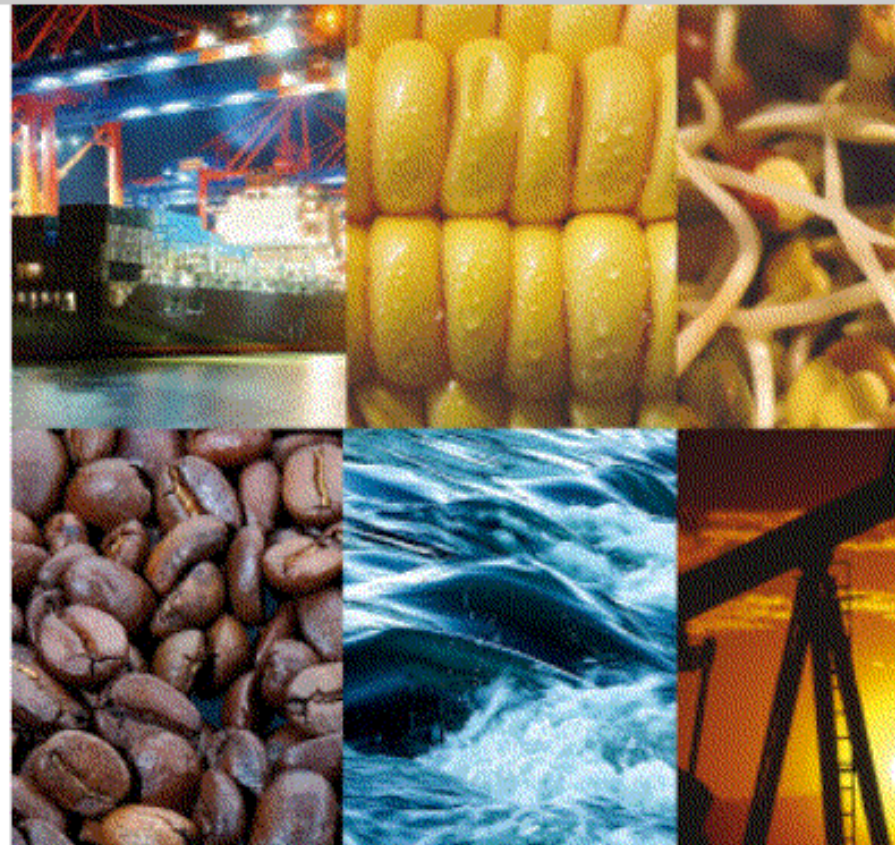
Futures contracts are speculative bets that are 'marked to market' (revalued) on a daily basis.



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Thus **futures contracts** are the **best estimate of average demand** for these resources.





purchasing power

\$

PC

Defined as
**the US dollar price of the basket
of future contracts,**

the Producer Credit pricing unit
gains or loses exactly as much
purchasing power
as the US Dollar *loses or gains*.



purchasing power

\$

PC

If the **fixed basket of goods** *doubled* in price in terms of the US dollar, the **Producer Credit value unit** would also *double* in price in terms of the US dollar.



Whatever happens to the US dollar,
the Producer Credit value unit
would still buy
the exact same basket of goods.



In this way, the holder of a Producer Credit is assured that its **real purchasing power** will be *approximately the same* when redeemed as it was when bought or earned.

This is fair because the Producer *should* honour its Credits at the **same purchasing power** the Credits had when they were spent by the Producer.



In this way,
a new **pricing unit** can be 'pegged' directly
to the day-to-day
demand for the essential resources
that underpin the economy ...



... and the **abundance** of their supply.

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