

Discussion Paper: Denarius as Real Currency

C. Florius Lupus omnibus in foro salutes plurimas dicit.

I would like to present to you a suggestion regarding our currency, the *denarius* (X).

Vision:

- Establishing the *denarius* (X) as a fully valid and accepted currency.
- Bringing our currency from the virtual world of the Internet into the real world and hereby making it more authentic and real. At the same time we would also make our Republic more real.
- Increasing the importance of the *denarius* and reaching out to other Romans who might not yet be *cives* of our Republic.

Approach:

- Making the *denarius* (X) fully convertible to any currency
- Turning the Quaestors into the magistrates of a Central Bank of the Roman Republic.
- Having the Central Bank of the Roman Republic holding reserves either in hard currency or precious metals.

Consideration:

Trust in a currency depends on being fully convertible in other currencies as well as its reserves, be it in foreign currency or precious metals. If we want to establish the *denarius* (X) as a real and fully accepted currency, we have to fix an exchange rate to either the US Dollar or a precious metal like gold or silver. The *denarius* must be convertible both ways for exchange rates that differ not more than 5% for buying and selling. The Central Bank of the Republic must also hold at any time the same amount in reserves as *denarii* (X) in circulation.

Type of Reserves:

The Central Bank could have its reserves either in US Dollar, which would be the easier way, or in precious metals, which would be more difficult but create more independence for the *denarius*.

A] US Dollar Reserves

In this case the Quaestors would only need to maintain a US Dollar account in an offshore bank with the non-profit corporation as account holder.

Our current system of *denarii* transfers would simply work as a form of online banking, where one citizen would transfer money to the account of another citizen.

Physical coins issued by the Central Bank of the Republic would be of a cheap metal alloy without intrinsic value, just as the coins of any other fiat currency.

The coins in circulation would have the equivalent of their nominal value in a corresponding *denarii* account of the Central Bank for all the physical coins in circulation.

If a citizen wants to exchange US Dollar (\$) into *denarii* (X), he would do a transfer from his bank or his PayPal account (or whatever) to the offshore account of the Central Bank. He would then be credited the corresponding value in *denarii* (X) to his denarius account.

If he wishes to withdraw *denarii* from his account as physical coins, the Quaestor would ship the coins to him and transfer the amount in *denarius* (X) from the personal account of the citizen to the »coins in circulation« account of the Central Bank.

In the reverse case, when a citizen wants to deposit physical coins to his *denarius* account, he sends them to the Quaestor who then transfers the equivalent amount from the »coins in circulation« account of the Central Bank to his personal account.

If the citizen wants to exchange his *denarii* (X) back into US Dollar (\$), the Quaestor would transfer it from the offshore account of the Central Bank to the PayPal account or US Dollar bank account of the citizen. The same amount would be deducted from the online *denarii* account of the citizen.

B] Reserves in Precious Metal

This system works similar to the system based on US Dollar, but has the *denarius* (X) fixed against a precious metal. Traditionally this was silver. The value of a *denarius* (X) would be identical to the intrinsic value of a *denarius* coin. (1 X = 3.24g silver = today: US\$ 1.65). This is the same currency system as it is currently used by the Caliphate (Islamic State) and its »Islamic Dinar«.

Instead of an offshore US Dollar account, the Central Bank of the Republic would store the physical amount of precious metal, which is equivalent to the denarius online account of the citizen. The silver could either be stored in a bank safe or better through a third party like Bullion Vault (<http://www.bullionvault.com>). This company offers to store physical silver or gold in different locations (London, New York, Zurich, Singapore). The silver can then be sold or purchased online without the hassle of handling physical silver. But if we want so, we could have the silver be shipped to the Central Bank of the Republic at any time. There are also other companies operating according to a similar concept.

If a citizen wants to exchange US Dollar into *denarii*, the exchange rate would be calculated based on the price of silver on that particular day. He would transfer the amount to the bank account of the Central Bank, which would immediately buy physical silver, which can be done online as explained above. The *denarii* can then be transferred online through our already existing *denarii* transfer system. If a citizen wants to withdraw *denarii* from his online account as physical coins, the amount would be deducted from his personal account and the silver coins would be shipped to him. At the same time the equivalent amount of silver held by the Central Bank as reserve would be sold in order to purchase the silver coins from whatever company is in charge of minting them. Therefore the total amount of silver held as reserves would only be equivalent to the total amount of *denarii* in the online system. Once the *denarii* are issued as physical coins, they are taken out of the reserves, since the citizen would have the intrinsic value of the coins in his hand.

In the reverse case, when a citizen wants to exchange his *denarius* coins into another currency, he could do so probably at any jewelry shop. Or he could change them into online *denarii* by sending the coins back to the Quaestor. The Central Bank of the Republic could hold them physically in a bank safe or if it becomes too much, sell the silver and transfer the amount to Bullion Vault for online storage and management.

The entire system has some losses involved, since physical coins have to be minted, stored, sold and bought. Therefore there would probably be a certain difference in the exchange rate between buying and selling *denarii* to cover the expenses of handling physical silver.

By establishing this system, our currency would be universally accepted due to its intrinsic value, we would be safe against any financial crises and we would continue the tradition of ancient Rome minting its own *denarii* coins.

Precautions:

- In order to avoid charges of money laundering, the maximum amount for *denarii* transfer would have to be limited to less than US\$ 10,000.
- The office of Quaestor would have some additional requirements in order for him to be technically able to handle all the transactions.

Consequences:

- We would bring our Republic closer to the idea of a real-life entity.
- The *denarii* system would reflect actually wealth in real-life, not so much status within our online community.
- Everybody could participate in our internal financial system, not just citizens. We would gain a reach beyond our organization.

This is an idea I would like to present to all citizens. If a senator likes this concept, he can suggest it to the Senate. I would be happy to elaborate further details, if there is any interest.

Valete!

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