20

SILVER

FINN BRUNTON

About a half hour north of the Mount Washington Hotel, in New Hampshire, and almost exactly seventy years to the day after it hosted the Bretton Woods Conference—the founding event of the postwar global monetary order—I was in a field in the White Mountains, using pieces of new-minted silver to purchase Wi-Fi access and a red Solo cup full of paleo cereal. After last night's thunderstorm, the air was still damp, lush, and almost visibly green. The Wi-Fi came over an antenna mounted on a trailer, connected to a mysterious 4G network on a virtual private network (VPN) with an exit node somewhere in Indonesia. "Paleo cereal" was, as it turned out, mostly almonds, pumpkin seeds, and coconut flakes. I received change in dimes—pre-1964 US dimes, with Franklin Delano Roosevelt's chin-up mug, looking toward the coin's milled edge, now a bit faint from decades of use.

It's a reasonable guess that there were more pre-1964 US coins in circulation in that field on that day than anywhere else in the world. This was a few days into PorcFest, a gathering named after porcupines, "peaceful and defensive" animals that want to be left alone—a friendly mammal version of the coiled rattlesnake on the "Don't Tread on Me" Gadsden flag. Any gathering of n libertarians has $n + 1$ definitions of what libertarianism means, but a few common components were generally shared: an ethos of leave-us-be armed self-defense (hence the porcupines) and free trade in open markets built on commodity money (hence the coins). As part of the larger Free State Project, PorcFest is loosely devoted to building a libertarian voting bloc in New Hampshire, but it also acts as a proof-of-concept space, a proving ground, for the performance of a libertarian society: to carry guns, take

in technical lectures on free market economics and the work of Ayn Rand, drink raw milk, and engage in politically laden commerce.[1] It was that last part that concerned me—all those highly symbolic exchanges of literal value. Why were cryptocurrencies, like Bitcoin, being accepted by the same people taking payment in silver?

Silver! People in the community spent their free evenings with a bright light and sleeves of dimes and quarters from the bank, looking at the stacks for telltale signs of 90/10 coins—90 percent silver and 10 percent copper, as released by the US Mint from 1932 to 1964, and whose value as metal now considerably exceeds their face value as coins. They would pick these out and return the rest of the coins to the bank the next day, arbitraging the changes in the metallic content of coins over time for a small profit and collecting them to participate in this idiosyncratic payment system. Here in the field in New Hampshire, signs were posted: "1964 or before Silver Quarters" were accepted at a rate of one for a jar of Natalie's Raspberry Hemp Jam—or $3.75 in what they called "FRNs," that is, Federal Reserve Notes, also known as dollars and treated with bemused disdain. The old coins were prima facie evidence—literally, right on the face of the coin—that "value" was being produced out of nothing for the benefit of the state, making quarters from then and now commensurate. In Rand's *Atlas Shrugged*, the righteous buccaneer Ragnar Danneskjöld pays a character back for "the money that was taken from you by force" (that is, taxes and the like) with a bar of gold—"an objective value."[2] Mint master Bernard von NotHaus, who issued "Liberty Dollar" coins as well as gold and silver certificates from Hawaii and Idaho prior to his counterfeiting conviction in 2011, began with a manifesto, "To Know Value," denouncing the production of "money substitutes above the stored stock of real money"—"real" as in "a value based currency."[3]

Real, objective, true, universal, value-based: what it all means in this context is precious metal. From Rand (and her coincidental namesake, Krugerrands), to Liberty Dollars, the silver "deca" issued by Werner Stiefel's Atlantis initiative, and the "Nagriamel" coins (with the motto "Individual Rights for All") produced by the abortive project to turn Vanuatu into a libertarian enclave in 1977, the libertarian story could be told numismatically—a story of coins minted, exchanged, flourished, and seized.[4] This is a story into which Bitcoin does not seem to fit, and yet I could buy "Makin' Bacon Pancakes" at PorcFest with any one of four cryptocurrencies, along with silver and dollars ("and occasionally Hugs"). At a PorcFest picnic table, the "CURRENCY EXCHANGE BOARD," a gridded whiteboard with markers, had been set up to arrange transaction meetups: dollars for Dogecoin, Bitcoin for gold, and anything for silver. The silver in common use included those old coins, and a new lexicon of rounds and fractions stamped with the minters' marks of local operations. The most prominent mint present was the Suns of Liberty, based in Tamworth, about an hour and a half south. It sold fractional silver, quarter ounces in particular, just a little above the spot price. The silver pieces came in small black-velvet bags, whose popularity combined with the utilikilts, braided beards, shirtlessness, plant tinctures, flags and banners, and lack of working showers to give the general atmosphere of an extremely heavily armed Renaissance faire. The merchants under the boughs of the maples and blue spruce had small scales, calculators, and handwritten conversion charts for working out the effective payment value of different precious metals offered for gumbo and coffee, dry socks and jewelry, and a paperback collection of Lysander Spooner's essays. (Everything was still more or less denominated in dollars.) They had smartphones,

20.2 Makin' Bacon Pancakes payment board

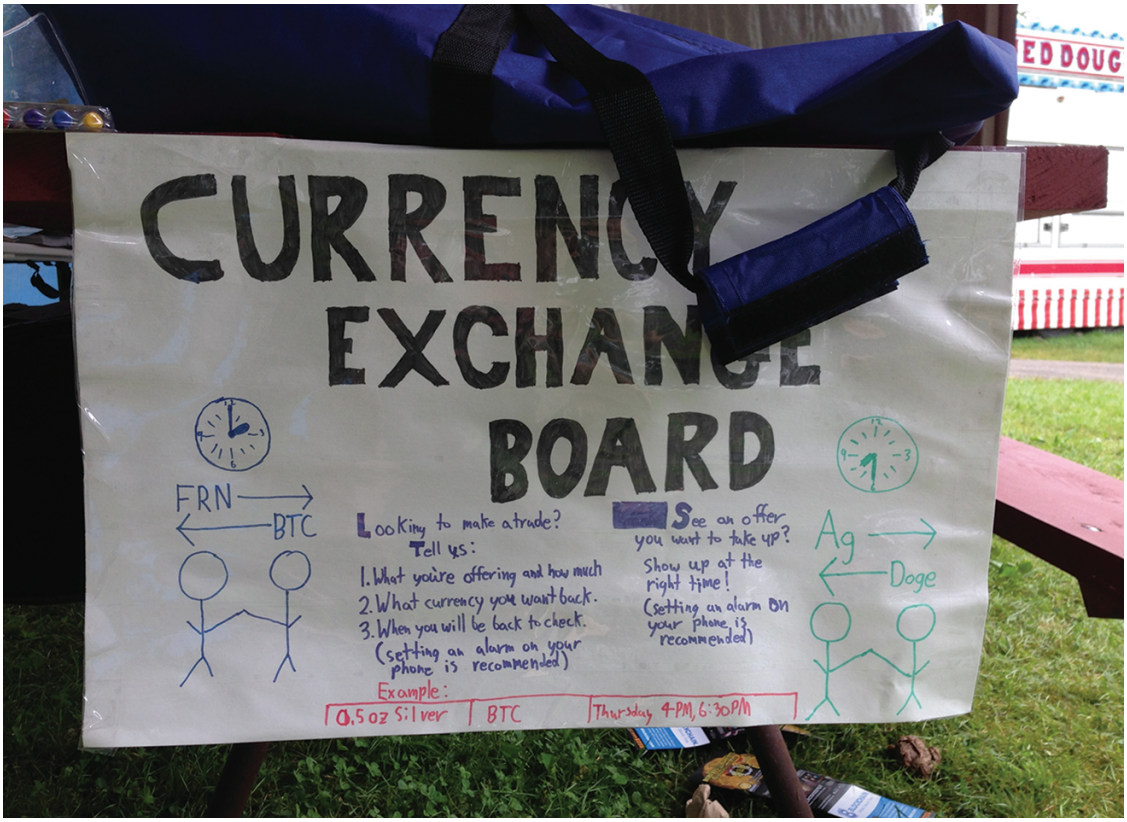
too, for checking the current bid-ask spread for precious metals and doing transactions in Bitcoin.

The early Bitcoin mythos was rife with metallic comparisons, from the original paper ("The steady addition of a constant of amount [*sic*] of new coins is analogous to gold miners expending resources to add gold to circulation") to matters as seemingly minor as Satoshi Nakamoto's birthday, entered once to set up a profile—April 5, 1975.[5] April 5 is the anniversary of Roosevelt's

Executive Order 6102, forbidding the hoarding of monetary gold—an event that looms large in the libertarian imagination; in 1975, the prohibitions of the initial order were fully relaxed, and Americans could own and trade monetary gold again. Of course Bitcoin—and cryptocurrencies more generally—are, to a simple commonsense analysis, nothing whatsoever like precious metals. Bill Maurer, Taylor Nelms, and Lana Swartz have called this puzzle "digital metallism": a system that behaves like the credit theory of money while talking like the commodity theory—a commodity in the sense that money should be some intrinsically valuable substance, transformable into circuits, fillings, jewelry, photographic paper, colloidal silver, or whatever.[6] (One of the cars at PorcFest had vanity plates honoring Ludwig von Mises, the Austrian economist whose work argued that the basis for money-as-such as well as monetary policy lay in commodity money exchanged in a barter economy.) There are few things less intrinsically valuable than the scarce strings of letters and numbers required to solve the escalating difficulty of Bitcoin hashing problems, and the waste heat pouring off the boards of custom hashing-problem-solving chips that constitutes the work of "mining," and few arrangements that look more like a credit theory of money than a shared public ledger of abstract units of value generated according to a known rule to reward verifying transactions, and requiring buy-in, both literal and figurative, from a whole population of stakeholders. "The code and the labor are foregrounded because *they are practically all that Bitcoin enthusiasts ever talk about*": Maurer, Nelms, and Swartz hit the paradox precisely.[7] The same people for whom Bitcoin is the most objective currency—true in the way that the semiprime factors of prime numbers are true, universal and constant like gravity or the speed of light—worked on and talked about almost nothing else but how the currency existed by being worked on and talked about.

I feel affection for historical parallels, echoes, and ironies, and in coming to ask about the conflict between silver and cryptocurrency in practice, I was anticipating a mirror-image replay of the Bretton Woods Conference. This was ironic, because few people could express more eloquent and passionate contempt for what happened at that conference, for central bankers and international monetary planning, than the PorcFest participants, who wore "END THE FED" T-shirts and angrily discussed Keynesian monetary theory. A half hour south and seventy years ago, less than a month after D-day, John Maynard Keynes was among the seven-hundred-plus delegates rolling into New Hampshire to work out the economic architecture of the latter half of the century. In the run-up to Bretton Woods, Keynes had articulated one of the purest contemporary models of credit money backed by nothing but the utility of trade and balance of power between states, with a hypothetical currency called the *bancor*. (Keynes, not unaware of the clunkiness of the term, vacillated between *bancor* and *unitas* for the new unit; "both of them in my opinion are rotten bad names but we racked our brains without success to find a better.") The bancor would exist to "provide that money earned by selling goods to one country can be spent on purchasing the products of any other country. ... In English, a universal currency valid for trade transactions in all the world." You or I couldn't hold it; bancors would accumulate as a country exported, and deplete as it imported, lubricating the engine of commerce and preventing imbalances, backed by consensus and the value of exchange, not gold, because "there should be a supply of the money proportioned to the scale of the international trade which it has to carry."[8] The struggle of Bretton Woods concerned the arrangement of the postwar world, but it crucially circled around the guarantor of value that would underpin the global market: What it be US dollars, precious metals, international consensus, or the collective good of trade itself?

A few generations later, in the long aftermath of Bretton Woods, I asked, Why silver and Bitcoin? How did these merchants and individuals, who entirely opposed central bankers, global governance, and fiat currencies, believe in both of these seemingly dissimilar things? I was expecting from the conversations and debates "to know value" as one would know a fact about the world—that silver is the most electrically conductive of any element, for instance. Instead, I realized, this was a community where one "knew value" the way you knew it was hot outside



20.3 Currency Exchange Board

or you were among friends: bodily, interpersonal, sensory, social knowledge. What silver and Bitcoin shared weren't physical or ontological properties but rather ways that they could be evaluated and be *known*.

Cryptocurrencies in circulation are nothing more or less than records of creation, ownership, and transaction in the Blockchain ledger; their existence is constituted by the user-visible records of their existence. You could, in the words of one minter, "trust in yourself" to do the verification of what you hold when you hold silver. Silver is bodily: about palm feel, biting, body heat, and weight both on the scale and fingertip; about the look, gleam, and tarnish under different lights. (The minter argued against the use of security features on paper currency because they're a "distraction": they turn the verification into something someone else is in charge of, one step toward an abstract world of bancors and international order.) In the moment of payment, libertarian silver folds all the larger questions of money as such, of trade and value and currency, into the strange trust—with logic as circular as a coin—of only what we have before us in the moment of transaction between bodies in a damp New Hampshire field, as the minter said: "Well, silver is silver, and the weight is the weight."

Notes

1. See http://porcfest.com. In the context of the Free State Project, see https://freestateproject.org/events/porcfest.

2. Ayn Rand, *Atlas Shrugged* (1957; repr., New York: Signet, 1996), 253, 258.

3. United States v. NotHaus, 5:09-cr-00027-RLV-DCK, March 25, 2013, 9–10.

4. Monty Lindstrom, "Cult and Culture: American Dreams in Vanuatu," *Pacific Studies* 4, no. 2 (Spring 1981): 112.

5. Satoshi Nakamoto, Satoshi, "Bitcoin: A Peer-to-Peer Electronic Cash System," 2008, https://bitcoin.org/bitcoin.pdf. The site for the P2P Foundation requires a date of birth, which it then reflects in the profile's posted age; see http://p2pfoundation.ning.com/profile/SatoshiNakamoto?xg_source=activity. The cryptomarket analyst gwern (https://www.gwern.net), looking for the incrementing of the age through the archive of P2P Foundation, found that it fell on April 5, 1975.

6. Bill Maurer, Taylor C. Nelms, and Lana Swartz, "'When Perhaps the Real Problem Is Money Itself!': The Practical Materiality of Bitcoin," *Social Semiotics*, DOI:10.1080/10350330.2013.777594.

7. Ibid., 14.

8. John Maynard Keynes, "International Clearing Union," *House of Lords Debate*, May 18, 1943, 127:528–529.