

A Cryptocurrency Which Is Useless as a Store of Value (SoV)

Consider a POC currency (like bytecoin) that had a half-life. For something like bytecoin, the half-life could be set to long enough that a person can reasonably trade contribution for permanent wealth, but short enough that the currency has no speculative value. The currency degrades as you hold onto it. I would imagine something like a half-life of 6 months would be a good compromise between the two.

Money that is just sitting in wallets will degrade over time, being eliminated in value. You can sell the coin, you can use the coin for its intended purpose, or you can watch your wealth disappear.

The advantage to this would be a complete elimination in speculation, which should reduce the value of the coin to the current market value of the commodity being offered by the contribution system. A person who needs the coins to rent storage off of the market will have a very cheap source of coins, free of speculation and free of the volatility that accompanies speculation. The only volatility they will be fighting will be the actual supply and demand of the commodity that the coin is traded for.

In a sense, this is a more pure form of market for the commodity. If the goal is purely to facilitate the production and consumption of the commodity, this model may be useful in creating a facilitating system of credit free from many of the critical flaws of bitcoin and namecoin.

A technical implementation for such a coin is largely trivial. Each block, every balance in the network would be multiplied by some number between 0 and 1. Modifications could be made such that certain coins (coins that have been recently spent on a commodity, for example) are exempt from degradation. I do not think that these modifications are necessary.