

E-Business Ethics Part 2

Virtual Money Ethics

Economic Evolution

Thesis:
Virtual money
recreates quality.

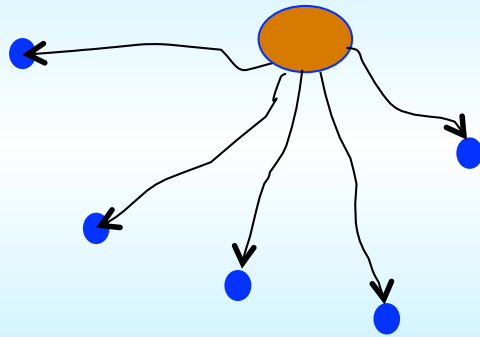
Increasing Rate of Value

- Economies of Scale
- Learning Effect
- Network Effect

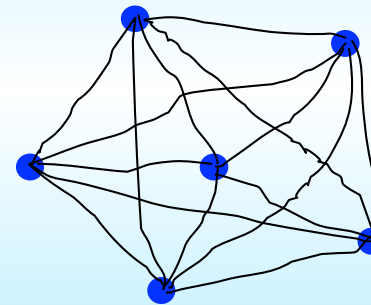
Actors on the Internet

Exponential Growth of Value

Sender: 5 CP



Network: 15 CP



generally

$$CP = A - 1$$

$$CP = (A^2 - A) / 2$$

CP := Communication Possibilities – A := Actors

Virtual World

Virtual
Community

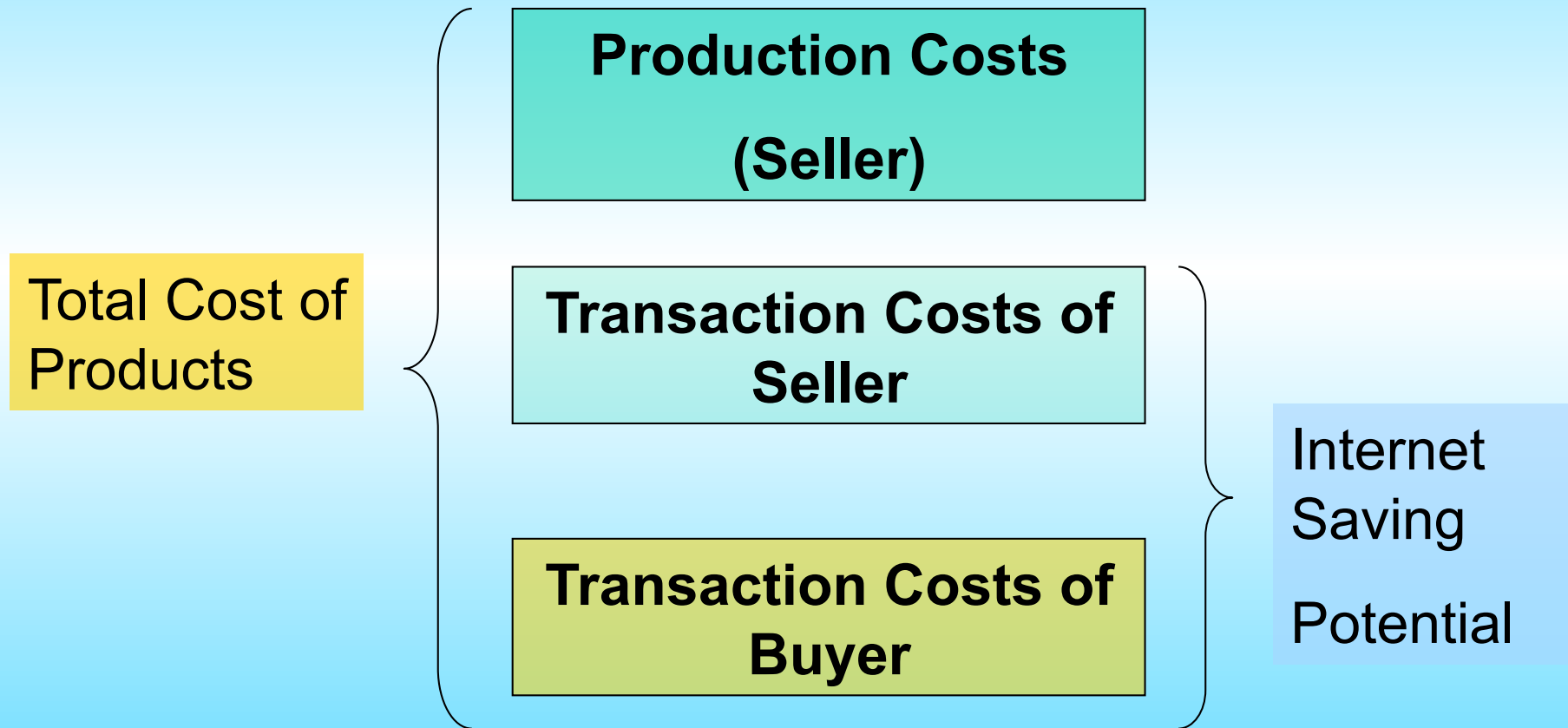
Virtual
Identity

Virtual
Goods

Virtual
Money

The Evolution of Money is Virtual Money

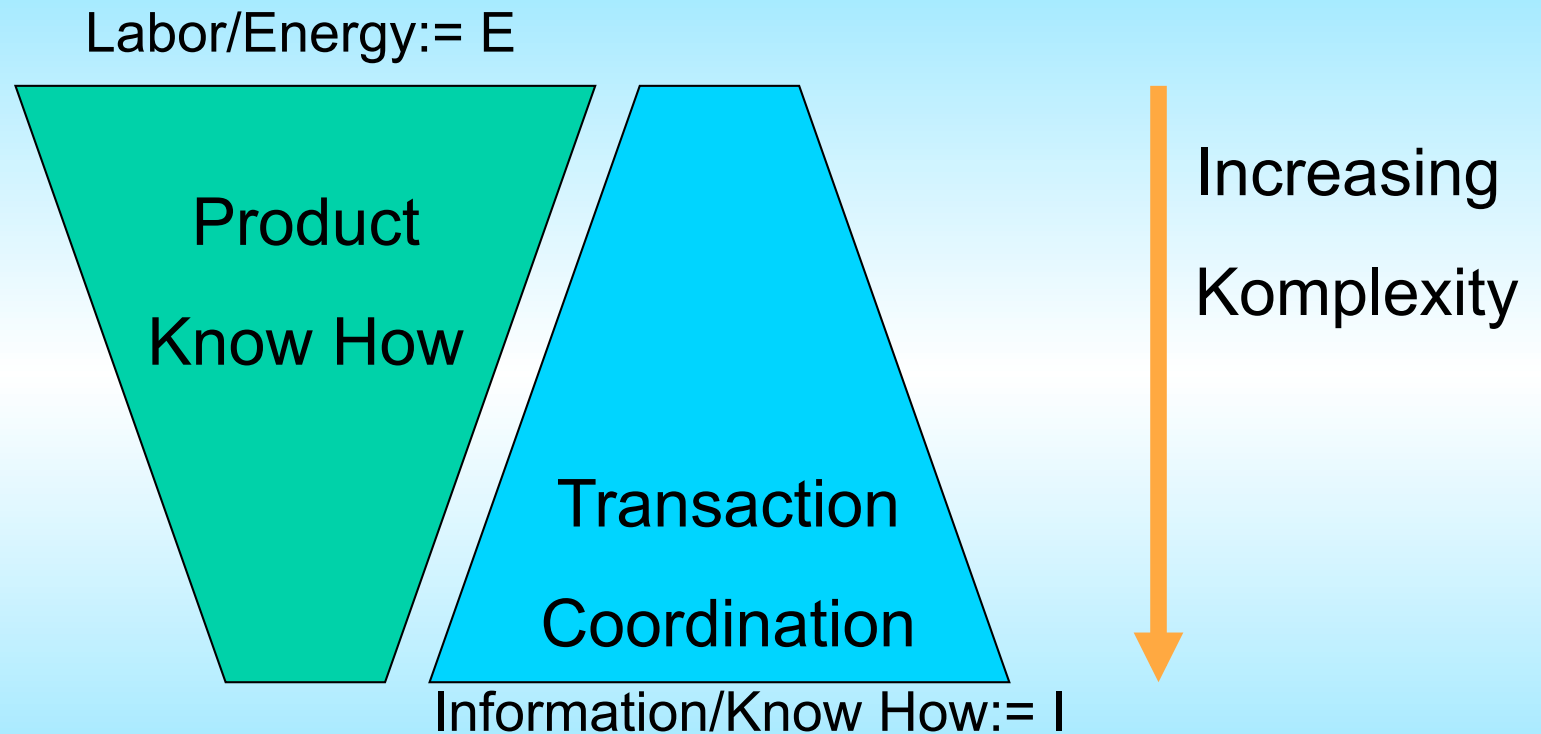
Postindustrial Economy (Ronald Coase)



Transaction Costs

1. Search- and Retrieval Costs
2. Negotiation- and Decision Costs
3. Controlling- and Enforcement Costs

Substitution leads to Postindustrial Economy



Economic Principle: Minimizing Cost Under Technical Constraints

$$O = aE^\alpha I^\beta \quad \text{With } a, \alpha, \beta > 0$$

$$K = p_E E + p_I I$$

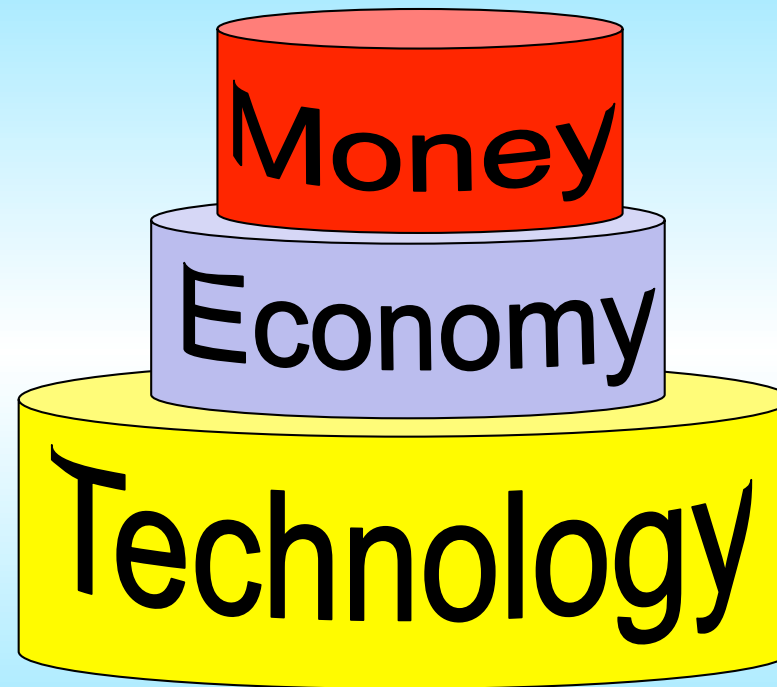
$$\min \left\{ K = p_E E + p_I I \mid O - aE^\alpha I^\beta \equiv 0 \right\}$$

Economic Theory

Omniscient Actors in Simple Decision Situations

- **No Adaptation Period**
- **No Quality Differentiation**
- **Total Information**
- **Decision only Price Based**
- **Closed System**
- **Equilibrium**

Economic Power



Economic Crisis

Money dominates capital.

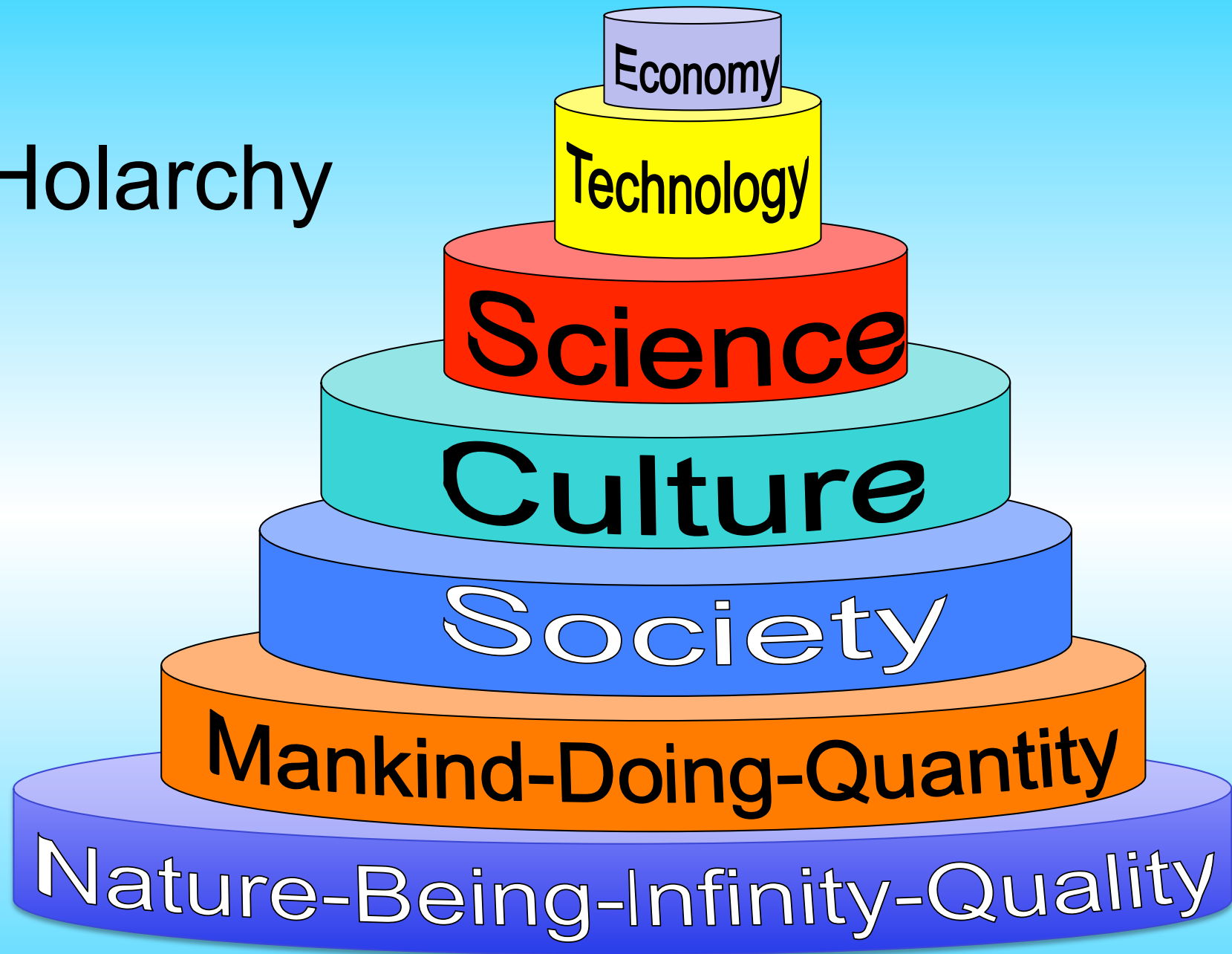
**Money might devalues the
capital strength.**

Fiction vs. Reality

**Homo oeconomicus converts
money to capital.**

**The people defend quality
against economy.**

Holarchy



A detail from Sandro Botticelli's painting 'Primavera', depicting the Garden of Eden. Adam stands on the left, looking towards Eve. Eve stands in the center, reaching up to pick a fruit from a tree. The serpent is coiled around the tree's trunk on the right. The scene is set in a lush, green landscape with a blue sky and distant hills.

**Paradise of Light, Energy, Creativity,
Eternity, Quality**

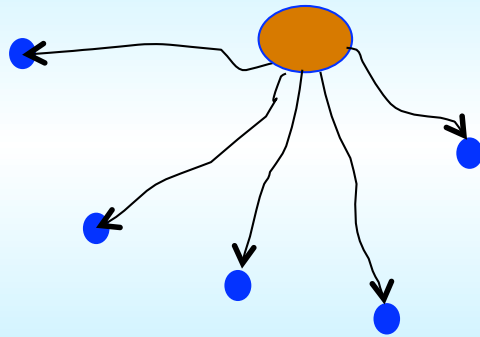
Economic Reality

Nescient Actors in Complex Decision Situations

Actors on the Internet

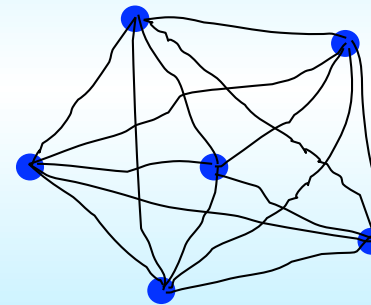
Exponential Growth of Value

Sender: 5 CP



Might

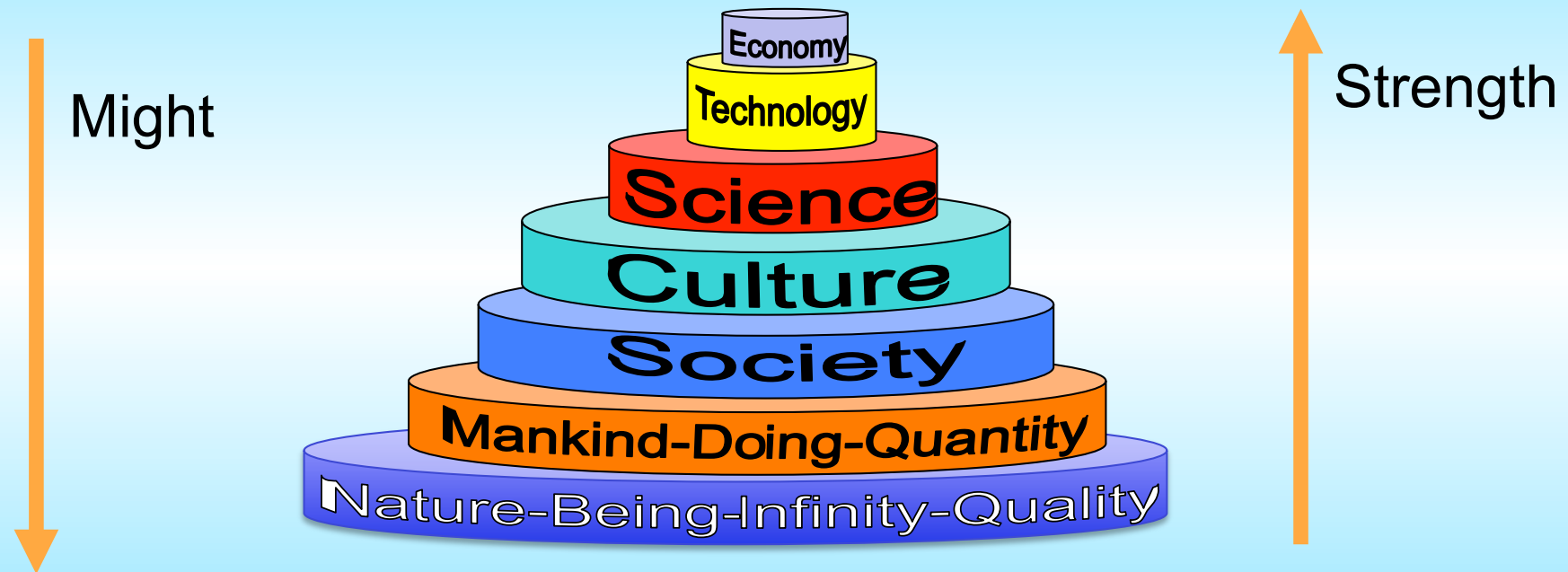
Network: 15 CP



Strength

CP:= Communication Possibilities – A:= Actors

Transcendental Creativity



Virtual Economy

**Virtual Money
Translates the
Quality Potential of
Technology**

Functions of Money

- Exchange Medium
- ~~Capital Reservoir~~

Virtual Money Rules

No Money Import

Virtual Money is Value

Virtual Money Carries its Origin

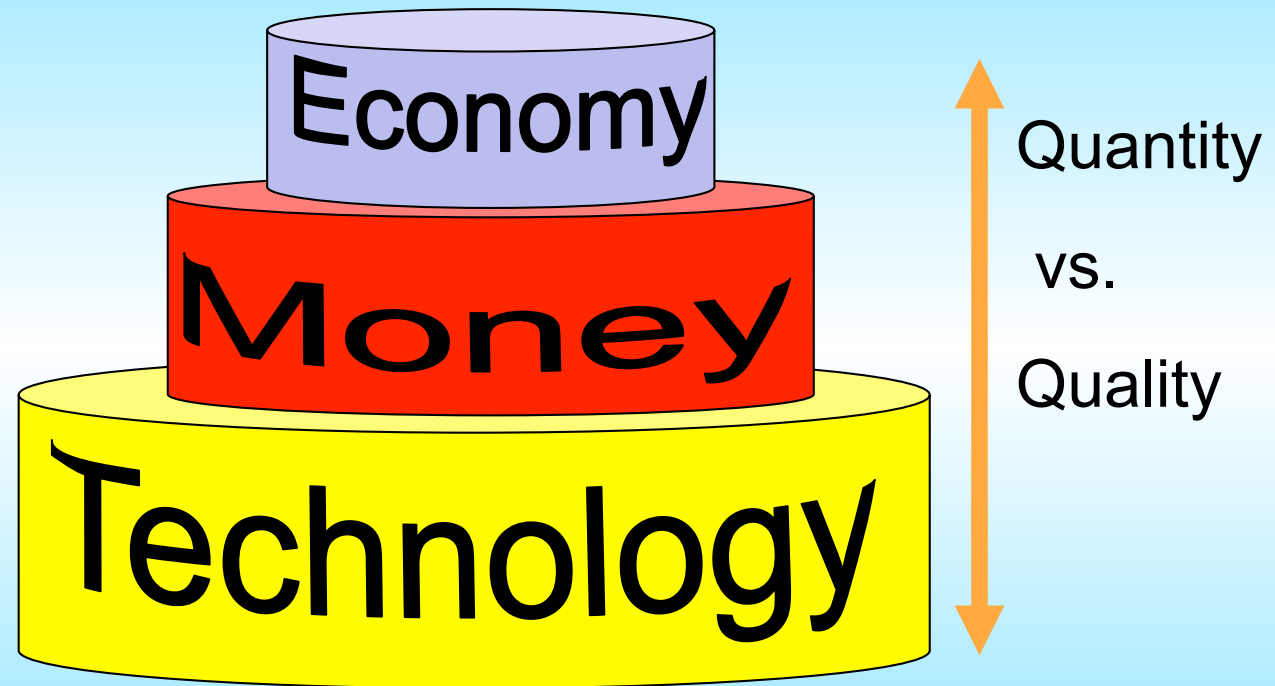
Players are Anonymus

No Money Export

Economic Evolution

**Virtual money is the
predecessor of
virtual economy.**

Technological Strength



Economic Evolution

**Virtual Money
is Capital
is Value
is Quality.**

Free Money – Virtual Money

(Silvio Gesell)

International: Special Drawing Rights

National: Baktreaten (Middle-Age)

USA: Stamp Scrip (*Irving Fisher*)

Liquidity Trap (J.M. Keynes)



Stamped Money - Bancor

Advantages of Virtual Money

Nearly no Transaction Costs

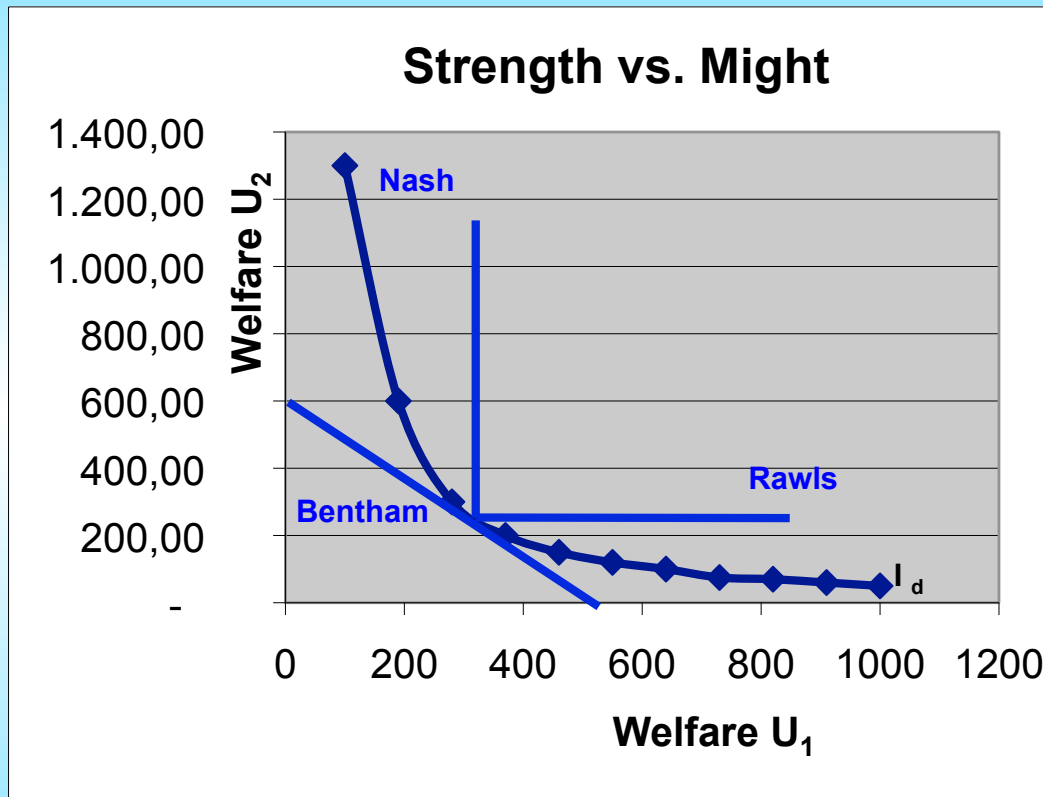
Symmetrical to the Parties

Clearing between Anonyms

Independent of Currencies

Worldwide Usage

Welfare Economics



$$W_B = \sum_{i=1}^n U_i \quad \text{Bentham}$$

$$W_R = \min\{U_1, \dots, U_n\} \quad \text{Rawls}$$

$$W_N = \prod_{i=1}^n U_i \quad \text{Nash}$$



“You’d better start swimming or you’ll sink like a stone, cause the times they are a’ changing.”

