

The Bank as Mining Colony

Karel Klein

At this time last year, one Bitcoin was valued at around \$14. The value skyrocketed in November, reaching a high of \$1,124 on Nov. 30 before plummeting to \$539 by Dec. 18... As I'm writing this, one Bitcoin is worth \$841.60...As I mentioned earlier, the anonymous creator of Bitcoin "buried" 21 million coins in 2009. Coins are mined by solving complex math equations online. As each block of coins is mined, the equations get harder and harder, timing out and limiting the supply. So far, about 11 million have been mined.

Andy Brownfield, Cincinatti Business Center

When Franklin Roosevelt signed the Banking Act of 1933, he destroyed bank architecture in the United States. Customers of banks insured by the newly-created FDIC no longer had to worry about bank solvency. As a result, the steps banks had previously taken to reassure customers of their solvency were no longer necessary. Chief among these was the construction of a large, ornate, and expensive building, which could always be sold off in the event that the bank's loan portfolio failed. Almost all of the most beautiful banks in the United States were constructed before 1933. Today, many banks are located in strip malls. These days, whenever I look at these old, pre-New Deal bank buildings, I think of Bitcoin, the increasingly popular cryptocurrency. There are some strong parallels between the Bitcoin economy now and pre-deposit insurance America—most notably, that Bitcoin balances are not insured by the federal government. The market for Bitcoin financial services is an unregulated Wild West. I always knew this at some level, but I learned it the hard way in 2011 when MyBitcoin, one of the first online "wallet" services, got hacked and had most of its Bitcoins stolen. I had much of my (quite modest) Bitcoin holdings in MyBitcoin—and no Bitcoin version of the FDIC to bail me out.

Eli Dourado, The Ümlaut

This studio will design a building for trading, storing, and most importantly, mining Bitcoins.* This will take some explaining, but ultimately, the studio is that simple.

It was not that long ago when the globalization of money was celebrated as the great culmination of civilization's push for universal exchange—something even better than a universal language. The ever-present ATM machine (for a charge) taps you into this global money network just like the credit card does. What do you think happens when you have money "wired" to your account? Just like PayPal today, tomorrow you'll have NFC deductions through your smart phone. Who knows? Maybe soon, you'll even have a chip under your skin facilitating instant checkout just like EZ Pass. But why embed a chip when we might be able to detect your genetic signature? All such technology had seemed convenient and perhaps even fun, but it wasn't until 9-11 that the dangerous, creepy realities of globalization started to sink in.

The anxiety about globalization reached a fever pitch during the last financial crash and few truly understand how close the global money network came to a catastrophic blue screen of death. Since then, we've seen many protests and objections to the global financial

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network, and the appearance of alternative currencies in an attempt to go “off the grid.” Bitcoin is one of these attempts.

I buy a camera from you with money. This really wouldn't work unless there was a third party regulating, but more importantly, guaranteeing the value of that money. If it was a dollar, the third party is the United States government. Similarly, if I buy a camera from you on eBay with payment through PayPal, why did I need PayPal? Bitcoin is different. Bitcoin does not require a third party. It is a peer-to-peer currency. The technology for implementing this is quite weird and fascinating.

There are many strange things about Bitcoin, but one thing stands out for sure. Like gold, a Bitcoin has to be mined. However, we're not talking about human beings digging for metals in the ground, we're talking about server farms, sometimes vast server farms, decrypting numbers. Gold's value is ultimately rooted in its scarcity and its theoretical limit. Did you know that if you took all the gold mined since the Egyptians and melted it down, you wouldn't even be able to fill four Olympic-sized swimming pools? Again, like gold, the theoretical limit of possible Bitcoins remains capped at 21 million, but this is a limit condition—it will become progressively more difficult to mine as time goes on.

Still, gold is real isn't it? You can make it into something. It's shiny and beautiful. There seems to be some basis for its intrinsic value no? Bitcoins are purely virtual. You'd have a hard time making any argument whatsoever for its intrinsic value. However, before you conclude that Bitcoin has zero material presence, consider this little know fact. Many owners of Bitcoins, not trusting the peer-to-peer network, actually print out an encrypted sequence onto actual paper that is then stored in a physical vault.

There are also sinister downsides of Bitcoin. It is nearly untraceable, therefore it has become an primary currency for illegal trade (drugs, arms, terrorism, assassination, black markets, etc). It is peer-to-peer, so there are only informal conventions for exchange. For example, there is apparently a restaurant on the west side that has become known as the place where you can trade Bitcoins in NYC. Not exactly the reassurance you'd feel from walking into the Bank of London.

Architecturally speaking, the Bitcoin phenomenon seems too elusive, too evasive, just too damn smart to ever become a bank as we've known it. Any representational strategy will only have temporary, or worse, hypothetical relevance. Therefore, we'll assume three things to start:

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1. We will be absolutely literal about what a Bitcoin is, and what you need from physical reality when you have one. We need to know exactly how it is traded, how it is stored, and how it is mined. This will take some initial research.
2. Value judgments and political ideologies won't help you design this building. It will only help you to decide whether to do it or not.
3. The closest thing to this program (if you can call it a program), is a mining colony stuffed into a building. This will also take some explaining, but it should quickly become obvious after some initial research.

Finally, as has always been the case, making a building ultimately means that a collective effort has become viable. Whether the motivation for that collectivity is rooted in altruism, greed, or simply accident, it doesn't really matter. Ultimately, the only thing that matters is that the collectivity became real.

*** If you've never heard of Bitcoin, check out some of these links:**

Just what is Bitcoin anyway, and why should you care?

<http://www.bizjournals.com/cincinnati/blog/2014/01/just-what-is-bitcoin-anyway-and-why.html>

A Beginner's Guide to Mining Bitcoin

<http://startbitcoin.com/>

Bitcoin and Bank Architecture

<http://theumlaut.com/2013/02/27/bitcoin-and-bank-architecture/>

Bitcoin Has Already Morphed Society

<http://www.vice.com/read/bitcoin-has-already-morphed-society>

Everything You Need to Know About Bitcoin: VICE Podcast 027

<http://www.youtube.com/watch?v=SNssKmeXrGs>

Why I Want Bitcoin to Die in a Fire

<http://www.antipope.org/charlie/blog-static/2013/12/why-i-want-bitcoin-to-die-in-a.html>