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Welcome to Liberland: the nation that Bitcoin built

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Satoshi Nakamoto designed bitcoin to disrupt central banking, but one man has an even more controversial plan for the blockchain: build a nation-state.

Former economist turned politician Vit Jedlicka has created a virtual state that runs on cryptocurrency donations and will launch its own within months. Half a million people have applied for citizenship in Liberland – 5500 of whom are from the UK.

For now, Liberland is a sandbank stretching 7km next to the Danube River which is nestled between Croatia and Serbia and 10km south of the Hungarian border.

But its territorial claim is very much dependent on which side of the sandbank you are standing on.

Jedlicka has exploited a loophole that stops Croatia from claiming the area, but that has not stopped Croatian officials from arresting him after trying to set up camp.

Vit Jedlicka has created a virtual state that runs on cryptocurrency donations and will soon launch its own.

“The situation on the mainland in Liberland is still difficult as Croatian police illegally persecute all visitors and settlers,” he says. “We are waiting for exoneration from the Croatian constitutional court but for now, our settlement has essentially moved to the river, where we host visitors almost on a daily basis.”

Geography might be proving problematic, but thanks to current technologies, Liberland’s paperwork is relatively simple. Official business is conducted over email, and Skype calls keep the 100 Liberland representatives in different nations in communication.

Liberland is close to launching a legal system on the blockchain, which works by ensuring citizens sign digital contracts that are recognised and stored by computers, similar to how bitcoin’s digital ledger keeps a tally of digital coins. It will begin distributing its own coin, Merit, on April 13, coinciding with the country’s third anniversary. All those who pay tax will receive Merit, effectively granting donors a stake in the country.

The nation accepts bitcoin, bitcoin cash and Ethereum for its financial operations and donations, which roll into the “billions”, and the state budget is distributed among almost a dozen cryptocurrencies. Putting yourself at the mercy of a highly speculative and intangible asset might sound like a recipe for disaster, but Jedlicka has not let this phase him.

“For a few years of my life I worked as a financial markets analyst,” he says. “That gave me a fairly good understanding of the system we are living in. I first discovered bitcoin in 2010 but I just wish I paid more attention to it back then when it was cheaper.”

Liberland’s territorial claim depends on which side of the sandbank you are standing on.

He adds that because the nation has no debt and low running costs, he is not worried about its digital coin stock. Liberland’s motto is “live and let live”, but it is not quite that simple for Jedlicka, who jokes that his current home is “on a plane”.

He’s certainly not exaggerating. Pinning him down for an interview has been particularly tricky, and mostly orchestrated across WhatsApp. When we do finally get to talk, he has just touched down in Mexico, where he is meeting representatives in Central and South America. The day before he spent “a few hours” in Sweden and tomorrow, he tells me, he will be in Poland.

“We are constantly looking into options that would entail more Liberlands being created. Right now there are potential candidates in Africa and Central America,” he says. “Liberland can be created anywhere, but it all depends on the locals.”

Half a million people have applied for citizenship in Liberland.

Appeasing the locals has become one of Liberland’s greatest challenges. Croatian police are currently engaged in a game of cat and mouse with early Liberlandians, who are regularly arrested and forcibly removed from their sandbank upon which Jedlicka and his family planted Liberland’s yellow and blue flag. Around 100 people have been arrested since the proclamation of Liberland in 2015.

“We were charged with leaving Croatia and the Schengen zone illegally,” he says. But Jedlicka adds coyly: “That is matter-of-fact confirmation that Liberland is not part of Croatia.”

On the surface, Jedlicka’s plans sound borderline delusional. He has spent three years trying to build a nation from scratch, travelling to gather representatives in 100 different countries who share his low-tax goals, all while supporting a wife and son.

It is hard to understand why he would put himself through the stress of creating a nation. But you might have said the same of the mystery individual known only as Satoshi Nakamoto when they published their bitcoin blueprint.

Jedlicka has watched the bitcoin boom along with the rise of Facebook, Amazon and Google, and is certain that disruptive technology can make as much of an impact on governments as it can financial institutions.

“For many years, I worked for lowering taxes and regulations in the Czech Republic, but I suddenly realised that it would be easier to start a new country than to fix an existing one. We suffered 40 years of serious damage to our society under a communist regime and, unfortunately, many of the same people are in power again,” he says.

“It seems that Czechs do not learn from their history. We see some of the same damage happening in other European countries, where taxation and regulation is strangling prosperity.”

Liberland has certainly grabbed the attention of business moguls who fear their ventures will be stifled by European law, particularly Roger Ver, an early investor in bitcoin, who is widely known as the “Bitcoin Jesus”.

Patrik Schumacher, the chief executive of Zaha Hadid Architects, is a key supporter, submitting his artwork as a potential design for Liberland’s cityscape in the future, Jedlicka says.

Controversial academic Jeffrey Tucker, an American economics writer of the Austrian School and bitcoin advocate, Cato Institute fellow Dan Mitchell and Richard Sulik, a famous Slovakian political figure, have lent endorsement.

Jedlicka recently made an appearance in London, invited to talk at the Libertarian Party conference, and claims that Britons make up the majority of visitors to the micronation. But it is enticing “the young and adventurous” in particular, he says.

For those thinking about taking the plunge, Jedlicka recommends waiting until spring until making a move.

“In the early spring is the best time to come, as that is when our social and cultural life starts to flourish. Liberlanders can occupy boats and houseboats parked in Liberland waters.

“We hope that land itself will be safely accessible soon, but we are also ready if it takes a longer time. We also have a local community and infrastructure on the banks of the Serbian side of the river that welcomes visitors,” he says.

“Liberland aims to be a basic model for change. People can love it, hate it or ignore it. We don’t care as we are just doing our own thing.”