

The Distortion of Money

What Bitcoin Did, Peter McCormack, Jeff Booth

INTRODUCTION

In A Nutshell

In this April 2022 episode of the What Bitcoin Did podcast, host Peter McCormack speaks with author and entrepreneur Jeff Booth about Bitcoin and its ability to create a fairer market landscape.

Favorite Quote

“There is no free market if there’s a distortion of money, because everything else is on top of that distortion of money.” [Jeff Booth]

Introduction

As cryptocurrencies like Bitcoin become more mainstream, there has been pushback from people who question the validity and longevity of such currencies. | In reality, governments have long manipulated currency, often at the risk of their own citizens. |

What Bitcoin Did with Peter McCormack is a podcast that aims to educate listeners on various aspects of Bitcoin, from economics and politics to its technology and development. | In this April 2022 episode, author Jeff Booth discusses the ways in which money has been distorted and how Bitcoin can offer a way out of a collapsing system.

INSIGHTS

Money is a complicated concept (#currency, #money)

“We don’t want more money, we want more of what we believe money will buy us ... So, when you have misinformation in money as a byproduct, you must have misinformation broadly across society.” [Jeff Booth] |

Most people want money because we need it to survive and thrive. | The more technical underpinnings of money, however, are more complex, involving governments and regulation issues that manipulate the essence of currency itself. |

Our modern ideas of money can be traced back to the division of labor and the social contracts that made it possible for people to pursue different paths, such as doctor, farmer, or factory worker. | This system was built on a social agreement – ‘if I do my job, you do yours’ – and it was held together by the exchange of labor and money. Over time, the division of labor became more distorted, along with the money it was tied to. | Because governments centralized power and control using things like regulatory bodies and taxes, the exchange of currency became less clear-cut, resulting in more misinformation and mistrust. |

The distortion of money can be seen on a spectrum with communism on one end and free markets on the other. In both scenarios, though, government intervention is creating conditions in which money is manipulated, and ideas cannot freely flow.

Currency has long been manipulated (#distortionofmoney, #governments)

Our understanding of money is built on the gold standard system, a top-down way of handling currency. Because the credit system is built upon the gold standard, it is highly malleable by people and governments alike. | Governments can interfere with currency through taxes, wealth redistribution, and inflation. | A primary issue with the gold standard is that it is largely non-transferable and is slow-moving in today’s fast-paced internet age. |

Government intervention into currency creates a scenario in which the free market isn’t truly free, as it’s centralized around a few individuals who have power and control. | Cryptocurrencies like Bitcoin provide a bottom-up approach to money, allowing individuals to circumvent governments and their broader manipulation of money. | Cryptocurrency also provides a pathway into the future, as financial transactions can be made quickly and efficiently as opposed to the slow pace of traditional, gold-standard-based transactions. |

“If enough people believe in, ‘Wait, why should my money or my time be manipulated? And who wins by that manipulation?’ ... Bitcoin is just an idea that is going to transition, and it will become a reality; I suspect enough people are going to see that.” [Jeff Booth]

Regardless of someone’s thoughts on Bitcoin, we should all realize there’s a need for change (#change, #cryptocurrency)

Government manipulation of money extends globally. Oil prices, for instance, are set in U.S. dollars. When the U.S. prints money, which can lead to inflation, it drives up oil prices globally due to the dollar’s hegemony. | Countries like China, which are gaining a stronger foothold in the energy sector, are now aiming to price oil in yuan. Bitcoin provides an alternative by decentralizing how we price global commodities like oil. |

By removing the power of governments to manipulate money for political ends and giving more control to people, the market will become truly free, allowing for greater innovation and cooperation across borders. |

“In a system ... that we know structurally has to break down and get worse and worse and worse, we're really liable to create us-versus-them narratives ... Most likely, as we do that, we push people further and further away from the truth.” [Jeff Booth] |

Technological advances have made it possible to envision a future that allows for the decentralization of old structures and a fast, secure way of making transactions without large-scale governmental interference. | Bitcoin and cryptocurrencies don't appeal to everyone, but they do offer one way of addressing real issues regarding the distortion of money.

CONCLUSION

Governments have long manipulated currencies through inflation, tax, wealth distribution, and other practices. | Cryptocurrencies like Bitcoin provide one way around intrusive governmental practices that distort the value of money on a national and global scale.