



1. [Money](#)
2. [Primitive Monies](#)
3. [Monetary Metals](#)
4. [Government Money](#)
5. [Money and Time preference](#)
6. [Capitalism Information System](#)
7. [Sound Money and Individual Freedom](#)
8. [Digital Cash](#)
9. [What is Bitcoin Good For?](#)
10. [Bitcoin Questions](#)

Chapter 1: Money

There are many choices for people's money and no right / wrong but **consequences** of choice

Directly exchanging goods through bartering is highly impractical due to complications of scale, time, and location.

Money solves the problem of moving economic value through time or space. It provides a way to indirectly transfer between two goods.

Money is:

1. Medium of Exchange
2. Storage of Value
3. Unit of Account

Medium of exchange

Good used solely to exchange for other goods

Money's quintessential function.

Store of Value Ability to hold value into the future

A good store to value has a high **stock to flow ratio**

stock = amount of existing supply

flow = supply of new money

Unit of account

Item that is most commonly used in trade and serve as metric to measure wealth

Operation of market depends on prices and prices, to be accurate, depend on a common medium of exchange

Only with a medium of exchange acting as a unit of account does complex economic calculations become possible

Chapter 2 Primitive Monies

Salt, cattle, glass beads, and stones have all functioned as money for a period of time when it had one of the best stock to flow ratio, but **stopped** when it lost this property.

The choice of what makes the best money has always been determined by the technological realities of societies shaping the salability of different goods



















Chapter 3 Monetary Metals

Anything used as a store of value will have its supply increased. And anythings supply that is increased easily will destroy the wealth of those who used it as a store of value.

Countries that have used metals w/ low stock to flow ratios (Silver, copper, tin), all fell victim of having wealth destroyed over time.

History shows it is not possible to insulate yourself from the consequences of others holding money that is harder than yours

Monies Comapred

	Bitcoin	Gold	Fiat
Durable			
Portable			
Fungible			
Verifiable			
Divisible			
Scarce			

Chapter 4 Government money

Biggest scam on the planet

Primitive form of money

It's supply can be increased quickly, leading to a loss in salability, destruction of purchasing power, and impoverishment of the population.

WW1 was the end of where monetary media is selected by the market, and the beginning of the era of government money

It is no coincidence that the era of central bank-controlled money was inaugurated with the first world war in human history

With the simple suspension of gold redemability, governments' war efforts were no longer limited to the money that they had in their own treasuries, but extended virtually to the entire wealth of the population

Hyperinflation

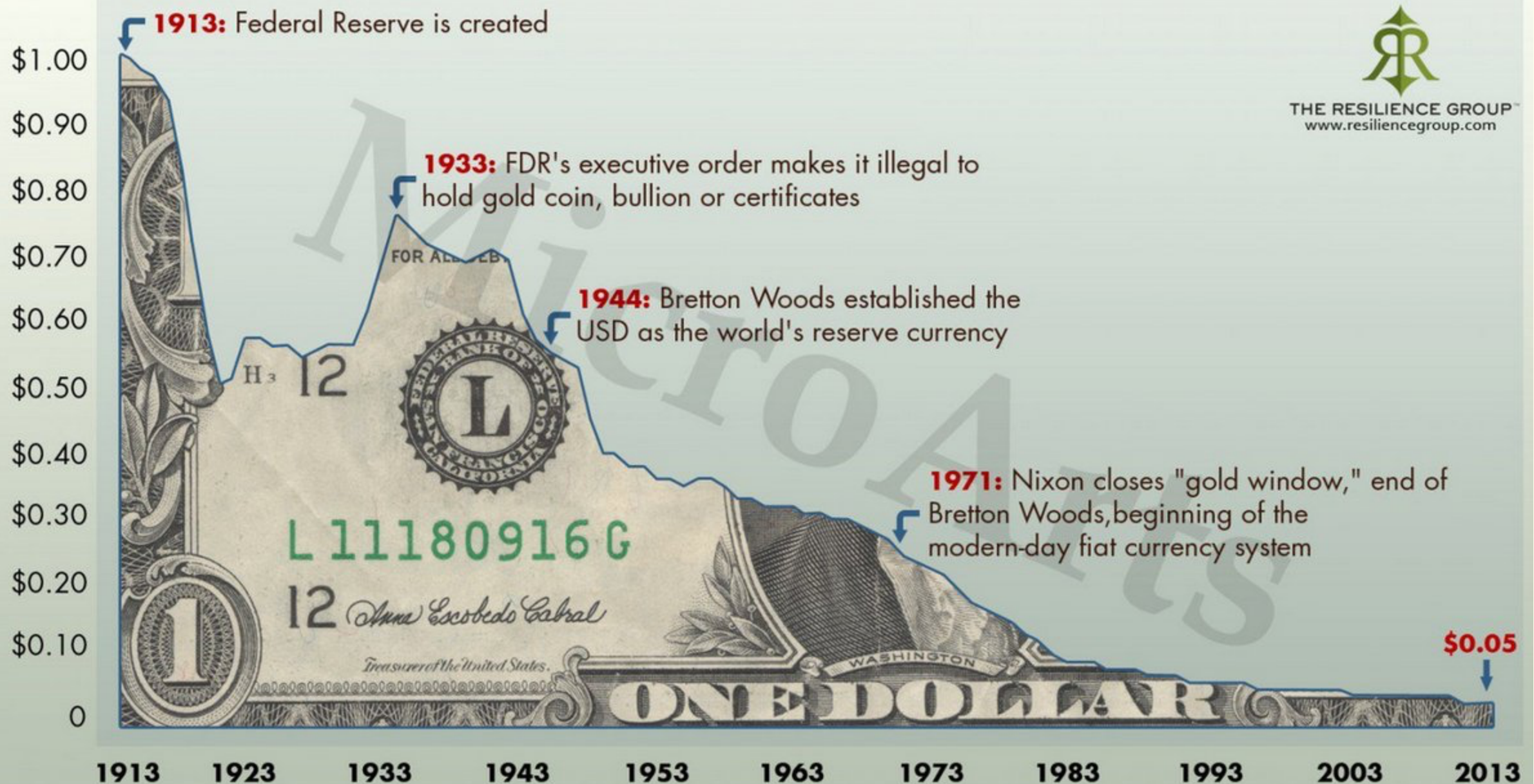
Hyperinflation is a form of economic disaster unique to government money

There was never an example of hyperinflation with economies that operated a gold or silver standard

Purchasing Power of the U.S. Dollar (1913-2013)



THE RESILIENCE GROUP™
www.resiliencegroup.com



Source: U.S. Bureau of Labor Statistics

Chapter 5 Money and Time preference

If government money was a superior storage of value and unit of account, there would not be any legal tender laws to enforce it.

The fact that govt hold onto their gold and increase reserves testifies to their confidence in their money long term and inescapable monetary role of gold

Unsound money, being controlled by central banks, whose express mission is to keep inflation positive, will offer little incentive for holders to keep it.

As politicians continue to sell lies that eternal welfare and retirement benefits are possible through the magic of the printing press, the investment in a family becomes less valuable.

The majority of technology we use was invented in the 19th century, under the gold standard, financed with the ever growing stock of capital accumulated by savers storing their wealth in sound money and store of value that did not appreciate quickly.

The contributions of sound money to human flourishing can be seen in science, technological advances, and seen in art.

Chapter 6 Capitalism Information System

Capitalism is what happens when people drop their time preference, defer immediate gratification, and invest in the future.

Prices are an information system of economic production, communicating knowledge to the world and coordinating the complex process of production.

Only with prices expressed in a common medium of exchange, is it possible for people to calculate their comparative advantage and specialize in it.

Increasing money does not increase physical capital stock; it only devalues the existing money supply and distorts prices

Chapter 7 Sound Money and Individual Freedom

The fundamental scam of modernity is that governments need to manage the money supply; and every attempt to manage the money supply has ended in economic disaster

Keynesians and Monetarist

The two government approved economic theorists

They use different rationales to reach the same conclusion:

1. government has to expand money supply.
2. deserve more \$ to find ever-more-creative ways to suggest gov't expanding money supply
3. Should money supply not expand fast enough (or contract), a deflationary spiral can take effect

Keynesians

Started by Keynes, a failed investor and statistician

Assume that the most important metric in determining the state of the economy is the level of aggregate spending across society

If spending is too high, leads to inflation and rise in price level, too low and producers reduce production, fire workers, increasing unemployment resulting in a recession

Doesn't attempt to explain **WHY** spending levels might suddenly drop, and instead blames sudden reduction of spending levels on "**animal spirits**"

Whenever there is a recession, it is due to a drop in spending and solution is for government to spend more.

Solution (at complete odds w/ reality):

When economy isn't at full employment, increase money supply to fix problem.

There may be consequences in long run, but no point worrying about long-term consequences b/c **in the long run, we are all dead.**

3 ways to increase aggregate spending:

1. increasing the money supply
2. increasing government spending
3. reducing taxes

Austrian Economics

1. Money emerges in a market as the most marketable commodity and most saleable asset
2. Network effects mean one, or a few assets emerge as a medium of exchange
3. The absence of control by govt is necessary condition for soundness of money

1. If money supply is fixed, then economic growth will cause prices of real goods and services to drop. Such a world would encourage saving and investment of the future where more consumption would happen
2. A society that defers consumption will end up consuming more in the long run than a high time preference society, as they invest and produce more income for investors

“Hard money, by taking the question of supply out of the hands of governments and their economist-propagandists, would force everyone to be productive to society instead of seeking to get rich through the fool’s errand of monetary manipulation”

The only cause of economic growth in the first place is delayed gratification, saving, and investment, which extend the length of the production cycle and increase the productivity of the methods of production, leading to better standards of living

Modern artists have replaced craft and long hours of practice with pretentiousness, shock value, indignation, and existential angst as ways to cow audiences into appreciating their art, and often added some pretense to political ideals, usually of the puerile Marxist variety

“Prices are not simply a tool to allow capitalists to profit; they are the information system of economic production, communicating knowledge across the world and coordinating the complex processes of production”

Creating new pieces of paper and digital entries to paper over the deficiency in savings does not magically increase society's physical capital stock; it only devalues the existing money supply and distorts prices

Chapter 8 Digital Money

Any application of blockchain technology will only make commercial sense if its operation is reliant on the use of electronic cash, and only if electronic cash's disintermediation provides economic benefits outweighing the use of regular currencies and payment channels

“The Bitcoin ledger of transactions might just be the only objective set of facts in the world”

“Whereas in a modern central bank the new money created goes to finance lending and government spending, in Bitcoin the new money goes only to those who spend resources on updating the ledger”

“Bitcoin is the cheapest way to buy the future, because Bitcoin is the only medium guaranteed to not be debased, no matter how much its value rises”

Chapter 9 What is Bitcoin Good For?

Any person who owns Bitcoin achieves a degree of **economic freedom** which was not possible before its invention

Storage of Value

Historically, bitcoin has swung on the positive with returns due to sound monetary policy, and not being controlled

Monetary Exchange

It has proven over 9 years that it works as a monetary exchange. To function for small purchases, third party applications will need to be built on top

Unit of Account

Bitcoin will need mass adoption before it is considered a unit of account. Once this happens, people will be able to calculate economic value in bitcoin, and bitcoin will be able to take half of every tx.

Chapter 10 Bitcoin Questions

Altcoins

No coin is likely to overtake Bitcoin as money. Bitcoin is the first p2p digital cash and it works

Every altcoin has an existential crisis. Bitcoin already exists and is more secure, and has an established user base. To compete with Bitcoin, a third party is needed to market and sell the coin.

Ethereum

No monetary policy

Centralized scam that changed txs

The Decentralized Autonomous Organization (DAO) was smart contract. People that put money into contract Developer interacted with contract and worked exactly as programmed

Ethereum Foundation forked code and stole funds

