Tell Me About Bitcoin

What does Bitcoin intend to solve?

Bitcoin was created to put a global, digital, peg on fiat currency. Since 1971, money around the world has not had a peg. This can work, but not over a long period of time because governments around the world will debase their fiat money in order to create growth through financial engineering. It's the classic Tragedy of the Commons – only between nations with their fiat money. To date, this has occurred via the bond markets – which now have no yield on a real basis. I'm sure you've noticed that existing fiscal and monetary policies are polarizing social classes globally. This is the result of overusing inflationary monetary policies with no monetary peg. Do yourself a favor and Google, *Cantillon Effect*. Since Bitcoin has a fixed supply of coins and it runs on a decentralized protocol (similar to the Internet Protocol (IP) or Transmission Control Protocol (TCP)), it has been forcing fiat currencies to conform to its rules for ten years now.

The price is so volatile!

Yes it is – for now. This is a new form of currency and the current market capitalization is very low relative to existing fiat currencies. As a result, you get volatile swings. Additionally, the Bitcoin protocol has a four-year cycle based on a game theory incentive structures used to execute fiat currency. This cycle is straightforward and it's important to understand why the volatility peaks every four years. To better understand this cycle please read the following paper: **https://tinyurl.com/btc-cycle**

How does Bitcoin have a fixed supply of money?

You've heard the buzzword Blockchain? Imagine if I could send you a digital picture. Once you receive that digital picture, you are the only person that can possess it. You can't copy it nor send a copy of it to another family member. Well, that's what Blockchain enables. Bitcoin has done this with 21 million Bitcoins. And before you say, that's not enough units for the entire world, please realize that you can break 1 Bitcoin into 10^{-8} units. Or in other words, there are 2,100,000,000,000,000 total units. There will never be any more than that because of blockchain technology.

There are a million crypto coins – why Bitcoin?

First, remember, bitcoin is an open source decentralized protocol. When studying how protocols reach mass global adoption, you need to understand network effects over communications channels. Although Wikipedia isn't a protocol, it can serve as an example. Anyone could copy the open source code for Wikipedia, change the name, and then try to adopt new users and overtake Wikipedia as the global source on the internet. This doesn't happen because of network effects. Bitcoin has the strongest protocol network effect for pegged money. Here's an important article that highlights why it'll likely stay that way: **https://tinyurl.com/btc-security**

Governments will never allow it!

During the early years of protocol growth, this was a major concern. Today, the opposite is occurring. You have state governments like Wyoming already passing legislature to protect Bitcoin holders. Additionally, you have countries like Germany, Australia, South Korea, and many more already passing laws to protect ownership. Here is an hour-long podcast conversation only addressing this question – recorded in 2020: **https://tinyurl.com/btc-legal**

Final note

You know there's something systematically wrong. The world you knew 20 years ago is not what you have today. Guess what, the fiat money, fiscal spending, and inflationary monetary policy is causing it. Future bailouts and further debasement of fiat currency will only strengthen this trend because it's applying more of the same policies that brought us to this point. Bitcoin is the answer to this runaway global policy and broke incentive structure. No single paged paper will answer the depth of questions you probably have. Here is a great resource that's organized to help answer any questions you might have: **https://tinyurl.com/btc-resource**

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