

How the Crypto Empire Could Collapse in 24 Hours

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The deadline is tomorrow. All eyes are on bitcoin and the outcome of its divorce.

Just like any divorce, it's impossible to make sense of unless you follow the story from the very beginning. But no can remember the details of what happened way back when. So both parties rejog history to fit their narrative of a calm and rational self.

The result is two different histories and a lot of drama reconciling the two. Eventually both sides decide it's better to walk away and do their own thing without all the drama.

Bitcoin's split has all of this. And so, in order to write about it, some simplifications are impossible to avoid. Do you really want to know the details? My friend Sam Volkering can [help you](#), and show you how to profit too. But it's the conclusions that are crucial.

First, what is the divorce scheduled in for tomorrow? It's all to do with too much data. Bitcoin works by making vast amounts of information available to everyone, sort of like the internet itself. Because everyone has it, it can't be fudged.

Unfortunately, bitcoin is so popular that the internet can't keep up. It's like when you try to attach your photo album to an internet-based email provider – there's a limit to the number of photos it can handle. A way to simplify the information that makes bitcoin work is needed. The question is how.

Bitcoin's users came up with two options. The less popular one refused to back down. And so bitcoin will split in two, sort of. It's more of a breakaway movement. The proponents argue their new version of bitcoin, called Bitcoin Cash (BCC), will be proven superior to bitcoin original over time. Meanwhile bitcoin original will change to a Segregated Witness (SegWit) method.

SegWit reduces the amount of information which buzzes around the internet constantly to keep the bitcoin system public and therefore honest. It gets rid of some of the information included in every bitcoin transaction – the witness, which makes up 60% of the data.

It's a bit like moving the identification of who is who in a contract to an appendix. What matters to the system is that it was verified sufficiently, not specifically who verified it. Without all that information included in the bitcoin's immediate system, it needs 60% less data flow per transaction, so it's faster. Until that improvement gets eaten up again by even more bitcoin transactions.

Bitcoin Cash's solution is to increase the size of the information allowed in each block, or bundle of data. It's upgrading the email system to allow bigger files. Eight times bigger. This is a much more comprehensive solution. But it doesn't have as much backing. And in cryptocurrencies, backing is everything.

Which system will win out in the end? The better one.

The key issue remains – can bitcoin become mainstream if the world can't handle the amount of data cryptocurrencies need to function?

If you take a look at what we know, that's a good question. A book called *Attack of the 50 Foot Blockchain* is a good example of this. It points out we lack the things needed to make bitcoin work well. But that may be like arguing the smartphone will never exist because it would have to be the size of an iPad. It ignores progress, innovation and consumer choice.

So does the fork matter? Not necessarily. It's a [trading opportunity](#). There's a worry that Bitcoin Cash's smaller backing leaves it open to manipulation before it clears the hurdle of respectability or is simply ignored out of existence. One of the two should happen eventually.

The surprising thing here is that tomorrow bitcoin owners will discover they own as much Bitcoin Cash as they have bitcoin.

Keeping tabs on Trump's victories

Donald Trump seems to have pulled it off again. The master of setting traps for the media attracted a hailstorm of abuse for

failing to shake a disabled boy's hand.

Hillary Clinton and JK Rowling were quick to jump on the bandwagon. JK Rowling went all out, including this: "How stunning, and how horrible, that Trump cannot bring himself to shake the hand of a small boy who only wanted to touch the President."

It turns out the video which caused the storm had been edited badly, probably deliberately. Trump had in fact been perfectly social with the boy. Neither of the two like handshakes. The boy's mother confirmed all this with her own pictures and a message for JK Rowling.

Why do you care? Because this is the simplest example of Trump's consistent ability to generate drama and scandal, only to walk away vindicated. The media describes his presidency as plagued by scandal, but a great proportion of the scandal is initiated, controlled and contrived by him, leading to predictable results.

A Twitter war over a disabled child's lack of handshake isn't the only example in the news. The Washington Post has an opinion piece about how the Russia collusion story is disappearing. Too much of the Democrats' own collusion with Russia was coming to light in the media spectacle.

Twenty Republicans have sent a letter to the attorney general asking for an investigation into Clinton's own Russian collusion given the past investigation seems to have been botched. Trump has the Democrats cornered because they cannot disavow their interest in Russia's collusion with American politicians now.

These scandals hide the true issues and problems Trump faces. And they discredit Trump's opposition, which is a dangerous development. We no longer know which chaos is of Trump's making and which is not.

Take for example the real issue of Russian collusion – North Korea. With China refusing to be of much help, the US will have to turn to Russia to apply pressure. Unfortunately, US Congress is hell-bent on doing the opposite and pushed increased sanctions on Russia. Trump eventually agreed to sign the law.

Ironically, this sabotages the relationship between the US and the EU, who is the victim of US sanctions on Russia. Once again, Trump has twisted the tables on his political enemies in the US, leaving them pursuing friendly fire he initially opposed.

The political opportunity to appease the EU, improve relations with Russia and put pressure on North Korea in one fell swoop now presents itself to Trump. All he has to do is oppose Congress on sanctions. He will come off vindicated once more.

Meanwhile, the US representative to the United Nations confirmed the US is sick of waiting for action on North Korea. Trump announced the same on Twitter.

North Korea claims much of the American mainland is now within its missiles' reach. With the potential in-laws well within the confirmed range of North Korea's missiles, things are getting interesting on a personal level.

Survival shelters that are popular with American apocalypse enthusiasts are now selling well in Japan. They used to feature on Japan's TV shows about how weird foreigners are.

Until next time,

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Capital %26amp; Conflict