

Politics Can Hijack Your Crypto-Folio

Retrieved Tuesday 15th of August 2017 07:35:29 PM

Last night it hit me. With [bitcoin](#) well over the \$4,000 mark thanks to his foreign policy, you have to wonder how much bitcoin President Donald Trump owns.

There's little question the awesome power of the US president includes the ability to affect the bitcoin price. It's become a [geopolitical](#) risk hedge for investors. The price surges at each escalation. And Trump is escalating an awful lot.

South Koreans in particular are turning to cryptocurrencies to secure their wealth in the face of war. It's leading to a surge in price as [predicted by Sam Volkering](#). Sam has picked out a few more cryptos set to surge too as they hit the mainstream.

Thanks to the crypto nature of cryptocurrencies, it's impossible to know if Trump really does own bitcoin. Unless he tells us, or slips up somehow, we may never know if he's become even more awesomely rich in secret.

One of the first uses for bitcoin was online illegal drug shopping because users' identities are hidden in the bitcoin payment process. But the founder of one such dealing website published his email address alongside his bitcoin wallet identifier in an online forum, so he was found and sentenced.

Trump could easily own thousands of bitcoins and no would know. As [he triggers each escalation](#) in a more and more erratic way, the bitcoin price and his wealth surge.

According to a former Wall Street Journal columnist I travelled to Sarajevo with, that was Trump's presidential plan all along. The easiest way to get an immense amount of free press in the media, along with instant name recognition globally, is to run for president. Trump has used politics in this way for years.

He didn't expect to get far in the presidential race. He did expect to become instantly recognisable in Asia in anticipation of a business expansion there. Trump is primarily a branding business, after all. Name recognition is everything.

One thing we do know is that Trump's main opponent [North Korea is on to bitcoin](#). It's a hub for hackers who attack the global financial system. They've even managed to trick the SWIFT system you and I use to transfer money internationally. North Korean hackers reportedly transferred almost a billion dollars of Bangladesh's money from the New York Federal Reserve.

Bitcoin is one of their favourite targets. According to Radio Free Asia, North Korean hackers stole about \$88,000 in bitcoin per month between 2013 and 2015.

It's not just bitcoin that's made its way to North Korea. North Korean supreme leader Kim Jong-un's friend Dennis Rodman wore a t-shirt with the PotCoin logo on his visit to North Korea. The marijuana inspired version of bitcoin even sponsored his trip.

Politicians profiting from their policies is nothing new. But bitcoin does allow them to do it in an even more secure and profitable way than before. Bribes are also hidden. It's a real problem.

Then again, if you own cryptocurrencies, perhaps having politicians in on the game is good news. It means the crackdown won't be as swift. [The future looks bright for cryptocurrencies](#). The question is which ones will make it big. [Find out here](#).

Trump escalates history

History says that currency wars lead to trade wars and trade wars lead to military wars.

First countries print money to get a. It lowers their currency compared to peers, improving the trade balance. But each devaluation is at the expense of other countries, so it's implicit economic warfare.

Most of the developed world is on this war path. [Central bankers are printing money](#) and talking down their currencies non-stop.

This policy soon escalates to proper economic warfare in the form of sanctions and trade policy. President Trump is busy

escalating on this front with China at the moment. Of course, as always with all politicians, his measures are purely retaliatory. China started it.

And he certainly has a point. China is currently in the process of writing itself into large companies' constitutions. That means companies now have to make decisions after consultation with and deference to the government.

Well, it's actually the Chinese Communist Party that the new policies reference – the first time the subtle change was made. Hong Kong stock exchange-listed corporations are now at the beck and call of the Chinese Communist Party.

How times have changed

Into this environment Trump has decided to blunder with his trade wars. It begins with the theft of American intellectual property. Trump directed his trade representative Robert Lighthizer to “consider” whether “an investigation is needed” – the “first step in a process” that is “just the beginning”. Could he be more cautious? Does this sound like Trump to you?

Why is Trump treading so carefully? Because of stage three in history's story of escalation. Trump needs China's cooperation on war with North Korea – hot or cold. Otherwise things could spiral out of control. And China is complying so far, reducing its imports from the hermit kingdom as required under UN sanctions.

Another hint of cooperation between China and Trump is that China responded to Trump in its usual way on the announcement of Lighthizer's new directive: Donald's trade wars are nothing but a distraction from his domestic woes. No retaliation is required.

This is a huge improvement in relations. If China and the US can both keep up appearances of a trade war while cooperating on North Korea, escalation can end.

Unless the bullets fly...

Until next time,

Nick Hubble
Capital %26 Conflict