



## Bitcoin and why believe in it

- Fix the money
- Fix the world!

Ranger Ned 26/08/23

First and foremost I truly believe that if the above can be solved, the world will be a more harmonious place.

Bitcoin is not a trade – it's an option for a better system we have now, and how it operates in the real world is dictated by math and code. The fact is though, we are not ready for its potential at world wide scale YET.

But I believe it will get there eventually. Maybe not even in my lifetime- which is ok by me if it means my kids and everyone forever after can benefit.

Bitcoin takes quite a while to understand as you need to do the time learning it, and because of this the vast majority don't bother - and look at it like a security (stocks) and think it's something to trade. Plus its still so nascent that it's potential is fast overlooked.

Sure, you can try and trade it, along with all the other various trading options out there, but this takes away the truth and facts behind what Bitcoin really is, why it was created in the first place and what it can do for the world if it becomes the global settlement layer.

It's potential

- To become a global reserve currency that's store of wealth over time has never been seen to all human existence.
- A fair worldwide, borderless, playing field for all global settlements to take place.
- Peer to peer transactions that has no intermediaries.
- The hardest, most sound form of money (Non manipulable) ever existed

This is an opinion piece, based on facts and is to hopefully shed some light on more quality info on what bitcoin is and why we need it in our world.

I AM NOT A FINACIAL ADVISOR, and this article is not intended as investment advice but rather an overview on the underlying tech and the real-world implications of how bitcoin can help our broken monetary system.

It is extremely hard to talk to family and friends about potentially investing in a speculative asset plus convince them that our current system is very broken. So straight up I respect and understand if this is not for you.

I will try to keep it as concise as possible with links to delve in more if you desire. It's taken me years of learning to truly understand Bitcoin and appreciate why it was created. If I had found a short piece like this in the beginning, it would have helped a lot. But please understand that for this to be a short info piece I shall be forced to gloss over some very important points which for them to make a lot of sense you really need to do the work yourself and spend the 2 or 3 years of doing your own research – (maybe a lot less, if you have more spare time than me or your just smarter, ☺)

Bitcoin is a permissionless peer to peer digital asset that has achieved a level of decentralisation and network effect that it is never going away and can't be matched. It is the hardest form of money the world has ever seen in all the ages. This means ALL THE AGES!

So where to start, because Bitcoin covers subjects like –

Monetary Policy - Government

Sound Hard Money – Unable to be manipulated

Store of wealth - Financial

Computer, Tech talk

Just to scratch the surface, and I can hear the moans of BORING already and yes it can be a bit dry for some to research, so why bother. Well for me and I would have a guess for most, it's because we are sick of working our arses off and getting nowhere. It's common knowledge that mankind is working longer on average but finding it harder to keep up when you zoom out and look at generational averages in how life is getting harder financially.

Technology is dis-inflationary and exponentially getting cheaper. Our lives should be improving on average not going backwards.

This will be a huge oversimplification because like mentioned above it truly takes years to delve right down the rabbit hole and the above subjects are not light reading.

Hopefully with these simplified explanations it can give a rough overview of why bitcoin is so important, and to stop looking at it like a trade, or a quick way to make a buck.

Bitcoin is not a trade – Bitcoin is a base layer hard money that looked at over long enough time frames has proven to be the best store of value our planet has ever seen.

- <https://podcasts.apple.com/au/podcast/bitcoin-audible/id1359544516?i=1000594811459>

## Monetary Policy - Government

One of the main reasons to be a Bitcoiner is the fact that we do not have a sound hard money. There are many reasons of why this is.

Money is manipulated by our central banks to keep the economy going with a fractionalised banking system, based on obscene amounts of debt. More debt in the world than real money. Think about that for a sec, more debt than real money. How can this be? Well, when you put your money in the bank the bank re-loans that out to their customers for loans/mortgages. But they don't loan this money at a one to one ratio, they re-hypothecate it several times creating this debt bubble.

It's a bubble that needs to burst but will devastate the economy.

People are saying that it's going to burst many times over. But it may not, not if they just keep printing themselves out of debt and the inflation erodes away the debt. That's a very hard concept to wrap your head around.

The central banks manipulation with money benefits the huge fractionalised (in debt) banking system - the rich and a select few. Not the vast majority.

Central banks have 2 main leavers that they can pull on which greatly affect the way money flows in the economy.

1 - Interest rate hikes - Slows the economy down (= Borderline recessions)

2 - Fiscal stimulus, (money printing) Speeds the economy up (= Inflation)

Inflation is the thief that steals our hard earned dollars over time. I know its been a big topic all over the media lately but only because its peaked lately. Its been this way for so long that people think it's normal. This is no normal way to live. To work your arse off only to have it inflated away and worth considerably less in your future life time.

It's very hard for the human brain to look at inflation over generations and how it compounds. Once you do - it's very scary. Every one has heard - when I was a kid that cost ..... Heck I've even started saying it as its true. No joke - in 1988 I used to go down to the local milkbar for dad and buy a pack of cigi's (I know an 11 year old buying smokes - WOW), 2L of milk, bread and some lollies, and still get change from 20 bucks.

When you realise how inflation compounds ever year you can quickly see what things are going to cost in years to come and its very scary if you look up a simple inflation compounded graph on google - It's one of the scariest things I've studied.

So with the central banks levers and our fractionalised banking system the money is manipulated which results in, out of control inflation or bank bail outs and recessions.

This subject alone is one of the hardest to believe because its sounds like a conspiracy theory rant. But I can assure you this is very factual. The world is currently trapped in a debt based system.

LINKS -

- The Bitcoin Standard - <https://saifedean.com/books/the-bitcoin-standard>
- The Price of Tomorrow - <https://www.jeffreybooth.com/>

## Sound Hard Money - Unable to be manipulated

You might disagree because a dollar to me is worth a dollar to you - right now. But this is why we need to zoom out. Because that 1 dollar's purchasing power in 1 year or 5 years is considerably less with inflation. That 1 dollar is not backed by anything other than a belief system between people that my dollar is the same as your dollar. Previously that one dollar if you put it in the bank the bank would store one dollar's worth of gold, so that one dollar was backed by something that had real world worth (proof of work). It cost a lot of work and money to get that gold out of the ground and in the bank, that and the fact that it's a relatively finite valuable metal makes it a hard money.

Now they just print money out of thin air, which is not backed by anything, which devalues all the other dollars already in existence.

Money and gold have had a long history together and have been interchangeable for longer than most would know, but money as we know it became FIAT when the various factors such as Bretton woods agreement, and the transition away from a hard money backed system was abandoned.

LINKS

- <https://www.federalreservehistory.org/essays/bretton-woods-created#:~:text=A%20new%20international%20monetary%20system,became%20the%20World%20Bank%20Group>.
- <https://vijayboyapati.medium.com/the-bullish-case-for-bitcoin-6ecc8bdecc1>

FIAT is the term for the money made by central banks.  
FIAT is non-hard money. Changeable!!, Manipulable!!

Bitcoin is the hardest form of a currency that has ever existed in mankind history. Since it has been released to the world, it has never been manipulated or changed without the consensus and agreement from all those who participate on the network. In other words rather than a select few or a reserve bank controlling how money is controlled.

This is because written in the math and code of bitcoin core software is the fact that there will only ever be 21 million bitcoins released ever! This makes it the most finite money in the world.

To have a software update or a change in the code all the nodes on the network must agree to use the new version of code. If they do not agree on the new version, they can simply continue running the old version and ignore the new version if it does not benefit all of bitcoin society. Therefore, bitcoin can only be changed if it benefits everybody.

I run my own node which means the following.

- I have a say in the monetary decision and the future of any changes in this system.
- I can verify my own transaction without trusting any 3<sup>rd</sup> party.
- I am helping to secure the network.

## Computer, Tech talk - Geek out

What is a node you ask – A node is the bitcoin core software which houses the Blockchain and the peer to peer software talking to all other nodes. It can be run by anyone on very inexpensive hardware (old computer, raspberry pi) if you choose to do so. Please reach out to me if you would like any input setting up node - ☺.

This is the power of bitcoin because a single person can choose to have a say in this network. Nodes can also be used to verify any of your transactions on your copy of the block chain, so you're not needing to trust anybody else. This is why we call it a trust less form of money. Your node verifying your transaction will then broadcast that to the other nodes for everybody to agree that yes you did have those coins you're trying to spend, because a record of you owning those coins was already one of the transactions in the block chain that everybody has already seen.

What is a blockchain – A Blockchain is just a fancy word for a mass distributed database of all the transactions ever performed on the bitcoin network. The reason we don't call it a database is because the block chain resides on everybody's node and all nodes must remain in consensus (in agreement) with the same Blockchain – via a connection to the internet. If there is a change in one node trying to do an illegal activity all of the nodes refuse to let that transaction be added to the block chain. This is what makes it de-centralised unlike a centralised database that can be guarded by one company/person. This blockchain is transparent and anybody can look up what coins moved where.

Again this is a very simplified explanation for newbies to get their head around it. Bitcoin is divisible for the world, as less than a bitcoin is called Satoshi's (think of this as cents). There are 100,000,000 Satoshi's in a Bitcoin.

So how does it all work with new bitcoins being released. On average every 10 minutes a new block gets added to the block chain. A block is every transaction that has taken place in the last 10 minutes on the network and to get this added to the Blockchain a lottery takes place for miners (powerful computers) to crack a cryptographic puzzle. This requires large amount of computing power which is needed to keep the money hard money. Because remember if you can crack this code from thin air you're not doing the work for the reward (proof of work), which can also be thought of as proof of worth, just like the work it takes to find gold – Real energy MUST be consumed to give it real world lasting value!.

There has been a lot of criticism bitcoin uses too much electricity. This keeps coming up with new people to bitcoin. The problem is not using power. The problem is not using power wisely. Using this form of power to turn into hard money is possibly the most economical use of power humans have ever come across. Not to mention mining farms go to the end of the earth to find the greenest and cheapest power possible (usually wasted or stranded), which is where there's an abundance of power not being used correctly and not tapped into, or it is not viable to send that energy along long transmission lines to connect to the closest grid.

We will see miners starting to be used as much needed LV regulation system's on our power grids as the LV network fluctuations from the amazing abundants of renewable power are causing huge voltage swings outside acceptable ranges, causing considerable fatigue and damage to the network and everything connected to it.

We are going to see amazing innovative ideas come from using miners for their heat output as well. It makes no sense to turn an electric heater or aircon on and use that electricity for heat only! This is wasteful. Why not have a miner running making good use of the power and the by-product can heat your home as well.

We believe that the good that hard sound money can do for the world far out ways the negative effects of the power being used for the bitcoin network.

I am designing a bitcoin mining heater system for my house renovation as I write this piece. It will incorporate a switchable feature, which can heat my pool and house in winter, when required, instead of just paying for electricity for this, I choose to put it through a computer that gives me bitcoin and heat for my requirements, plus aids the security of the bitcoin network, AMAZING!!

I will be making videos and spreadsheets documenting the whole process when I get to that stage of the build. Be sure to follow my socials if your interested in this outcome.

- <https://podcasts.apple.com/au/podcast/we-study-billionaires-the-investors-podcast-network/id928933489?i=1000582346734>

But I digress so back to the tech talk – these blocks have been pumping away on average every 10 minutes since bitcoin commenced and has never stopped, been cracked or hacked or been over-run EVER.

Every time a block is printed to the Blockchain the miner (or mining pool), that cracked the cryptographic puzzle gets rewarded with the programmed release of new bitcoin plus the fees associated with those 10 minutes worth of transactions.

This reward started at 50 bitcoin for the first 210,000 blocks and gets halved every 210,000 blocks thereafter, which equates to roughly every four years until there is no more bitcoin and we reach 21 million. The miners will continue to mine the blocks once all 21 million have been released because by then bitcoin will be worth so much that it will still be worth getting the fees from the 10 minutes of transactions per block, as the protocol is disinflationary so the price of bitcoin will forever go up, when zoomed out enough( Im talking decades not daily price action).

There is also an ingenious addition to the bitcoin code which is called the **difficulty adjustment**. This happens every two weeks and is an automatic adjustment in the code that makes the cryptographic puzzle either easier or harder to crack. This was put in place to allow the network of miners to grow and fall accordingly and keep the required computing power even and fair for everybody.

So that works like this - if there was a doubling of computer hashing power overnight on the bitcoin network blocks would start getting released every five minutes on average. Once the difficulty adjustment sees this increase in hashing power, it makes the cryptographic puzzle twice as hard to crack bringing the release of blocks back to every 10 minutes on average. The same happens if computers leave the network the difficulty adjustment will make the puzzle easier to crack.

I will leave it there for the tech talk because I know this gets hard to understand for non-computer non-technical people. There is plenty more literature out there if you would like to dive in deeper to truly understand how this autonomous network thrives without any government control manipulation by people unless wanted.

Bitcoin is a profound breakthrough for economics and global trade. Never before has money been able to cross worldwide borders with no intermediate parties controlling it and taking their cut of the pie out of it. Humans have never had the ability to store all of their wealth wrapped up in a 12 or 24 word seed phrase (password). For people in countries that are fleeing for their lives they have had to leave everything behind until now. Bitcoin can and is helping people move their worth in a manner that can't be confiscated or manipulated.

## So how to approach bitcoin

People say - I'm too late for bitcoin it's already boomed. You need to get out of that way of thinking because

Bitcoin is

- not a trade.
- not an investment like a stock that you try to buy low and sell high.
- not get rich quick scheme nor is it a pyramid scheme.
- a paradigm shift in how we understand what money and worth is.

There are many different methods of acquiring bitcoin - KYC vs Non-KYC and this paper is not about buying bitcoin. If you do choose to partake in this asset class, there is many ways to go about it - but if you're new then I suggest only a small amount from a reputable broker and learn how to get it off the exchange - cold storage. (Again, happy to help it people need more info).

Some Aus brokers but do your own research,

- <https://www.independentreserve.com/au>
- <https://www.btcmarkets.net/>

Once you have your bitcoin in your cold storage and back up your 24 words seed phrase then start thinking about a long-term time preference. Meaning this won't be of any substantial value to you until a long way down the track. Who knows could be five years, could be 20 years, could be longer.

Looking in to non-KYC methods of acquiring bitcoin is worthy of researching if you get that far.

Bitcoin has the potential to become the world reserve currency and if it does hopefully, you'll be ready.

Energy is worth, and used on a sound money is energy used extremely well



Bitcoin will challenge your thinking into what is money and who deserves to control it. Bitcoin can't be stopped, can't be corrupted, can't be turned off, is limited in number but divisible for the world.

It is owned by no one but run by everyone who chooses to participate.

It is 100% verification and 0% trust.

**ALL** other cryptocurrencies have blockchain and code that is either alterable or not D centralised enough and can be controlled by the people managing or running the company which is no different to FIAT. There is no crypto at this time of writing that can come anywhere near what bitcoin can offer for the world – long term.

- <https://podcasts.apple.com/au/podcast/the-bitcoin-standard-podcast/id1403202032?i=1000541626223>
- <https://podcasts.apple.com/au/podcast/we-study-billionaires-the-investors-podcast-network/id928933489?i=1000587197153>
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- <https://podcasts.apple.com/au/podcast/we-study-billionaires-the-investors-podcast-network/id928933489?i=1000522282364>

Its Volatility Can be attributed to it being so young and nascent.

A monetary concept as immense as this takes time to build and grow into its potential. If you were to put just golds market cap into Bitcoin, this would stabilise the price fluctuations quite a lot.

If a substantial amount of the world's wealth moves over to Bitcoin we will see a very stable price. If it then becomes the world reserve currency its irrelevant because 1 Bitcoin = 1 Bitcoin and what we will see is the world's values, goods and services priced in Bitcoin and when that time comes, have you been staking sats???