

From: [REDACTED]
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: [Dewayne-Net] What Bitcoin Is Teaching Us
Date: Wed, 10 Apr 2013 04:47:49 +0000

Thought you might be interested...

I need to get through [REDACTED] -- the last one I'm working on is in May. Then I'll have more time to work on [REDACTED]. Did [REDACTED] contact you?

Begin forwarded message:

From: Dewayne Hendricks <[REDACTED]>
Subject: [Dewayne-Net] What Bitcoin Is Teaching Us
Date: April 9, 2013 9:42:29 PM PDT
To: Multiple recipients of Dewayne-Net <[REDACTED]>
Reply-To: [REDACTED]

[Note: This item comes from [REDACTED]]

What Bitcoin Is Teaching Us
Jeffrey Tucker
April 9, 2013
<<http://lfb.org/today/what-bitcoin-is-teaching-us/>>

“Thanks to Bitcoin, I am now living debt-free, just today managed to pay off all of my credit card debt!” — so reports a poster on Reddit, and the statement was echoed by many others. A currency that not only discourages debt, but earns enough money to pay off previous debt, plus encourages saving?

It seems unthinkable to people today. That’s because none of us in living memory has had experience with a currency that rises in value. The emergence of Bitcoin — a digital currency that has grown in purchasing power over time — has changed that experience dramatically. As a free-market currency, it does what currency should do, which is increase in value over time.

Conversely, government currencies usually fall in value. That’s the only kind of currency we’ve known throughout our lives. This reality affects our personal financial decisions in ways that we aren’t always aware of. We’ve come to assume that there is no inherent prize to be won by merely holding money.

With paper money, governments and central banks are in a position to punish holding money. Because it can be created without limit, discipline vanishes. Individuals, families, businesses, and government can ramp up spending without limit and avoid the consequences of their behavior. There’s no reason for them not to be profligate.

The dollar didn’t always behave this way. During the Second Industrial Revolution, after the Civil War in the so-called Gilded Age, we had a gold standard. Prices were generally declining for everything. Another way to look at it: The dollar was growing more valuable. It’s almost impossible for us to even conceive of a world that worked this way.

The dollar bought three times as much grain in 1894 as it did in 1867. It bought nearly twice as much cotton in 1877 as it did in 1872. Farmland became more affordable. In general, the dollar gained 2% in value through the

whole period. Wages were falling nominally, but rising in real terms, simply because the dollar could buy more. You were getting raises even without begging the boss.

During the same period, population soared and output expanded at levels we've not seen anywhere in living memory. Today, we celebrate 2% and get on our knees in gratitude that production isn't generally falling. But back between 1870-1890, we saw growth rates of 6% and more, and that became the new normal. Sound money was the basis of unprecedented prosperity.

The 20th-century experience flipped our expectations for what money should do. Especially in the postwar period, the falling value of the dollar punished savings and rewarded spending. This is exactly what the Keynesian economists hoped for. They wanted money always circulating and never "hoarded." "Deflation" was to be avoided no matter what.

[snip]

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