



I Was Wrong About Bitcoin Transcript

Ryan [00:00:00]

Hi everybody. Welcome back to the show. I'm Ryan Daniel Moran with Capitalism.com. Today's topic is going to surprise some of you who have been following my work for any length of time at all because for the last several years I have been very publicly bearish on cryptocurrencies and particularly hard on Bitcoin.

Ryan [00:00:22]

Now, I've always been curious about the technology that crypto and the blockchain allows for us to create, but I've always been very bearish on investing in cryptocurrencies, especially Bitcoin. And my primary reason for that for many years was very simply that Bitcoin is not backed in anything and I would get into debates with some of my pro-crypto, pro-Bitcoin degenerates who would say, "Well, name something that is backed in anything, Ryan." And I would say, "Companies." Companies are backed in customer bases and cash flows and network effects.

Ryan [00:01:05]

And we would get into a debate about what a better investment was, putting money into a new system that might be cryptocurrencies or putting them into companies that had profit and customers. Now, full disclosure, as of today still, the vast majority, the vast majority, much more than 90% of my wealth is still in businesses, in the stock market, in passive income investments like real estate and apartments and all of these and nothing that I say in today's episode is going to be a recommendation because I'm still learning about this stuff.

Ryan [00:01:41]

But the events of 2020 changed my mind about Bitcoin and other cryptocurrencies, and something changed about the technology, something changed about the entire ecosystem that made me say, you know what, I need to reassess my opinion here. I need to rethink this new wave of technology, this new wave of capitalism in order for me to now understand the changes that have happened in 2020.

Ryan [00:02:17]

There were several things that happened in 2020 that started to make me rethink my position on Bitcoin and other cryptocurrencies and the first was, obviously, the pandemic and shutdown, but the most important piece of that was the government's response to it. Watching



the government's response to the economic shutdown made me go, hey, is anybody else seeing this? And of course lots of other people were seeing this.

Ryan [00:02:47]

Now, I have an economics degree. I was studying economics during the 2007, '08 meltdown. It was a fascinating time to be an economics student. And I watched in horror as the government bailed out banks and out money into the economy and stimulated our way through this when my background and my perspective says you should just let everything crumble, you should let everything crash and then you pick up your pieces on your way to rebuilding the next layer of society, the next era.

Ryan [00:03:21]

But the government didn't do that. We bailed out the banks. We put money into the system. We did all of these things in order to inflate the next bubble. And so, once again, I've been looking at this recent boom in the economy going, I wonder when we're going to have to pay the piper. I wonder when we're going to have another major meltdown and we got that, obviously, with everything that happened in 2020.

Ryan [00:03:43]

And once again, the government came in and put money into the economy and gave people money to not work and did all these things that in some way they may have had to do. You can make an argument that these things were necessary, that these things were helpful bridges for us to go from where we were to where we are now, which is mostly recovered but we have an inflationary environment now. We have more money in the system. We have asset prices going through the roof. We have demand for goods at all time highs.

Ryan [00:04:21]

And we don't have the price adjustments, meaning we don't have the increase in prices necessary in order to kick up supply again. That's only a matter of time. It's only a matter of time that that happens and we're already starting to see it happen in housing. We have this increase in the price of housing, increase in demand of housing, so what does that do? It puts increased pressure on lumber prices, increased pressure for builders to start building, increased pressure on land to be bought up and we're starting to see that happen which means that we're going to have more and more resources flow into these areas, which is going to create a temporary inflationary boom, and then another adjustment, another recession, another bust.

Ryan [00:05:07]



That is always what happens. But we've now set up this precedent where the government comes in and gets involved and re-stimulates, puts more money into the system and keeps trying to get the bubble moving and getting it bigger and bigger. Now, this doesn't necessarily mean that there's going to be a big bust.

Ryan [00:05:27]

But it does mean that things will shift. It does mean that resources end up getting pushed into other areas. And what that looks like to me right now is that because we are inflating the economy so much, because we are putting so many dollars into the system, the values of the dollar are going down, the trust in the dollar is going down.

Ryan [00:05:55]

And it means that we look for something, we look for some other alternative for us to have control, for us to protect the money that we have. Investing is about protecting the wealth that you've earned through production, through your work, through your other investments, through your business, through the customers that you have served.

Ryan [00:06:20]

And when the government can just eat that up by printing more money, there will be demand on the personal level. You and me will demand there to be some other way for us to control our own wealth, for us to control the purchasing power that we've earned through our previous businesses, our previous professional experience, our previous service of customers.

Ryan [00:06:48]

And in a discussion with a friend of mine, they brought up a point about Bitcoin specifically that I could not refute. They brought up the idea of a schelling point. A schelling point is simply a point of reference. It's a point of reference when there's turmoil, when there's chaos. When there's chaos going on and you and I are in the situation together, both of us are looking for some sort of security. We're looking for something that we can point to and say, let's go there.

Ryan [00:07:20]

And the world, especially young people, are starting to agree that Bitcoin and cryptocurrencies are that schelling point. Meaning, hey, we don't know what's going on here but let's all go here. And that is what is creating the increase in the price of Bitcoin because more people are demanding buying it because they see it as a hedge against inflation.

Ryan [00:07:45]



Now, I think Elon Musk made the most compelling, thoughtful point about Bitcoin, and I know he's now cancelled from the Bitcoin community, but he said, "I think that crypto and Bitcoin is mostly BS. It's just less BS than fiat." That was a very compelling reason to pay attention because what he is explaining is that fiat, government money, has now become less trustworthy.

Ryan [00:08:21]

We have now outsourced our purchasing power to the government and the government is mismanaging it. The government is doing things that create asset bubbles, and doing things that make the rich richer and the poor poorer. That is all government policy. That is not capitalism at work. That is the government destroying things as they usually do.

Ryan [00:08:44]

And that has created more demand for people like you and me to look for a schelling point, to look for some point of reference to say, what are we going to do about this because we can't rely on politicians and governments to do something about this. Now, I personally am open to anything that satisfies a few requirements, anything that protects purchasing power, anything that is easy to transact, anything that we agree is money.

Ryan [00:09:17]

And unfortunately, for me, most of the world seems to be agreeing that that might be Bitcoin. Now, I don't want it to be Bitcoin because once again I have the perspective that Bitcoin is not backed in anything. But then again, something happened in 2020 that started to change my perspective on this.

Ryan [00:09:40]

And that was when companies started holding Bitcoin on their balance sheet. Tesla did it, Square did it, PayPal's doing it, other companies are rumored to be doing it but they're now holding Bitcoin on their balance sheet as an asset and they're holding it as an alternative to cash. They're holding it on their balance sheet because they see that the value of cash is going down while the value of other assets is going up.

Ryan [00:10:09]

It makes total logical sense for companies to have a piece of their savings not held in the bank but held in something that is going to possibly go up in value and protect their purchasing power. There's an argument made in the book *The Bitcoin Standard* in which the author talks about societies that have hard money and in case you're not familiar, hard money is money that can't be printed away. So, gold, silver, and some would argue Bitcoin.



Ryan [00:10:38]

And he makes the argument that in those societies where they have hard money, people tend to work less. They tend to be more creative. They tend not to work such long hours as those who live in fiat-based societies. And his argument was that when you live in a society where your money is protected and it even goes up in value over time, there's no reason to work when you don't have to work. There's no need for you to exhaust yourself when you have hard money because your savings is going up naturally.

Ryan [00:11:16]

Your savings, just kept in the bank if it's tied to gold and the price of gold is going up steadily over time, you're not in a hurry to spend that money. You're not in a hurry to get rid of that cash. You're not in a hurry to make investments that can't beat the appreciation of your cash in the bank.

Ryan [00:11:36]

That was really interesting to me. That was a very compelling argument for a hard money society, that it actually creates more innovation or more free time, more creativity. Another question that I had to answer when I was coming to grips with the fact that I had been wrong about all of this is what is money anyway?

Ryan [00:12:01]

Now, I've done a video on YouTube called money isn't real, and it argues that money is just a concept. It's just an idea that we have to allow for us to make agreements. Well, if that's true, if I really believe that, then does it matter what money is in the first place? Does it matter if it's seashells or tulips or Bitcoin or USD? Or, does it just matter that other people accept it at scale so that we can transact with it?

Ryan [00:12:30]

Well, obviously it's the second. Obviously it's just a way for us to transact with one another. So, if the world accepts Bitcoin as being money then who am I to thumb my nose at that? I trade in US dollars every day and that's BS. The US dollar isn't backed in anything. And yes, some people say, well, it's backed by the US military and it's backed by our infrastructure and it's backed by our borders, and that makes sense.

Ryan [00:12:58]

But we're seeing, I think, the beginning stages of the end of the government's grip on society. I think we have now destroyed the trust that we have in government and both parties are to



blame. We have destroyed and lost our trust in government and instead we are now beginning to trust ourselves and our communities and individuals and personal responsibility.

Ryan [00:13:28]

That requires us to have some sort of private currency. It requires that. So, is money what the government says it is, or is money what other people will accept? And if it's the latter, then does it make sense for individuals to have their own currencies and for that to be based on trust? Does it make sense for communities and states or cities or private jurisdictions to have their own currencies?

Ryan [00:13:59]

Does it matter? All that really matters is that other people will accept it and that made me have to become very humble about how I saw this whole world and ask the question, well, if I don't trust the US government to control their money, then do I accept something else can be money and could that be Bitcoin? Once again, I don't know if it will be Bitcoin long term but it seems to be the shelling point that a lot of people are choosing.

Ryan [00:14:34]

So, putting all of this together, I had to ask myself if I still held to my belief that Bitcoin wasn't backed in anything, that cryptocurrencies should be avoided, and that most of the people who are investing in this were wasting their time. I had to challenge that assumption because of the changes that I saw happening in the world.

Ryan [00:14:55]

And there's one more thing that happened in the year 2020 that made me go, okay, I need to actually take this seriously. And surprisingly it was cancel culture. It was this trend that we saw in society of any time anyone said anything that didn't meet the global narrative that they should be cancelled and not allowed to transact anymore.

Ryan [00:15:21]

Now, the response to that movement, the response to cancel culture was what made my ears perk up because now what you are starting to see is figureheads emerge that have no personality. Meaning, you're starting to see Twitter accounts, Instagram accounts, blogs written by, apparently, individuals, but that have no personal identity. Of course, there's a person behind that content, there's a person behind that movement, but you don't know who they are.

Ryan [00:15:57]



In fact, even Satoshi doesn't have a person behind them. The creator of Bitcoin, no one really knows who it is. Now, that's a very interesting response to cancel culture, the idea that most of us may have avatars on the internet rather than personalities on the internet. The idea that instead of me doing a podcast or me doing a YouTube video, I could script something and have AI record it and you would never know that it was me.

Ryan [00:16:29]

So, this anonymous direction that we could be going in response to cancel culture made me say, we're also going to need an anonymous way to transact. And those 3 things, the government's response, the use of Bitcoin on balance sheets, and cancel culture made me say, Bitcoin is the best that we have to satisfy the demand for a new financial system.

Ryan [00:17:01]

Now, I still have concerns about Bitcoin itself, namely the idea that if the price of Bitcoin comes down there will be less incentive to mine Bitcoin which could actually freeze the whole system. If miners are not incentivized to keep doing what they do then the network doesn't work anymore.

Ryan [00:17:25]

And so, you have holes, I think, in the Bitcoin network itself. There's also the question about is Bitcoin going to be the long term asset that people trade? I think it's possible that 10 years from now we use Bitcoin as the basis to back most of our transactions and most of our currencies, but there could also be something completely new that emerges 5 years from now.

Ryan [00:17:50]

Already, you're starting to see some platforms try to compete with Ethereum, like Polygon is trying to do. So, we have no idea what's going to happen in the next 5 or 10 years in the entire crypto space. But I have now made the decision that I want to become more educated on this topic. I now see the demand and the utility for cryptocurrencies regardless of if Bitcoin is the winner or not, if it's something new, if it's Doge, please don't be Doge, but if it is some other thing that doesn't exist right now there is absolutely a need and a demand for anonymous currencies that are hard money that can't be tampered with like the US dollar can be.

Ryan [00:18:39]

Now, I recorded a podcast recently with one of our members inside The One Percent, his name is Matthew Tremolada, because he made an argument that the next wave of business could be very heavily influenced by crypto currency. He basically made the argument, and I've heard other people make this argument since our conversation, where there could be autonomous



organizations, meaning businesses could have no board of advisors, they could have no CEO, they could have no face, no real founder.

Ryan [00:19:11]

They're simply applications that are now built upon a crypto network and all of the users are the owners. They transact in the native currency of that project and they trade it into other currencies as well. And those who use the platform own the platform. I did not want to hear that. That made me real nervous because it made me think, is all of business going to change? Is this entire ecosystem, is the entire financial system going to change over the next decade?

Ryan [00:19:48]

And if you looked at what has happened with decentralized finance, you look at it and you go, yup, the entire financial system is now going to be run on de-fi. It only makes sense to distribute all of those transactions through the network rather than it being controlled by a few banks.

Ryan [00:20:08]

One of the things that was really compelling to me was hearing about Square's vision for cryptocurrency. Square is one of the biggest transactors in the world. They just made it so easy for small entrepreneurs to take orders through Square. And what you could see, and this is Michael Saylor's argument, is that Square could become a bank account where you now hold your money inside of Square, and since Square has their money in Bitcoin on their balance sheet, as Bitcoin goes up they'll be able to pay additional interest to those who have Square bank accounts.

Ryan [00:20:48]

So, instead of getting 0.01% at Chase, you could be getting 3%, 4%, even 8% in some instances depending on how that money on the balance sheet is being used by Square. They take their profits and they distribute it out to those who have Square bank accounts. And as they're able to pay out 6%, 7%, 8% interest to those who have Square bank accounts, and of course this is all still concept, but if that happens, then you will see a demand for all of the other banking institutions to pay higher interest rates which will drive up natural private interest rates and take the power away from the federal reserve which is kind of a libertarian paradise.

Ryan [00:21:33]

If you can have the markets create their own interest rates and it's actually real and not controlled by the federal reserve, we've now created more of a hard money society that isn't



controlled by politicians and a few economists at the federal reserve. So, the final question remains, what am I going to do about all of this?

Ryan [00:21:59]

Now that I have come full circle on this, now that I have changed my mind, now that I have humbly admitted that I was wrong, what do we do from here? I am keeping a small percentage of my portfolio in Bitcoin. I currently have a larger amount in Ethereum because I can wrap my head around Ethereum and its use long term, but I'm also very compelled by some of the other networks like Polygon as a possible next Ethereum.

Ryan [00:22:30]

So, I am still learning about this sector right now but I am planning on keeping a percentage of my portfolio in cryptocurrency and I intend to build a base of holdings in Bitcoin specifically that I'll hold for the next 10 years. And the reason for that is because I think that it's reasonable to assume that that could 10x over the next 10 years. I think that the entire sector will definitely 10x over the next 10 years.

Ryan [00:23:01]

And so, it makes sense for me to put a piece of my portfolio in there even though there's also a risk that it could go to 0. It could 10x if I'm right this time, or it could go to 0 if I'm wrong yet again. I'm willing to take that bet, but I'm not doing that with money that I can't lose. So, I'm keeping a small percentage of my portfolio in Bitcoin, I'm keeping some of my portfolio in Ethereum, and I'm keeping a very small percentage of my portfolio reserved for currencies that I'm discovering like define and MATIC and sushi and other, what I would consider, organizations that I could see emerging and leading in this next wave of technology.

Ryan [00:23:48]

And that's all subject to change. I am learning about this stuff faster than my 18 month old son is learning to talk. So, I am drinking from fire hoses right now and my opinion on all of this is subject to change but that's what I'm doing in response as of right now. This is the next wave of society.

Ryan [00:24:09]

It scares me to be honest with you. I don't want to be my grandparents who swore that they would never get the internet. I do have a 102 year old grandmother who still does not own a computer. I don't want to be that. I don't want to be afraid of technology. And right now this is all super intimidating to me.



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Ryan [00:24:33]

So, over the coming weeks and months I'm going to be interviewing a few people on Capitalism.com that can add some context and some color to this and I'm going to be tracking and documenting me learning about this world. I'm intimidated by this. I know more than my uncle who is really scared about this whole world but I don't know as much as probably many of you, probably many of you who follow my work, who comment on my videos, who send me DMs about the podcast.

Ryan [00:25:06]

I'm playing from behind here but I'm catching up as fast as possible because as the leader of Capitalism.com I don't want to be the old guy that doesn't know how this works. It's part of my responsibility to stay ahead of these trends and I have been behind on the trend of the crypto ... It's part of my job to be ahead of these trends and I've been behind on this one. So, over the next coming weeks and months I'm going to be sharing more about what I've learned and the people that I'm following that are talking about this.

Ryan [00:25:38]

So, please make sure that you are subscribed to the channel so that you see all of those updates. I'm Ryan Daniel Moran with Capitalism.com and I was wrong about Bitcoin. I still don't know if Bitcoin is going to be the winner. I don't know where this is going to go over the next 5 to 10 years but I was wrong about the technology, I was wrong about its value, and most importantly I was wrong about the need for some sort of hard money that is anonymous and scalable. We don't know how this is going to play out but we know that it's the next wave of society. Thanks for watching and listening and I'll see you on the next episode. Take care.