
LISTED RESERVE

MoneyBits

Asimov

“Changes will take place and perhaps what you are doing will have no meaning in 10 years”



That is Isaac Asimov [explaining](#) change. More importantly he pointed out that everyone understands change but they do not understand the *pace of change*. 100 years ago, change was slow, taking longer than a generation. So changes did not really enter people’s considerations. They could plan as their parents did on pretty much the same outcomes.

When he gave the interview in the 1980s he considered the pace of change was less than one generation. 40 years have passed – what is the rate of change now?

Who actually considers the *rate of change* in their decisions? Consider the European Union. They launched an AI strategy in 2021 called “Fostering excellence in AI”.

A European approach to excellence in AI

Fostering excellence in AI will strengthen Europe’s potential to compete globally.

The EU will achieve this by:

1. [enabling the development and uptake of AI in the EU](#);
2. making the EU the place where [AI thrives from the lab to the market](#);
3. [ensuring that AI works for people](#) and is a force for good in society;
4. [building strategic leadership](#) in high-impact sectors.

The Commission and Member States agreed to boost excellence in AI by joining forces on policy and investments. The [2021 review of the Coordinated Plan on AI](#) outlines a vision to accelerate, act, and align priorities with the current European and global AI landscape and bring AI strategy into action.

One year has passed since. OpenAI (an American venture) and Stability AI (UK & US) totally dominate the AI playing field. Here are the top 10 European AI [companies](#). I have heard of precisely none of them and used them in equal measure.

The EU simply did not consider the rate of change. By the time they “legislate for strategic leadership in high-impact sectors” their entire population will be happily using the American-built products.

It wasn’t for lack of funding either; they had plenty of money available for “digital”, whatever that is.

The [Recovery and Resilience Facility](#) makes €134 billion available for digital. This will be a game-changer, allowing Europe to amplify its ambitions and become a global leader in developing cutting-edge, trustworthy AI.

Rate of change is a massive threat to governments. They cannot move quickly enough to adapt to technology. We are going to hear all sorts about reigning in AI; I’m convinced the media will turn on it and it will be blamed for the usual blacklist of heinous crimes in an attempt to buy the government time to get back on top. Inevitably they will fail, not least because this latest tool accelerates the rate of change even further.

So the prompt becomes this: Is what I am doing going to be meaningful in five years? Will the product of my effort exist or need to exist? The cost of software and software development is dropping to zero. The cost of anything where the government is involved (education and health) is [going to the moon](#). People are not going back to the office; personally I think many of them want to but getting rid of real estate is profitable. Having

people at home has revealed who the real value creators are; and if we put it brutally it is much easier to sack someone you haven't seen in two years because they have been fiddling around on Zoom not doing very much.

So what to do?

I think of it like this; if all I had was a laptop, an internet connection and nothing else, how would I make money? How would I get paid? How would I bring value to others? I played this idea to a friend of mine who responded "I want to grow and buy some carrots, not gonna happen with a Macbook".

In fact I think this is not correct. Agriculture is a high-tech industry. Root vegetables (since that is what he chose) in particular are perfect for tech because seeding them and harvesting them with machines is more straightforward (than grapes for example). Check out spudnik.com who amusingly describe themselves as the "partner of choice for potato harvesting".

I can perfectly see a scenario where a team with laptops seed, harvest and maintain large areas of crops with laptops. They will be delivered to people without human intervention (see Amazon distribution centres, now nearly fully automated). The same rationale can be applied to a lot of things that are not obviously at risk.

The last dominoes to fall will be the sacred cows of education and health; health will tumble first because people inherently understand that a machine's ability to cross reference and diagnose across many datasets far exceeds that of a single doctor. The battle for education will be long though and in the "think a decade ahead" race children immersed in AI will outperform the ones who are not. The mind simply boggles at the ban in Australian state schools.

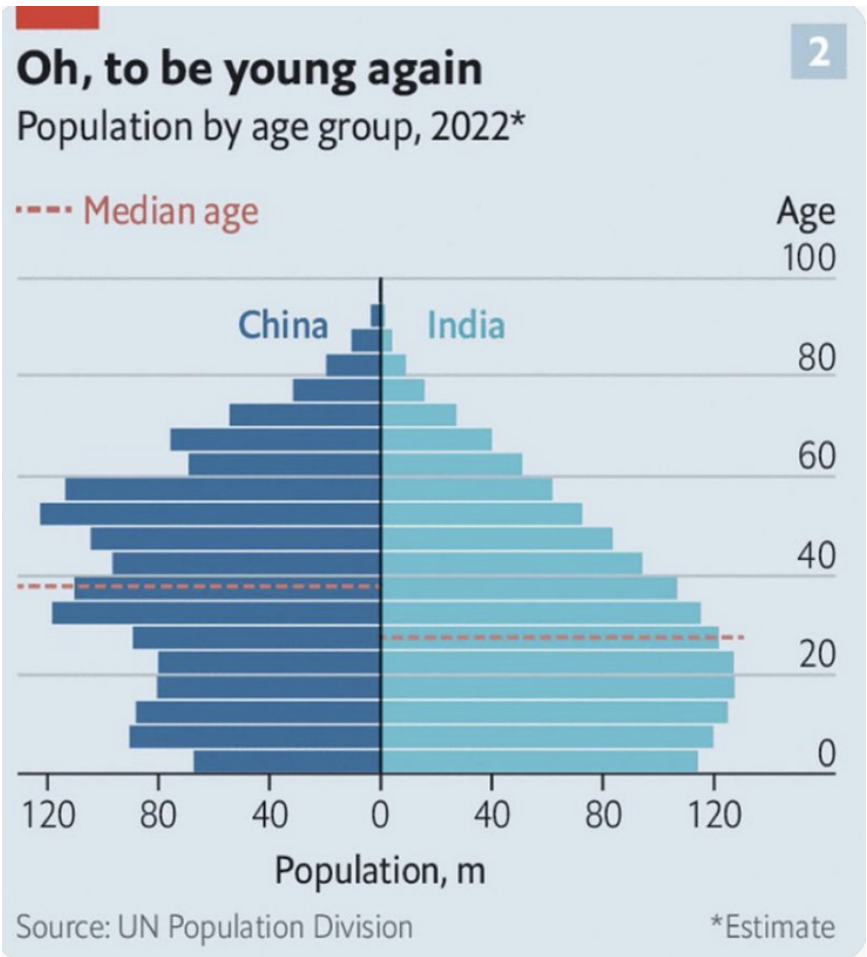
Bill Gates says A.I. chatbots will teach kids to read within 18 months:
"You'll be 'stunned by how it helps.'

"The AI's will get to that ability, to be as good a tutor as any human ever could."

It's a new beginning of the education system.

I agree with him; you will be stunned by how it helps and even more stunned by how the government tries to stop it helping for a long time before they give up.

Bad dynamics



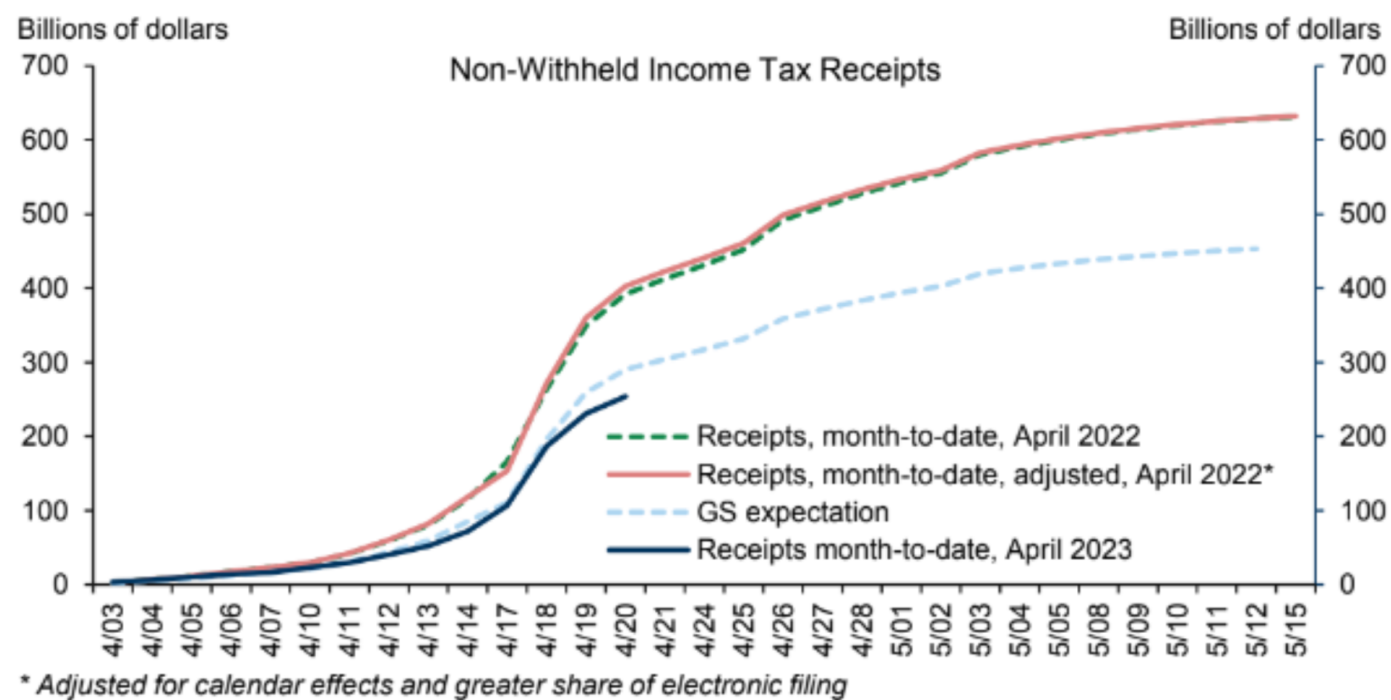
Contrary to the general consensus that the world has too many people, most countries have too few. From an investment perspective there is nothing more important than population dynamics which makes it odd that it is so rarely discussed.

India recently passed China as the most populous country in the world and has a completely different skew with a very young population. China's growth will surely slow down, particularly given the Chinese retirement age is the lowest in the world with men retiring at 60 and women at 50.

The situation is far worse in Europe and Japan and the inevitable path is a simple one. Debt goes up, currency value goes down due to monetisation, property values go nowhere and the strain on government finances from healthcare and unfunded pensions becomes unsustainable.

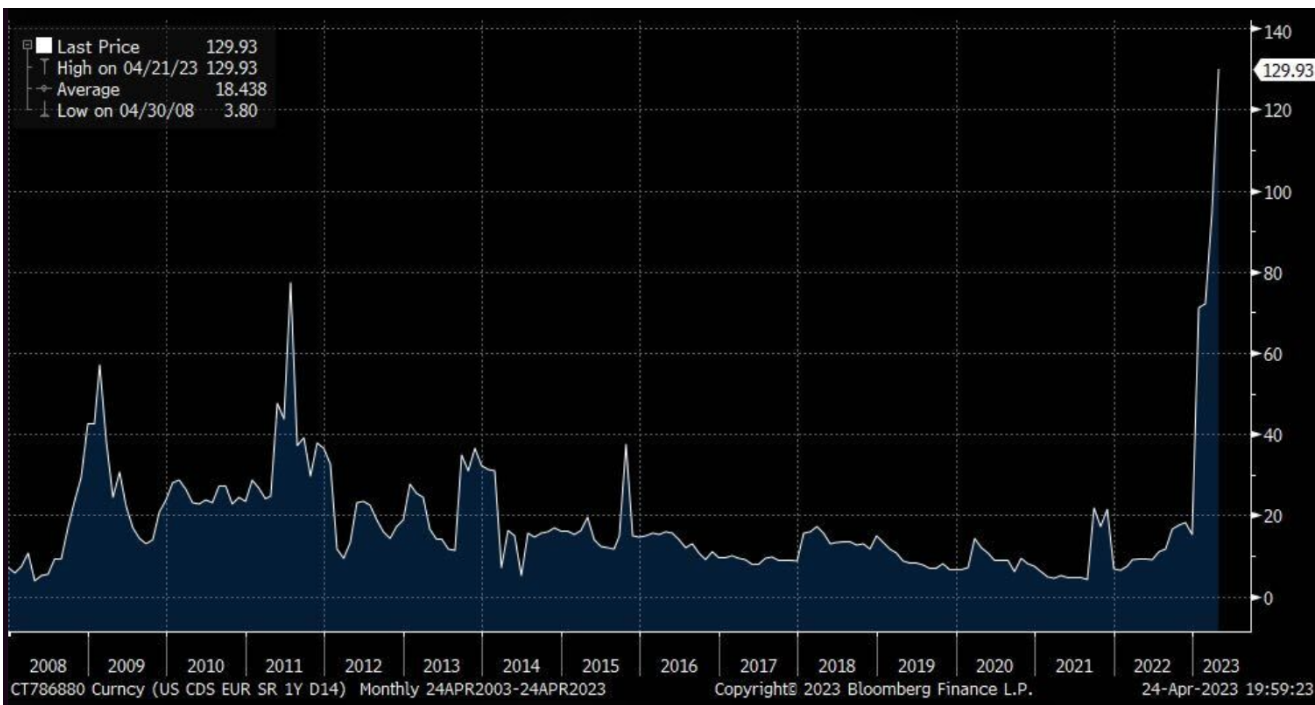
US Tax Receipts

Exhibit 1: Treasury Tax Receipts Are Now Down 35% Month-To-Date Relative to Last Year's Levels



The side effects of interest rate rises are now flowing through to the US Treasury. Receipts are down 35% on last year, mostly due to the lack of capital gains in the last 12 months. The US has once again hit its pretend debt ceiling and we can all enjoy it while they threaten to not increase it pending a “last minute deal”. Yawn.

As a result, the price of insuring short term US Treasuries against default has rocketed in the last few weeks, with the implied chance of default on a 1-year treasury bond at 2.6%, the global risk-free rate should be zero. I can't really see why because there is zero chance of it happening but I guess someone somewhere is making money from selling the instrument and good luck to them.



Perhaps more significantly, this is the global risk-free price that sits in every valuation spreadsheet in the world. Now the market is saying it's a bit less risk-free. How many people are adjusting for this in their valuations?

New Zealand



Reserve Bank of NZ @ReserveBankofNZ · 3h

We're proposing to ease mortgage loan-to-value ratio (LVR) restrictions with effect from 1 June 2023. Current LVR settings built resilience in the financial system when risks were elevated but have now reduced. Learn more: bit.ly/3HdKEDq

Fascinating. New Zealand is having a [shocking time](#) from a housing perspective. The collapse has been bad for general confidence but the Reserve Bank has its hands tied with high inflation and pressure to push rates upward.

So now lending standards are being pushed downward. Reading the [full release](#) is not a radical shift but Central Banks rarely do things on a solitary basis. I suspect exactly this sort of thing will come to Australia and the rest of the world too, bringing buyers back without reducing rates.

The statement, “financial system risks have reduced” is confusing. Since when? The US banking system is on the brink and UBS is now finding that it was forced to buy a bag of nails that will likely destroy them.

It's just the open manipulation of a price for a particular asset class. Nobody ever questions this stuff, supposedly free market democracies but really it is a command and control. LVR settings are nothing new of course, but their steady economic weaponisation certainly is.

Euro-Trash



Many of you have expressed alarm at the apparent enslavement of ECB President, Christine Lagarde. The neck shackle is in fact the very latest in scarves by Hermes who released their “Dystopian Imprisonment Range” recently.

It's very hard to find on their website and one can only assume that preferential access has been given to one of their best customers.



It's quite the range with a new one being unleashed with every interview. When I looked more carefully on a YouTube video, it seems the Queen of Mean has actually been injured and is wearing a neck brace. Someone will surely get sacked for the floppy bit at the back.



After much Googling I found the full story covered [here](#). Christine explains that she was in a car accident after leaving the Euro Summit in a bit of a rush late last month. Allegedly some attendees had discovered the Euro was just a giant confidence trick that had led to massive underperformance across the continent since its launch. While exiting at speed she crashed into the truth and only narrowly avoided disaster.

The President is our single best source of Euro stories and perhaps one of the worst financial administrators in history ([see IMF and Argentina](#)). She has contributed a great deal to the cause of Bitcoin and of all global mis-administrators, she is our MVP.

We wish her a speedy recovery. Prompt rétablissement, Madame.