

LISTEDRESERVE

# MoneyBits

2023

Last one for this year. Thank you for your emails and support throughout the year. Increasingly it is noticeable that people understand bitcoin and decentralised protocols and what they are trying to achieve.

MoneyBits will return on the 12th January ... unless something happens in the meantime.

If you are short of something to read in the meantime, these three are amongst my top finds of the year. The first two have featured in MoneyBits, the last one has not.

[The Techno-Optimist Manifesto](#): Andreessen's defence of tech.

[The Road to Superintelligence](#): Interesting take on AI, but specifically because it was written in 2015 when nobody cared.

[Good Old Neon](#): relates to nothing. I just enjoyed it. It was taken from [Friday Find's](#) by David Perell which is my favourite newsletter. In Australia it arrives on Saturday morning which delivers if you are drinking coffee and looking for something interesting to read.

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## AI's back



AI Gore was back in action this week, leaving his low carbon 100 bedroom home in California to attend COP28.

He went slightly off script this time though recommending that social media algorithms should be “banned”.

The essence of his comments is that a stable society shares the same basic truths; once everyone believes similar things a much more orderly world emerges. He lamented that people were disappearing down rabbit holes and ‘going insane’.

He is of course right. Shared social narratives are cohesive and we could spend ages and ages talking about how wonderful they are. Except that nearly all the knowledge we had 100 years ago has been updated. Much of what we believed to be true, is wrong. Everything we currently believe to be true will also likely be wrong.

Take Newton's Laws of Motion. They were so explanatory and so accurate that for hundreds of years, everyone believed they were an absolute truth and could not be wrong. Then ... wrong. Pythagoras, 180 degrees in a triangle? 2,500 years of absolute truth and then ... wrong. In space, it's not true.

So if all we ever do is parrot the same narratives and learn the same ‘knowledge’, how do we progress? Nearly all the ideas that were deemed crazy 100 years ago are coming true. Science Fiction is coming true. All of that is only happening because there are people who push the boundary, go down the rabbit hole and question what they are told. For their trouble they get called crazy.

Schools should tell children: Everything we are about to teach you for the next 15 years will one day be wrong. Knowledge and explanations will improve; social structures will change; technology will change. Better ideas will come along that prove to be more explanatory and revelatory and you should remember that.

The issue the political aristocracy has with rabbit holes is that they are indeed revelatory. The idea for example, that is very strongly shared everywhere, that the government should control a nation's money supply. Who else could do that? If we took a vote it would be overwhelmingly in favour of the government doing it (other than in Turkey, Argentina, Lebanon and the likes). Why, though? Because everyone agrees it's a shared narrative that the government controls money and we all agree on that.

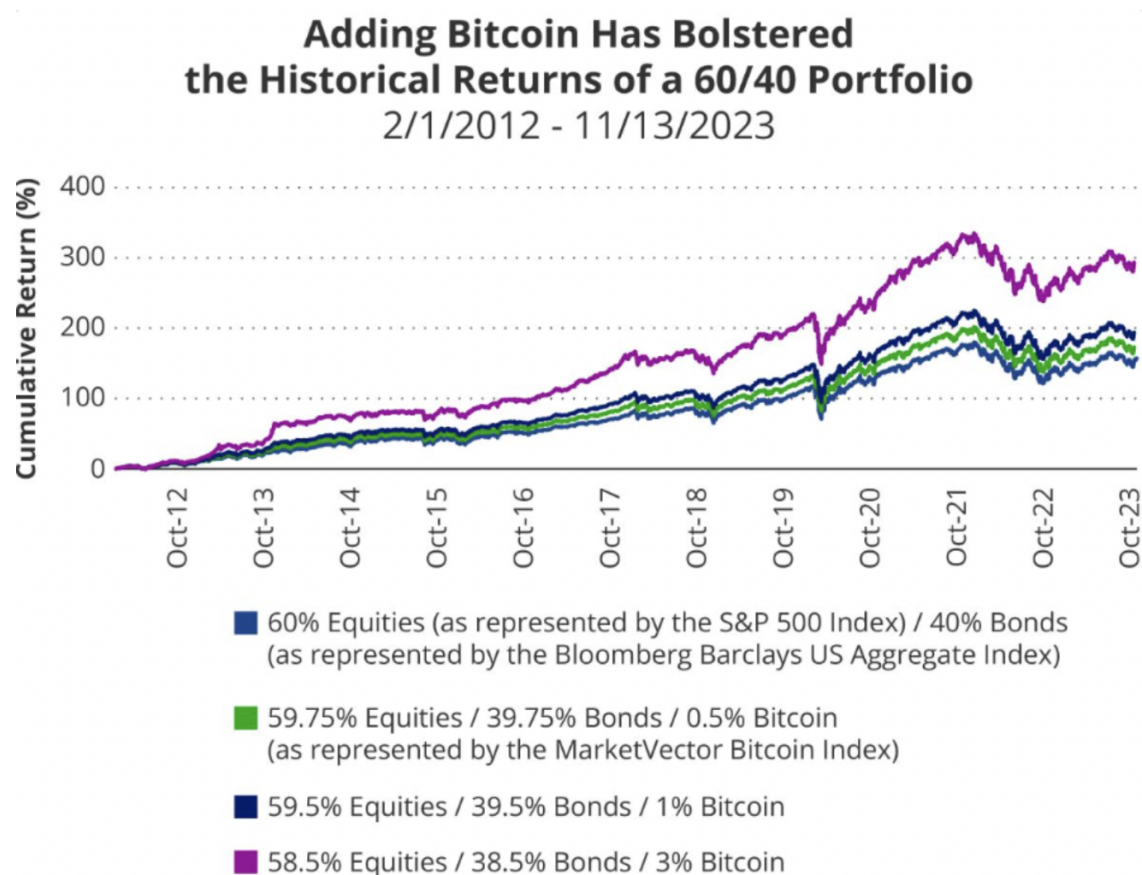
We need the rabbit hole people; Al Gore is wrong. We need the people who actually question the shared basis of knowledge and come up with better ideas. Those ideas are then tested in the theatre of opinion and the market. Some die, some change the world. Indeed the best solutions to Al's personal crusade of climate change will come from a crazy person with a new idea.

Finally, to illustrate the power of shared knowledge and its illusion; I want to point out something that people don't seem to know - **triangles don't exist in nature**.

Everyone learns all about them, most people can describe several features of triangles and they spend months at school learning about them. Yet, they don't really exist. We made them up and if you look at the photo of Al's house; I'm not surprised to see a nice one perched above his heated pool.

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### Differing views



Guess what? VanEck, who sent this out to clients, has realised any allocation to bitcoin over the last 10 years has outperformed no allocation. 60/40 portfolio managers everywhere are starting to see that maybe some bitcoin is sensible. Enough to be interesting, not so much that you lose sleep.

This is not true of *everyone* though. The second and third largest managers in the world, State Street and Vanguard are sitting this one out.

“Our position is clear: Vanguard has no intent to offer a spot Bitcoin ETF or any other crypto-related products. Vanguard believes that the investment case for cryptocurrencies is weak,” the company said in an emailed statement. “Unlike stocks and bonds, most crypto assets lack intrinsic economic value and generate no cash flows. And cryptocurrencies’ high volatility runs counter to our goal of helping investors generate positive real returns over the long term.”

State Street is more open to the idea.

“We continuously evaluate our lineup of ETFs, but at this time we do not offer a crypto ETF,” State Street said in a statement.

I prefer Vanguard's response. As a general rule most crypto assets do lack intrinsic value. Yes, I agree. They generate no cash flows; some exceptions but basically true. Volatile, also true.

The point perhaps is that it is not true of all the assets in the class hence the performance profile for over a decade, so it might be worth investigating.

Even so, Vanguard are sticking to their knitting and not pretending to know what they don't know. In my estimation that makes them a good fund manager and not a bad one.

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### Safe Haven

Only 10 countries of the 195 in the world now retain a AAA credit rating with at least two of the rating agencies.



Country/rating agency	S&P	Fitch	Moody's
Canada	AAA	AA+	AAA
Germany	AAA	AAA	AAA
Australia	AAA	AAA	AAA
Singapore	AAA	AAA	AAA
Switzerland	AAA	AAA	AAA
Denmark	AAA	AAA	AAA
Sweden	AAA	AAA	AAA
Norway	AAA	AAA	AAA
Luxembourg	AAA	AAA	AAA
Netherlands	AAA	AAA	AAA

Interestingly, every Scandinavian country is present. I'm wondering what factors exist here that are common to all these countries; the only one I could really think of was they all have small militaries and no colonial ambitions. Although it's still possible that Luxembourg's active personnel of 939 soldiers and support staff could invade France at any time.

As this pool of countries grows smaller and smaller, you'd expect Canada to drop off this list soon. After the performance of bonds this year it is very hard to consider any of them 'safe'. It is also not so appealing to buy another country's bonds when you then face currency risk holding them.

If you just want to save money and not go backwards. What is the appropriate vehicle?

### Euro-Trash

Great celebration in the Euro-Zone this week as their technical regulatory tyrant Thierry Breton introduced the world's first AI regulation.



**Thierry Breton** @ThierryBreton · Dec 9  
Historic!

The EU becomes the very first continent to set clear rules for the use of AI

The [#AIAct](#) is much more than a rulebook — it's a launchpad for EU startups and researchers to lead the global AI race.

The best is yet to come! 👍



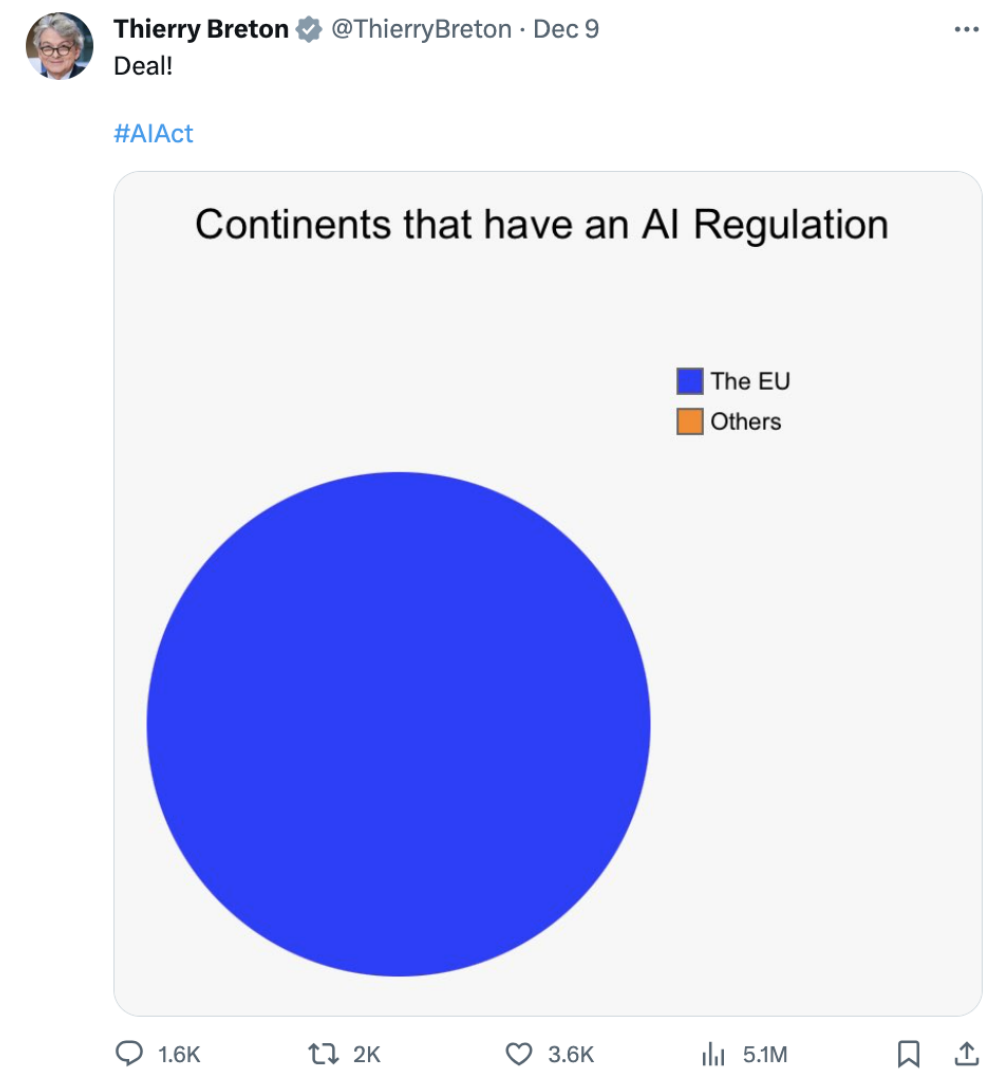
Regulation! Yay. Aside from anything else though the EU is not a continent and Thierry appears to have forgotten his geography in his excitement. Perhaps it would be better said as:

*“The very first legal amalgamation of some parts of the nation states to introduce regulations to technology in which they have no advantage, no IP and no chance”.*

Having perused his new regulations, they are so broad they mean that in almost any circumstance a company could be accused of falling foul of them. That could cost them up to “7% of their global revenue”. What's more the only companies that could possibly entertain even trying to comply are the very large ones who will employ

legions of [Sciences Po](#) graduates to ensure they try to. Every other startup will simply move elsewhere; it is anything but a launchpad.

Demented Thierry then doubled-down on his stupidity as the 'deal' was announced.



I wonder too about the team that surrounds him. How much do they know about Artificial Intelligence and IT?

The next photo is from the Open AI team who were celebrating the return of Sam Altman two weeks ago. The enthusiasm levels are totally different, the 'uniforms' are totally different and the ethnicities are totally different. Perhaps more specifically, they are not all from the same town in France.



My question then, is only this. Who do you think will win?