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MoneyBits

Dad



Politics is about winning

For a long time, since the beginning in fact, digital assets have had no friends in politics. Simply, it was not a vote winner. Indeed there was no need to take a position on things like bitcoin because nobody had really ever heard of it and it was 'nonsense' and politicians delighted in saying so. Many still do.

I was struck this week by the contest in the South Korean election. Both major parties have been emphatic in their [support of a Bitcoin ETF](#) doubling down to appear more supportive than the other. This is only happening because people want it; saying no is now a vote loser.

This column has pointed out for a long time that the major tailwind behind digital assets is a generational one. We are nearly 15 years in, the computer geeks of old are now well into their 30s with real money and voting intention. This will grow as they reach their 40s. The cohorts behind them overwhelmingly support digital assets, they want them and the politicians that serve them will deliver them up on golden platters if it means getting elected.

The shift is obvious and we saw it with [Donald Trump this week](#). Hugely critical in the past:

"Many people are embracing it. And more and more, I'm seeing people wanting to pay bitcoin. And you're seeing something interesting, so I could live with it—one way or the other."

What he is saying isn't true. He hates bitcoin but crucially saying so is a vote loser and so he is now saying something else.

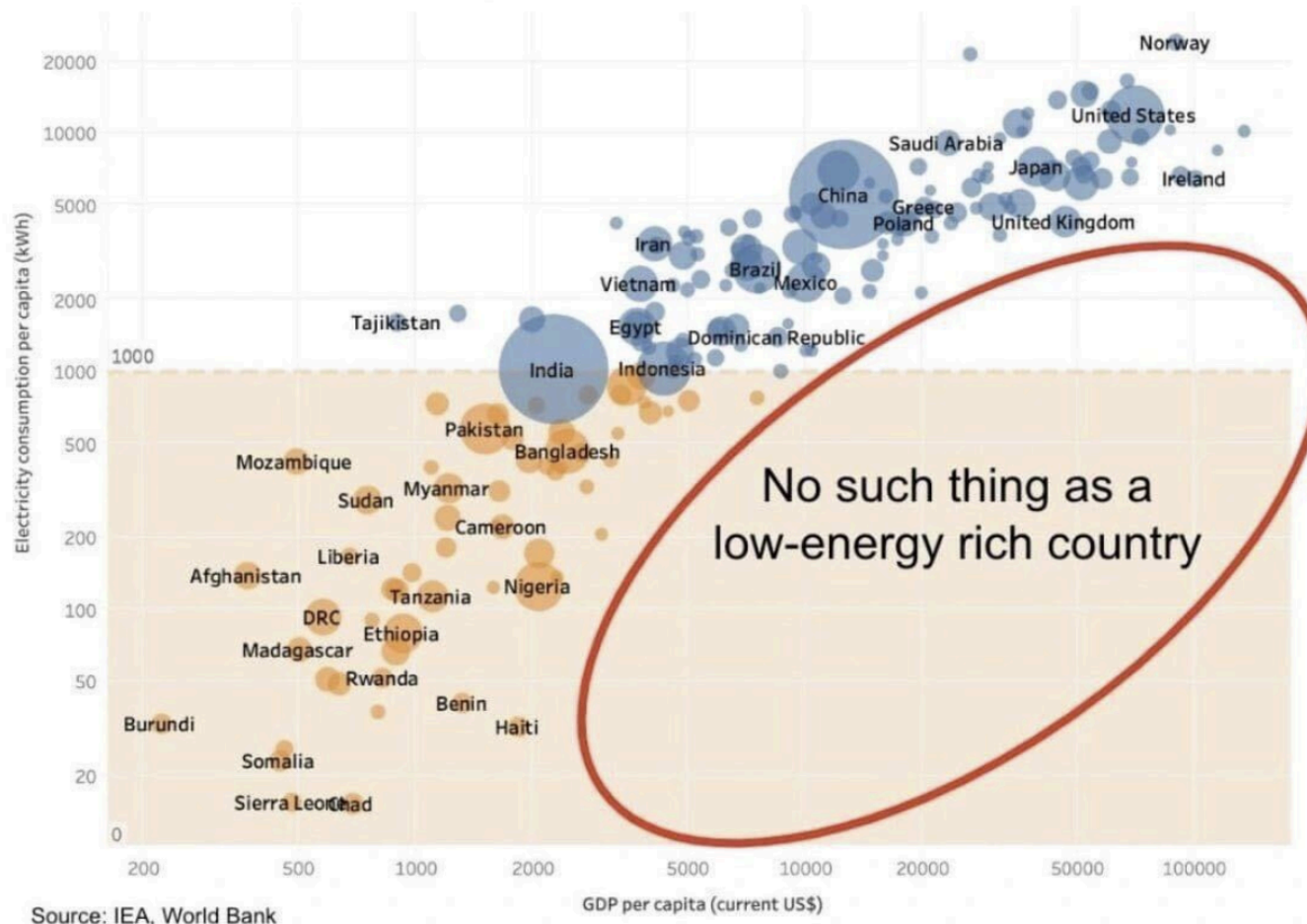
This shift is meaningful and growing. It has taken a full generation to get to this point and I very much doubt the ship turns around now.

Energy

A common complaint then: "but it consumes so much energy". So it must be bad.

My response to this historically has been to point out that bitcoin miners are a consumer of first and last resort. They can only really afford to use surplus energy that other industries cannot consume. In itself, it doesn't generate any extra usage. That explanation stands but is perhaps incomplete.

Electricity & Income (per capita, all countries)



The fact is, if we are to become wealthier we need to consume more energy. There is no other way, energy consumption mirrors GDP growth. As Germany is finding out, if you kill off your energy by turning off your nuclear power stations, then you kill your economy. They are now in recession.

The obsession with lowering energy usage is confusing. The objective should be to not destroy the planet, which is absolutely not the same as using less energy. I hold the view that the way to lift people out of poverty is to consume more energy and so I am not embarrassed or at all concerned that bitcoin uses a lot of it.

Wealth, in its absolute definition, is simply 'how many transformations can you bring about'. Those transformations might be bricks turning into homes; might be cement turning into roads or computer calculations turning into revelations about the universe. They all consume energy.

Very soon this energy extremism will come after artificial intelligence whose chips already consume more energy than bitcoin. The knowledge machines will be pursued because of 'energy' and it will be just as insane as it has been up until now.

Some sellers of stock

A few important sellers recently in the US. The Walton family (Walmart) disposing of \$4.5 billion in shares late on Friday.

Ticker	Date & Time	Filing Details	Avg Price	% of Holdings
WMT	19:38:29, 2024-02-23	WALTON S ROBSON (director, 10 percent owner) sold 8,823,856 shares of 'Common Stock' (WMT) for \$1,545,743,763	\$173.51	▼ -3.88%
WMT	19:36:39, 2024-02-23	WALTON ALICE L (10 percent owner) sold 8,823,856 shares of 'Common Stock' (WMT) for \$1,545,743,763	\$173.51	▼ -3.88%
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Jamie Dimon of JPMorgan sold \$150m of shares last week too. He's been CEO since 2006 and in all that time has *never* sold any.

Mark Zuckerberg sold another \$80m of Meta shares taking his total sales this year beyond \$1 billion. He must be renovating his kitchen or something.

Finally, Jeff Bezos has sold \$8 billion worth of stock in February.

I doubt these people are sitting in cash as a result of selling. I understand Bezos, going to space isn't cheap. The question is; yes they sold their stock, but what are they buying with the money?



In the story of the Emperor's new clothes, two con-men come to town and convince the Emperor that they can weave clothes that will reveal who is a fool and who is not. The clothes are invisible to fools. Fearing he might reveal his own incompetence, the Emperor sends one of his trusted advisers to see the finished product. The adviser, despite seeing nothing exclaims to the Emperor that the clothes are wonderful.

So we have, in the ECB's view, the parallel with bitcoin.

Bitcoin has failed on the promise to be a global decentralised digital currency and is still hardly used for legitimate transfers. The latest approval of an ETF doesn't change the fact that Bitcoin is not suitable as means of payment or as an investment.

The full report can be found [here](#). You will not find a more negative appraisal anywhere. My questions are:

- If it is not suitable as an investment; why is it the single best performing asset in the world over the last 15 years?
- If it is hardly used for 'legitimate transfers'; why are the daily transfers on regulated exchanges in excess of those made in Euros?
- If it uses too much energy; then why is the industry attacked when it has the highest level of renewable input of any industry anywhere?
- Bitcoin remains the top choice for money laundering in the digital world? Carefully chosen words "the digital world". When it comes to crime the United States Dollar has no rival.



Ulrich and Jurgen wrote another paper attacking bitcoin In November 2022. Their premature victory lap is here.

The value of bitcoin peaked at USD 69,000 in November 2021 before falling to USD 17,000 by mid-June 2022. Since then, the value has fluctuated around USD 20,000. For bitcoin proponents, the seeming stabilization signals a breather on the way to new heights. More likely, however, it is an artificially induced last gasp before the road to irrelevance – and this was already foreseeable before FTX went bust and sent the bitcoin price to well below USD16,000.

Hans Christian Andersen's story was a warning. Beware the charlatan selling you a story; the majority of the world believes it more likely that bitcoin is a story than their own fiat currency.

Great amounts of money are spent at central banks putting forward negative views about alternatives despite all the evidence pointing to the contrary, but there is safety in numbers. Notice that bitcoin has no marketing department? Never puts out a press release? Has no staff. Simply the numbers do the talking.

The question isn't really whether the Emperor has no clothes, but rather, who is really the Emperor?