

The Age of Cryptocurrency and the Remaking of the Modern World | Michael Casey

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We can win a major battle in the arms race and gain a new territory of freedom for several years. – Satoshi Nakamoto

INTRODUCTION

Michael Casey is a writer and researcher in the fields of economics, finance, and digital-currency technology. He currently serves as CEO and founder of Streambed Media, an early-stage video production and technology platform. He is also chairman of CoinDesk's advisory board and a senior advisor at the MIT Media Lab's Digital Currency Initiative, where he has spearheaded research projects that employ blockchain technology to achieve social impact goals, and a senior lecturer at MIT Sloan School of Management.

Until mid-2015, Michael was a senior columnist covering global finance at The Wall Street Journal, the culmination of a two-decade career in print journalism that spanned various roles and stints on five continents.

Casey has five acclaimed books to his name, including *The Truth Machine: The Blockchain and the Future of Everything* and *The Age of Cryptocurrency: How Bitcoin and Digital Money*

are Challenging the Global Economic Order, both co-authored with Paul Vigna. He has also worked with and has featured in various documentaries covering a variety of themes to do with digital technology and culture.

WHY DO I CARE?

I can't recall how I was first introduced to Michael. I believe it was over twitter. I had a very vague sense of who he was, and put him into the same sort of "mental bucket" as Paul Vigna, who was his coauthor on two other books. So, in that sense, I thought of him as a very

The root problem with conventional currency is all the trust that's required to make it work. The central bank must be trusted not to debase the currency, but the history of fiat currencies is full of breaches of that trust. Banks must be trusted to hold our money and transfer it electronically, but they lend it out in waves of credit bubbles with barely a fraction in reserve. – Satoshi Nakamoto



traditional, mainstream financial reporter who stumbled upon bitcoin and managed to become one of the early “explainers” of its technology to Joe Public. It turns out however, that Michael’s background, as well as his interests, are far more varied and unique than I first imagined. He is a deep thinker, and clearly is not afraid to go off-script, discussing all sorts of philosophical issues in great depth, irrespective of whether or not the tie directly into anything he is working on. In this sense, he reminds me a bit of John Borthwick or Tim O’Reilly, both of whom share this quality.

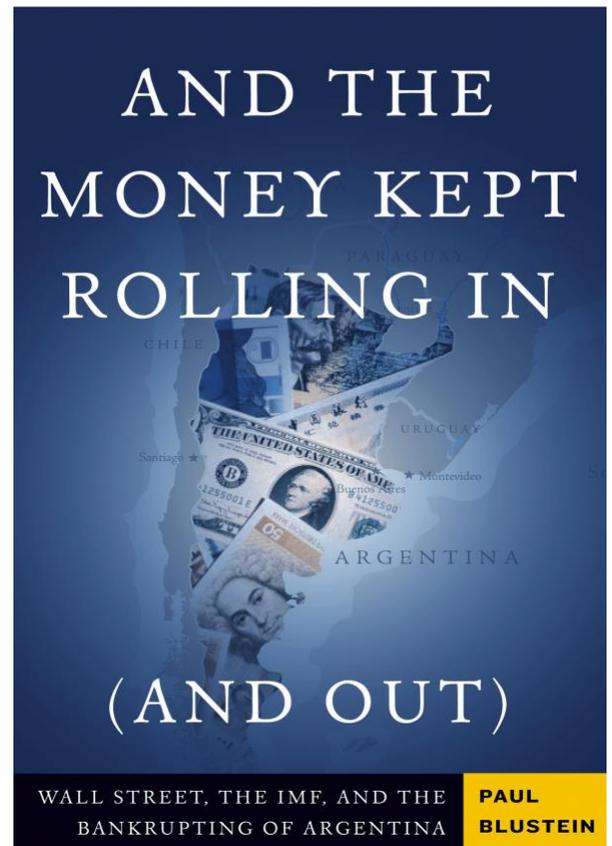
Because Michael is such a deep thinker, and because we seem to have so many intersecting interests, I would like to use this episode to explore the intersection of crypto, finance, and culture with him, as well as what he calls “The Internet’s Original Sin,” and see if we might be able to open some interesting threads together.

GETTING YOUR START

Fresh Start — Q: How did you get your start in journalism? Q: Where was this picture taken?

Economics — Q: How did you get your start in econ/markets? Q: What interests you about markets and the economy? Q: How were you covering the financial crisis and where were you?

Argentina — Q: How did you end up in Argentina? Q: What years were you there? Q: What was your experience like in the country? Q: Is Argentina what got you into crypto? Q: Can you talk to us about your book on Che? *** Carlos Menem, Domingo Cavallo and “el corralito”



LOVE FOR JOURNALISM

Casey has an abiding love for journalism and a respect for the importance of the institution. I'd love to engage him in a conversation about "what journalism is" and what it means to him...

The State of Journalism — Q: What defines journalism, in your view? (today, lots of people claim or are assigned the label "journalist," but it often feels inappropriate) Q: Why did you get into journalism? Q: Why is it important? Q: Where is it thriving? Q: Where is dying? Q: Why did you leave it? Q: What can we do to keep its life force strong?

Surveillance Capitalism & Digital Minimalism — Q: Thoughts on "Instrumentarianism"?

Digital Minimalism — Q: What do you think about getting off social media and digital technology?

MONETIZED TROLLS

You wrote in an article for CoinDesk about one year ago titled, "[Crypto and Twitter: A Toxic Combination, A Troubling Future](#)," where you say:

"If we're going to tokenize everything, which may or may not be a good idea, this cacophony of competing truths peddled by different self-interested mobs will likely get even worse."

"I worry that all we're doing is creating a global brawl of angry people, all believing that they and only they own the truth."

"Fanatical, blinkered investors are nothing new...but, there are two factors that make the phenomenon more extreme in the age of cryptocurrency. (1) The first is the sheer volume of coins and the large retail investor base they attract. (2) The second is that social media is now the primary means by which market-relevant information is distributed. And social media, for better or worse, is essentially anarchy. Combine these two and you end up with something worse than the troll armies that already cause such public angst around social media. You get monetized trolls."

A Toxic Combination — Perhaps we can start with a conversation about the general phenomenon of social media and its pro's and con's. Q: How has social media changed the world, in your view?



Q: What are the pro's and what are the con's? **Q:** How have the con's gotten worse in crypto-twitter, where views are combined with the potential for astronomical profits?

FAKETOSHI/BTC RELIGION

Still, it begs the question: why does it keep happening? Why do the scammers emerge so readily? What is about the crypto community that attracts a parade of false prophets? Let's take the question further: *why does crypto generate so much drama generally?* But why? How did a technology spawned by the most math-driven, nerdy and precision-obsessed fields of computer science give rise to Mexican telenovela-like stream of plot twists? Still, the crypto soap opera takes things to another level of madness. Why? My attempt at an explanation begins with the fact that, unlike other technologies, this is one is fundamentally about money.

So, you have this big paradox with something like bitcoin, where its very idea is that there shouldn't be any one person or authority in control... But because of that, you get this cacophony of voices, each claiming to have some kind of truth and striving to be the one in control. – Bill Maurer, Dean of Social Sciences at the University of California Irvine

Crypto Drama — **Q:** Why does crypto create so much drama? **Q:** Why is money such an important part of this story?

Keeping the Faith — You write: "It's unavoidable. You can be as nerdy and detached as the most cerebral cryptographer, but if you want your favored currency to grow to the point that it becomes money, you must engage in cultural production. You want a shared story of belonging to develop around it, one that's widely accepted enough that your currency is widely held and used...for something to become money, it needs belief."



Q: How much does “religion” play a role in this community?

Politics of Money — You write: “There is no escaping the politics of money; it doesn’t disappear just because there’s no government in charge of the monetary policy.” **Q:** What did you mean by this? **Q:** Is there a false sense in crypto that code can solve all our problems, and that a fair world can be born out of that?

Doomer Videos — These **Doomer videos** are disturbing, because they capture a really deep sense of despair among a large cross section of the population that is supposed to be the most vibrant. It’s younger generations that we rely on to innovate and drive positive social and economic change. Instead, we are seeing an epidemic of suicide and depression among younger people in particular. It’s heart breaking, but also, terrifying, because it suggests that there is something fundamentally broken in the social contract. I think part of what’s missing is that in the absence of an organizing religion or story about what makes life worth living,

human beings seem to fall into despair. They start frantically flailing around the darkness, grasping desperately for anything that will make them feel like it isn’t all for nothing – that something more than just this contractual, wage-slave life that the doomer is living out in these various skits. Now, imagine that the one thing these people have been taught by our media culture is that the sure-fire path to happiness is making a lot of money, and you begin to really gain a sense of the utter hopelessness and despair of the “doomer.” Imagine how many young men and women in their 20’s or 30’s have graduated from liberal arts colleges with \$50k, \$100k, or more in debt, into economies where they can’t find full employment. Where the price of traditional assets has gone so astronomical that they can never hope to have any



financial stability, let alone “strike it rich.” You can see how the narrative of cryptocurrencies (and bitcoin in particular) has been so alluring to this demographic. It offers a path to salvation, and this is why the language is so heavily saturated with religious terminology and symbolism. This is kind of where I was going when I posted that video and said that I wanted to do an episode about it. I'm disturbed, but also fascinated, by what I've been seeing, and I wonder how long it will take before these "doomers" figure out what many who came before them already know - that there is no meaning to be found in making money. It seems to me that a story which promises riches as the means by which one can hope to find salvation (i.e. personified in the raptured "bloomers" from these storied skits) is going to face some serious scaling limitations. Anyway, this though feels incomplete, but it's late and that's my best attempt at an answer for now.

Q: Is there a false promise implicit in crypto that attempts to solve the existential despair by promising riches?

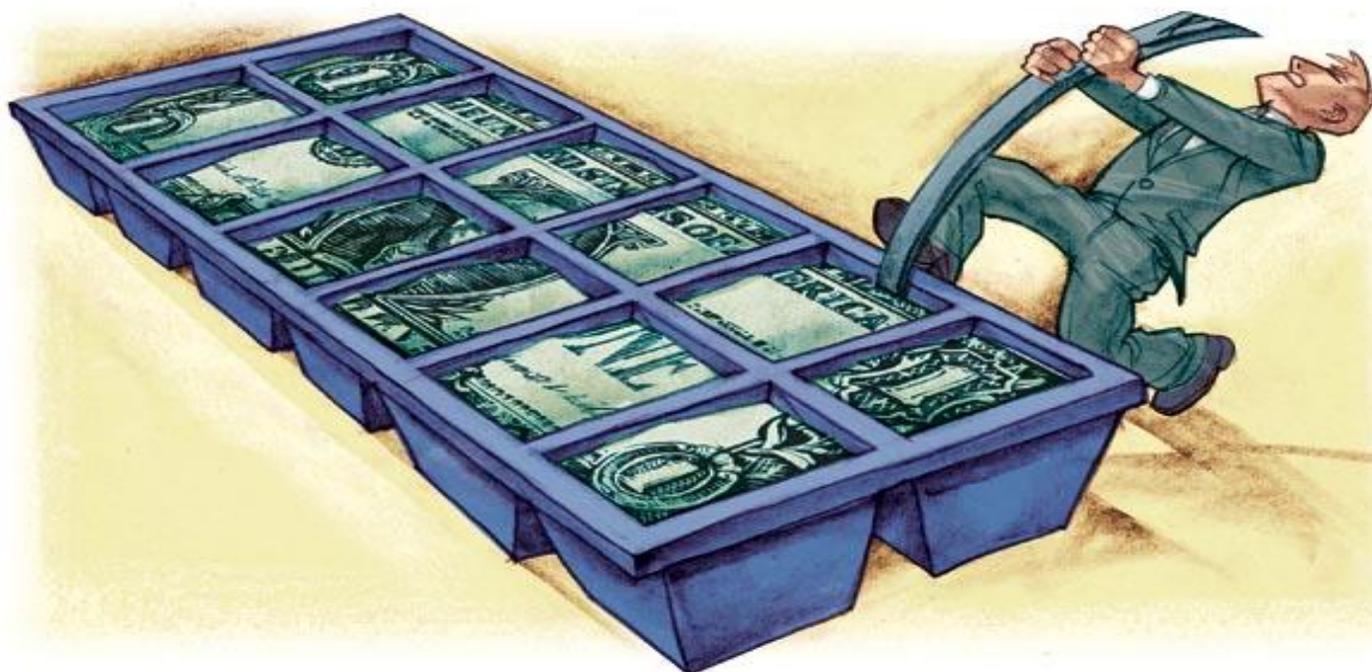
Q: Does our society value money today more than ever?

GLOBAL RESET – DOOM LOOP – BTC ADOPTION

Mark Carney's speech about Digital Currencies represents a healthy response by central bankers to what Casey thinks is a necessary change to the global order, where central banks and countries embrace digital currencies and eliminate the need for a global reserve currency and end America's exorbitant privilege. He thinks the current system is broken, and that ending America's exorbitant privilege would likely cause America to suffer a massive impact, perhaps bigger than that suffered in the 70's when Nixon shut the gold window and ended convertibility.

Broken System — You said that “The international monetary system is broken. Helping to fix it poses a huge opportunity for the cryptographers behind cryptocurrency and blockchain technology.” **Q:** Can we talk about the history of the current system and why “it's broken” as you write? **Q:** What is the issue with using the dollar as a global reserve currency? **Q:** Where do you see potential issues in the financial system today?

FOMC & Overnight Repos — The FOMC has been meeting the last two days amid the drama in money markets as the cash available to banks for their short-term funding needs all but dried up and interest rates in U.S. money markets shot up to as high as 10% for some overnight loans, more



than four times the Fed's rate. **Q:** When is the last time we saw this? **Q:** What does this tell us about the limits of the Fed's ability to "normalize" its balance sheet? **Q:** What are we heading into?

***[Fed cut rate](#) a further 25bp and lowered IOER by 30 basis points

Carney's Speech — **Q:** What did you think of Carney's speech? Some saw the remarks as opportunistic. What was the motivation behind the remarks and what was their significance?

Fixing a Broken System — Casey writes: "I think that instead of creating a whole new global currency, central bankers should work to develop digital currency interoperability. We need a system of decentralized exchange through which businesses in different countries can use smart contracts to create automated escrow agreements and protect themselves against exchange rate volatility. With algorithms that achieve atomic swaps now available and with other advances in cross-chain interoperability, I believe we'll soon have the technology to remove foreign exchange risk from international trade without relying on an intermediating currency such as the dollar. **Q:** How do we "fix" the international monetary system? **Q:** How can this technology be used to "remove foreign exchange risk" from international trade without having to rely on a reserve currency, like the USD?"

Stablecoins — Out TODAY: While speaking at a conference on the Future of the International Monetary System in Luxembourg on Tuesday, European Central Bank policy maker Benoit Coeure said private stablecoins could challenge the global primacy of the dollar, backing Bank of England Governor Mark Carney's call for work on an international central-bank digital currency: **Q:** What would be the role of stablecoins in international trade and FOREX markets? **Q:** What are some of the main challenges as they relate to stablecoins.

Leading Nations — **Q:** Who are some of the countries that are taking the lead on this stuff?

BTC EDGE (HEDGE)

"Herein lies the "buy bitcoin" argument for this current moment: that, regardless of your own beliefs, a sufficiently large number of other people now believe bitcoin to be the best way to hedge against political-economic turmoil in the global financial system."



Bitcoin's Value Proposition — Q: What is Bitcoin's value proposition in your view? Q: What do you think about how its identity and ontology have evolved over the years?

Theories of Money — Q: What is your view of money, the importance of having non-fiat money, and how BTC factors into this?

2nd Layer — Q: What are your thoughts on second layer solutions?

Alternative DLT's — Q: What are your thoughts on alternatives?

THE INTERNET'S ORIGINAL SIN

The original creators of the Internet protocols did not resolve the problem of trust, nor were the protocols were not built with security or commerce in mind.

The idea that the global economy of the future will be one in which individuals and small businesses have direct control over their data, and yet can still operate in open markets and generate network effects is an exciting prospect. – Michael Casey

On the one hand, the distribution of public information was disintermediated, which put all centralized providers of that information, especially newspapers and other media outlets, under intense business pressure from blogs and other new information competitors. But on the other, all valuable information – particularly money itself, an especially valuable form of information – was still intermediated by trusted third parties. – Michael Casey

Original Sin — Q: What was the Internet's "original sin?" Q: What do you mean that the inventors of Internet's basic protocols didn't "resolve the problem of trust?"

Decentralized Communication vs. Centralized Processing — Q: How did the disintermediation of the communication layer put intense business pressure on media outlets, while simultaneously allowing third parties to capture that communication and monetize it through centralized solutions like AdWords or Facebook's Ad System?

Data — Q: How valuable is data as a commodity today?

New Economy — Q: What kind of systems, products, services, applications, etc., would spring up if we could solve the trust problem?

