

- Demetri Kofinas:** 00:00:00 Today's episode of Hidden Forces is made possible by listeners like you. For more information about this week's episode or for easy access to related programming, visit our website at [hiddenforces.io](https://hiddenforces.io) and subscribe to our free email list. If you're listening to the show on your Apple podcast app, remember, you can give us a review. Each review helps more people find the show and join our amazing community. And with that, please enjoy this week's episode.
- Demetri Kofinas:** 00:00:48 What's up everybody? I recorded an episode recently with Nick Carter, where I didn't have a rundown or prepare for it in any way and all of you really loved it. And I said that I would try and record more conversations like it and this episode is very much in that vain. For super nerd subscribers, there is a rundown available, but it's the rundown for my episode with David Allen, which I thought I recorded this morning, but what actually happened was that my end of the audio was totally corrupted and unusable, not a pleasant experience. I don't recommend it. But David was super cool about it, and we're going to find another day to rerecord it.
- Demetri Kofinas:** 00:01:28 So, in place of that episode, I'm releasing this two-hour long conversation with Chief Content Officer at CoinDesk and former Wall Street Journal senior columnist Michael Casey, which was originally supposed to go out on the premium subscriber feed this morning, and which I recorded late Thursday evening. Many of you already know Michael. Besides his role at CoinDesk, he's also a co-founder of Stream Bed Media, the co-author of the Truth Machine and one of the main organizers of Consensus 2020, which is the biggest Blockchain conference with over 10,000 attendees and more than 300 speakers. This episode publishes on the first day of the conference, which lasts through the end of the week.
- Demetri Kofinas:** 00:02:15 As you can imagine, pulling off a conference during a mass quarantine isn't easy, but somehow, Michael and the team at CoinDesk managed to do it. The conference is all virtual, it's free, and they've got some big names people like former Treasury Secretary, Larry Summers, historian Niall Ferguson, Ethereum founder Vitalik Buterin. You can learn more about the conference at [coindesk.com](https://coindesk.com) and register to attend for free, so you literally have no excuse not to check it out.
- Demetri Kofinas:** 00:02:45 Okay, so what is this episode about? Like I said, there was no roadmap to this conversation. We started off talking about music and movies from the 1980s and '90s and that eventually led us to a conversation about Tom Wolfe's Bonfire of the Vanities and the culture of Wall Street after the end of the Bretton Woods gold exchange rate system and the deregulation of finance in the 1980s. And eventually, at about halfway through the full episode, we begin to get into a discussion about the calamity that is our current economic and political reality. And that conversation lasts well into the overtime where we also discussed the future of fiat money, cryptocurrency and the latest news about Bitcoin, including the news that leaked Thursday that legendary investor Paul Tudor Jones has begun buying Bitcoin as a hedge against what he calls the great monetary inflation, an "unprecedented expansion of every form of money, unlike anything the developed world has ever seen."
- Demetri Kofinas:** 00:03:54 It's another great episode, and if you like it, let me know. Comment on the Patreon post, tweet at me, and most importantly, rate the show and write us a review on Apple podcast. It takes a millisecond. In fact, you should do it while

listening to me obsess over 1980s movies, especially my love for Danny DeVito. That's probably the least important part of the conversation and the part that you can most afford to miss. And with that, please enjoy this week's episode with journalist and author, Michael Casey.

**Demetri Kofinas:** 00:04:32 Michael Casey, welcome to Hidden Forces.

**Michael Casey:** 00:04:35 Thanks for having me back, Demetri.

**Demetri Kofinas:** 00:04:36 Yeah. So, let me catch up on what happened. I was telling you that I had a kind of just a really sad situation this morning. I had David Allen on, who wrote Getting Things Done. I don't know if you're familiar with the book.

**Michael Casey:** 00:04:51 I think I am. Yeah. I think I've encountered it. Yeah.

**Demetri Kofinas:** 00:04:54 He's super famous. I mean, I hadn't read the book before. I didn't know about it. And in any case, I prepared for it and I've been actually doing the work myself. It's really helped me I'm in the very early stages of it. For those who are familiar with GTD. I'm just kind of in the early capture, and collect and whatever phases of the process, and I booked him a studio in Amsterdam. He lives in Amsterdam. I booked him a studio. He was super cool by doing that. Because you probably, you may or may not know this about me, Michael, but I really hate having recordings where the guest is on the phone or there's a crappy recording, even if the audience doesn't seem to care, I can't stand it.

**Michael Casey:** 00:05:37 Right. Yeah.

**Demetri Kofinas:** 00:05:38 I cannot stand it. I don't know how you I feel about that, but anyway, he was cool about that. He went there. His audio sounded phenomenal. I checked it after the whole conversation was over. It was a great conversation. I sent it to my editor. And he calls me back and he goes, "Did you hear your audio?" I'm like, "What are you talking about?"

**Michael Casey:** 00:05:54 Oh, no.

**Demetri Kofinas:** 00:05:54 My microphone was all screwed up the whole time and we couldn't figure out what's wrong with it. So, I had actually reached out to you...

**Michael Casey:** 00:06:01 Yeah.

**Demetri Kofinas:** 00:06:02 ... before I even found out about that.

**Michael Casey:** 00:06:03 Oh, no.

**Demetri Kofinas:** 00:06:04 Because with David we hadn't recorded an overtime and I've been playing this by ear with you. I told you I did one of these with Nick Carter and it was really, really popular and everyone loved it. No prep, just conversational.

**Michael Casey:** 00:06:17 Yeah.

**Demetri Kofinas:** 00:06:17 And I reached out to you afterwards, and I said, "Let's do one also and let's find a time to do it. Maybe we can do it before Consensus," and turned out, "Yes."

But now, so this wasn't planned, but it's great that you and I were planning on doing this anyway.

**Michael Casey:** 00:06:32 I'm really sorry.

**Demetri Kofinas:** 00:06:33 Yeah.

**Michael Casey:** 00:06:34 I'm on in this sort of rather sad situation, but I know that feeling. I really do. It's similar to moments of writing books and then suddenly realizing that you've somehow managed to lose one of the chapters of your manuscript or something like that. It's just these sorts of moments are some of the most depressing.

**Demetri Kofinas:** 00:06:50 Has that happened to you?

**Michael Casey:** 00:06:53 I don't know if it's a full chapter, but I've certainly lost a lot of text and I couldn't figure out for the life of me where and how I lost it and why I hadn't saved it or whatever, right? It was I think probably before the days of auto save and that sort of stuff where you, you know. And I was just never good at manual saving, but auto save helps me.

**Demetri Kofinas:** 00:07:09 You know what's worse than losing your manuscript or losing the entire manuscript, you know what's even worse than that?

**Michael Casey:** 00:07:15 What?

**Demetri Kofinas:** 00:07:15 Have you seen Throw Momma from the Train?

**Michael Casey:** 00:07:17 You know, it's one-

**Demetri Kofinas:** 00:07:18 Danny DeVito.

**Michael Casey:** 00:07:19 Maybe it's a classic. I think I did see it years ago. Yeah. Remind me again what happens there.

**Demetri Kofinas:** 00:07:24 His wife stole his book...

**Michael Casey:** 00:07:26 Oh.

**Demetri Kofinas:** 00:07:26 ... before he published it and she published it under her name.

**Michael Casey:** 00:07:29 Right.

**Demetri Kofinas:** 00:07:30 And it became a huge bestseller and she never published anything before.

**Michael Casey:** 00:07:33 Right. Yeah, yeah. There you go. So, you know, still fair game.

**Demetri Kofinas:** 00:07:38 Such, it was a dark comedy.

**Michael Casey:** 00:07:40 Yeah, yeah.

**Demetri Kofinas:** 00:07:40 Dude, I love that era, man.

**Michael Casey:** 00:07:43 Right. Those were great comedies then.

**Demetri Kofinas:** 00:07:45 Oh, my God. Billy Crystal, Danny DeVito, Martin Shore.

**Michael Casey:** 00:07:51 Yeah. National Lampoon stuff.

**Demetri Kofinas:** 00:07:51 All those guys.

**Michael Casey:** 00:07:52 Yeah, yeah.

**Demetri Kofinas:** 00:07:53 All those guys, everybody, I don't know it's just a different thing.

**Michael Casey:** 00:07:57 Yeah, yeah.

**Demetri Kofinas:** 00:07:58 I always wondered, do you ever wonder if it's just everyone always feels like their time was the best, the time that they, you know?

**Michael Casey:** 00:08:06 Yeah, probably, I think and that's interesting. What is it about our own cultural makeup and what is it about that stage of your life that somehow, it's so cool? I just can't get away from '90s music and it makes me feel so old. I'm like, I still feel like it's fresh. I mean, I'm like, "Yeah, that was edgy. That's it. It's avant-garde," the kind of stuff I was into in the '90s, and it's now more than 20 years ago. And so yeah. Once your genre of music suddenly becomes classic rock, you realized that you've passed a certain threshold of life, I think, so yeah.

**Demetri Kofinas:** 00:08:40 I feel the same way about '90s music by the way. I graduated high school in 2000, but there's a theory around this and I believe I learned it from Malcolm Gladwell and I may have talked about it once on the show, which is that the music that you listen to, in particular between 18 and 20, in that period of your adolescent development, is the music that sticks with you the most, that brings back the most powerful emotional response.

**Michael Casey:** 00:09:04 Yeah, yeah.

**Demetri Kofinas:** 00:09:05 And I mean, for sure if you look back those are the songs, right?

**Michael Casey:** 00:09:07 Absolutely. Yeah. You know I had to do a radio hit at one point back in Perth. I'm from Australia and I came back and I'm obviously years beyond you, Demetri, because this reference is going to be going way earlier back. But I was told to select an entry, what do you call it, an intro song. It was a little bit of a profile of me. I'm a Perth boy, done good, left and gone off to the rest of the world and I'm doing a little bit of this is your life thing, so I gave them a song.

**Michael Casey:** 00:09:36 And I gave them, it's just a particular guitar solo from the Chain, which is from Fleetwood Mac's Rumours' album. We're talking that's '80s actually, so we're going back even further now. Because that's actually when I was in my teens. I'm just really showing my edge here and so I think it's the greatest album of all time, and close to it and that one guitar solo still makes me want to jump up and down and run around the room like a headless chook as we say.

**Demetri Kofinas:** 00:10:08 Yeah. Well, even me, the '80s movies were movies that I would watch in the '90s. And when I was kind of in my prepubescent years heading into puberty, where I want it to be, just like you've seen now, I'm just full of movie references.

My life is literally just movies in my head. But did you ever see the movie Big with Tom Hanks?

**Michael Casey:** 00:10:27 Absolutely did. Yep. Of course I did.

**Demetri Kofinas:** 00:10:29 Right. So, that's it, like the kid that wants to grow up.

**Michael Casey:** 00:10:32 Yeah.

**Demetri Kofinas:** 00:10:32 I just want to be big.

**Michael Casey:** 00:10:32 Right.

**Demetri Kofinas:** 00:10:33 I'm right there on the cusp of puberty and there were all sorts of movies even from the '70s, late '70s that I would watch like Porky's.

**Michael Casey:** 00:10:39 Right.

**Demetri Kofinas:** 00:10:40 The Porky's trilogies and I always say this because I grew up. So much of my life was spent in Greece...

**Michael Casey:** 00:10:46 Right.

**Demetri Kofinas:** 00:10:46 ... every summer of my childhood and we temporarily moved back as well and it was really my home...

**Michael Casey:** 00:10:51 Yeah.

**Demetri Kofinas:** 00:10:52 ... because we've around so much. And after a certain hour in Greece, they would show anything.

**Michael Casey:** 00:10:57 Right.

**Demetri Kofinas:** 00:10:57 Even pornography was on TV.

**Michael Casey:** 00:10:58 Because that was borderline porn, that was-

**Demetri Kofinas:** 00:11:01 There was porn, straight up porn. I watched the... what was that show with David? People don't know that David Duchovny was a porn star.

**Michael Casey:** 00:11:09 Oh, really?

**Demetri Kofinas:** 00:11:10 Before he became a movie star, yeah.

**Michael Casey:** 00:11:11 My God.

**Demetri Kofinas:** 00:11:12 He was porn star.

**Michael Casey:** 00:11:13 Yeah.

**Demetri Kofinas:** 00:11:13 He was a sex addict, but he was also-

**Michael Casey:** 00:11:14 Right. I knew he was a sex addict. I knew about the sex addiction and you know...

**Demetri Kofinas:** 00:11:14 He hosted the Red Shoe Diaries where he would walk. He was like a guy with a dog and he'd walk around and he'd like fantasize and he'd tell a story. And anyway, so-

**Michael Casey:** 00:11:26 You know I actually still think '80s movies, as I said, I grew up. My formative years were if you go by Gladwell's line it should have been the '80s, but I feel like it's the '90s music. For me, and it's also like, that's when I started traveling. I started traveling at the very end of the '80s and through the early '90s that was when I was living in Thailand. I was teaching English and writing. I had thrown all of my past out the window and picked up a backpack and basically went off and tried to find things like myself, and so music-

**Demetri Kofinas:** 00:11:59 That's when you were Anderson Cooper.

**Michael Casey:** 00:12:01 That's exactly right. It's when I first met Anderson Cooper in the Burmese border. But yeah, music was really important to me then because it was in my earphones. Everywhere you go, yeah, the Sony Walkman was... You buy cheap, black market copied cassette tape.

**Demetri Kofinas:** 00:12:18 Totally.

**Michael Casey:** 00:12:19 In the streets of Bangkok, and then put them in your Walkman and then disappear up into Chang Mines, the hills with this... I don't know. I was listening to a Camper Van Beethoven. I was a fan of it at the time and REM, and that was sort of blaring in my ears as I was traipsing around hill tribes and things. I started reading more then, too, so I feel like I wasn't watching movies because, particularly when I was in Southeast Asia, I didn't have as much access to sort of Western popular culture, but music and books and things that was when I started to really just you know. I think some of the most formative cultural ingestions, if you like, happened in that part of my life. So, I was a little bit more later develop than Gladwell's theory.

**Demetri Kofinas:** 00:13:03 So, what books were you reading and also how are you getting them? Did you like buy a bunch and brought it with you?

**Michael Casey:** 00:13:10 Oh, yeah. Travelers would come through and so forth. So, I read Hermann Hesse's Siddhartha, which really impacted me. I read Zen and the Art of Motorcycle Maintenance at that time. I remember reading Bonfire of the Vanities, which has just come out. It kind of blew my mind in a way.

**Demetri Kofinas:** 00:13:23 Yeah, that was actually turned into a movie.

**Michael Casey:** 00:13:26 It was?

**Demetri Kofinas:** 00:13:26 Starring Bruce Willis, which has that incredible, nonstop camera scene from when he gets out of his limo.

**Michael Casey:** 00:13:34 Yep.

**Demetri Kofinas:** 00:13:34 Going through the back end of the hotel to get to a speech.

**Michael Casey:** 00:13:37 Right. Yeah.

**Demetri Kofinas:** 00:13:37 They were the greatest single shots in cinema history.

**Michael Casey:** 00:13:40 Yeah, yeah. Tom Wolfe is a genius. He's one of those guys that did have constantly blurred the lines of fiction and nonfiction in all of his writing and found it really, yeah. That was just before I decided I was going to go back and give a shot at being a journalist and so that sort of writing was really impactful for me.

**Demetri Kofinas:** 00:14:00 Was that the first time that... because that genre the Bonfire of the Vanities genre, what's the book by the author that wrote The Big Short, that other book that he wrote?

**Michael Casey:** 00:14:11 Michael Lewis.

**Demetri Kofinas:** 00:14:11 Michael Lewis. Liar's poker.

**Michael Casey:** 00:14:14 Right.

**Demetri Kofinas:** 00:14:14 That whole genre.

**Michael Casey:** 00:14:15 Yeah.

**Demetri Kofinas:** 00:14:16 Was the 1980s the first time that that genre came back into vogue? I mean, could you consider maybe, was there anything remotely like that in the 20s?

**Michael Casey:** 00:14:26 Well, Bonfire of the Vanities was a fiction book, but it obviously felt very real, because it was very raw and very drawing on all of that kind of excess of the money in the '80s. Of course, in Liar's Poker, it was nonfiction, although I think, Lewis wrote it with a fair amount of liberal license, but I think the topic was huge at that point. We were coming out of the junk-bond era, Michael Milken and Salomon Brothers, and Louie Ranieri and all of that.

**Michael Casey:** 00:14:56 And so I think that the first idea of Wall Street as this powerful beast that had a kind of a stranglehold on everyone's lives. I don't think people were fully aware of it until then and it probably wasn't nearly as big. It wasn't Wall Street. We hadn't financialized the U.S. economy. Well, back in those days, it was tame, but we were suddenly realizing how big and powerful these upstart young bond traders were in the late '80s. How innocent those times look now, but ultimately, that was the first time we realized that there was a lot of money being made by a lot of fairly young people by just intermediating the transfers of wealth within the U.S. economy.

**Michael Casey:** 00:15:42 I mean, I think about it as well, in terms of, this isn't really answering your question, but I think those books and that cultural awareness are really important for the broad longer narrative about how we've come to understand where we are now in terms of finance because it sets the stage for everything else. And then we need to think about like, "How do we get there?" Well, we got there because Volcker broke the back of inflation and established a framework around which Wall Street could work. What we didn't do probably is to figure out how to like either regulate or at least disincentivize the kind of

rather rapacious ways in which that opportunity was exploited by people who really didn't need to have that much power.

- Michael Casey:** 00:16:27 So, I think about it is the phases. Well, basically, Nixon shock. We leave the dollar. The dollar leaves the gold standard in 1971. The Vietnam War winds down. You get ultimately rampant inflation in that period, because they can't pay for the war and the dollar is just being de-pegged from gold and it's collapsed and there's just massive inflation problems and the oil shock and everything else. Volcker comes in, just brutally drives the U.S. into a recession in the early days of the Reagan administration with the blessing of the President.
- Demetri Kofinas:** 00:17:06 Right.
- Michael Casey:** 00:17:06 And then wins. He sets the stage for what became the benchmark for all central banking after that. And by the way, now, I think we are really at the cusp, where that Volcker era is being challenged like never before. We can probably talk about that a little later. But you establish that and then, then that's it. Wall Street's like party time because we've got the security and the confidence that we need when prices are stable to just start the machine running. And it's from there that junk bonds were invented, and Michael Milken comes along and the Salomon Brothers starts to sort of buildup mortgage backed securities and everything starts to roll in that period. People make a lot of money, and all of a sudden you get movies and stories and everything else coming out of it. So yeah, it's an interesting era without a doubt.
- Demetri Kofinas:** 00:17:55 And globalization?
- Michael Casey:** 00:17:56 Right.
- Demetri Kofinas:** 00:17:57 Technology and the deflation and combined deflationary forces of globalization and technology and baby boomers investing coming into their prime investing years.
- Michael Casey:** 00:18:05 Right.
- Demetri Kofinas:** 00:18:05 All of that stuff, I mean, it was-
- Michael Casey:** 00:18:07 Yeah. Well, that's right. We had the Berlin Wall come down at 1989. It was like this victory, this kind of mandate. All right. That's it. Capitalism one, so off you go.
- Demetri Kofinas:** 00:18:17 It's crazy. Because you mentioned Volcker. Volcker came in in '79. That was around when Jimmy Carter sent a couple of helicopters to rescue embassy staff in Iran that crashed over the desert.
- Michael Casey:** 00:18:28 Right.
- Demetri Kofinas:** 00:18:29 It was like the trough of American self-esteem and then 10 years later, the walls collapsed.
- Michael Casey:** 00:18:34 Right.

**Demetri Kofinas:** 00:18:35 And I think it's hard for someone like me, and I wonder you, it sounds like you were born sometime, maybe early '70s or late '60s.

**Michael Casey:** 00:18:42 Late '60s, '67.

**Demetri Kofinas:** 00:18:45 Late '60s.

**Michael Casey:** 00:18:45 Mm-hmm (affirmative).

**Demetri Kofinas:** 00:18:46 '67, so you would have remembered that.

**Michael Casey:** 00:18:47 Mm-hmm (affirmative).

**Demetri Kofinas:** 00:18:48 And I think it's hard for anyone who wasn't around then or who couldn't have kind of experienced both of those polar opposite moments to appreciate that dichotomy. Do you think that that's something that isn't appreciated? Just how quickly that changed? What, it was only 10 years, we went from really questioning America and it's our ability to lead and our ability to be that great shining city on a hill that Ronald Reagan referred to us as only a few years later to then having won the Cold War?

**Michael Casey:** 00:19:21 Yeah, I think that's a really good point. I don't think people do appreciate how fast that time was. I mean, I think the '70s was an era of a lot of self-doubt for Americans. It was the era of inflation. It was the failure of the Vietnam War. Drug problems really started to hit hard at that point. Yeah, it was a really sort of gloomy period. And then you had to turn things around.

**Demetri Kofinas:** 00:19:44 Like it's super dark.

**Michael Casey:** 00:19:44 It was. Yeah.

**Demetri Kofinas:** 00:19:44 Super dark in film, too, but you see it in film culture of the 1970s.

**Michael Casey:** 00:19:48 Right.

**Demetri Kofinas:** 00:19:49 You can see that darkness.

**Michael Casey:** 00:19:50 Yeah, absolutely. I mean, what do you think that the music of that time? It was disco, which was this incredibly upbeat, have a good time, but it was now we see all these movies that sort of give us a look back at that time. Series like the Juice. That give us that picture of like, yeah, into disco and like bell bottoms and everything else, but the dark underbelly was actually the sort of the bitter phase of drug addiction and a really depressed state New York was in its worst state possibly ever in those years.

**Michael Casey:** 00:20:20 So, yeah, I mean. And this is where I think Reagan is in many respects so beloved, because he really brought American pride back. He stood up and picked it all up again. I think poor old Jimmy Carter gets a worse rap than he deserves. He was handed a poisoned child. That's the other thing I forgot to mention, of course, is like '70s was the era of Watergate, right?

**Demetri Kofinas:** 00:20:43 Right. Absolutely.

**Michael Casey:** 00:20:44 He was given Nixon and Ford's mess and sort of had to sort of try to pull away out of it after. He'd taken the dollar off the gold peg and the oil shock, the inflationary scenario that he had to deal with was there, probably didn't have the guts to bring in a person like Volcker or maybe he did, but ultimately, it was Reagan that was able to just turn things around, so you can see why.

**Demetri Kofinas:** 00:21:09 Well, but I mean, Carter approved Volcker. Volcker came in during the Carter administration.

**Michael Casey:** 00:21:14 He was I think, yeah. I mean, okay. For some reason, I seem to think it was really Reagan. I think you're right, though. Yeah, it was, okay. So yeah, so he proved him, basically, then probably, yeah, the early days of his hardcore interest rate hikes would have, yeah, put the U.S. economy into an even worse situation at the end of the Carter years. And Reagan was able to just start off on that footing.

**Demetri Kofinas:** 00:21:41 Yeah.

**Michael Casey:** 00:21:41 Had an inflation to start with, but could easily blame it on Jimmy and then by the end of his fourth term was turning things around.

**Demetri Kofinas:** 00:21:47 Yeah. Well, 1981 was, I think, the most violent year in New York City's history.

**Michael Casey:** 00:21:53 Wow.

**Demetri Kofinas:** 00:21:53 The year I was born, and I lived in New York at that time. I was born in 1981. We moved to New York sometime around then. I was actually born in Cincinnati. And I remember this sort of has a point to it, which is that the darkness of the '70s, even though I didn't live in that period and I didn't sort of come to a place where I have any memories of any time until like the early '80s, but I remember New York feeling unsafe.

**Michael Casey:** 00:22:20 Right.

**Demetri Kofinas:** 00:22:20 And I remember growing up in a culture of martial arts and I think that sort of Kung Fu martial arts, Bruce Lee, it got a lot of traction in cities like New York because of the sense that you weren't safe.

**Michael Casey:** 00:22:35 Right.

**Demetri Kofinas:** 00:22:35 And you needed to be able to defend yourself. You know what I mean? It's super interesting to me how martial arts and MMA, mixed martial arts, all that stuff, has for the most part in America, unlike let's say other countries like Brazil, has been in the last decade or a couple of decades just simply been a sport. It hasn't really been something. I mean, people have taken the sport on, but it's much more of a sport than it was then. It's less thought of as a mode of self-defense...

**Michael Casey:** 00:23:06 Right.

**Demetri Kofinas:** 00:23:06 ... which is super interesting. And I feel like that's another thing that making comparisons about the '70s and where we're going, because I think that's what you were kind of suggesting and I'd love to hear what you have to say about

that, because I've also got a lot of thoughts. I think the flip side of that coin is that, what does that mean for security? And we've gotten used to in cities like New York having tremendous levels of security. We can walk around and feel perfectly secure. You're not worried you're going to get mugged...

**Michael Casey:** 00:23:35 Right.

**Demetri Kofinas:** 00:23:35 ... in the street or you're going to get hit over the head or you're going to drive down. My dad used to... he was a resident at Brooklyn Hospital in New York. We lived in a store at Queens. If I left my bike out at night, it got stolen. He tells stories about this driving to work and people would just throw a bottle caps at his car. He had a shitty little Toyota, it's not like there was any reason to throw bottle caps at him. And a doctor got knifed in the elevator.

**Michael Casey:** 00:23:57 Yeah.

**Demetri Kofinas:** 00:23:57 Got murdered in the elevator.

**Michael Casey:** 00:23:59 Yeah.

**Demetri Kofinas:** 00:23:59 And nurses were selling sodas out of the machines, taking the sodas out selling them.

**Michael Casey:** 00:24:05 Yeah.

**Demetri Kofinas:** 00:24:05 And in some cases, this is a story from my father, babies were dying in the ICU. I mean, it was-

**Michael Casey:** 00:24:10 Yeah. Wow.

**Demetri Kofinas:** 00:24:11 It was a totally different time than it is today in New York. New York now is a highly commercialized, whitewashed city.

**Michael Casey:** 00:24:16 That's completely different, although we are avoiding the elephant in the room in this conversation about what sort of New York are we talking about here? Are we talking about that New York pre-March 2020 or post-March 2020? Because I don't know what the future of New York is going to be.

**Demetri Kofinas:** 00:24:29 Right.

**Michael Casey:** 00:24:30 But leaving that aside. I of course grew up thinking about New York through the prism of all of those stories. That became the prevailing image. I ended up absolutely loving New York after I moved to this area. I first came as a student in 1993, but even then, 1993, the city was starting to be cleaned up significantly. The prevailing perception that the stereotype for-

**Demetri Kofinas:** 00:24:58 The Warriors, like from the movie, The Warriors.

**Michael Casey:** 00:24:59 Yeah. I was terrified. I landed.

**Demetri Kofinas:** 00:25:01 Right.

**Michael Casey:** 00:25:02 I came in. I remember getting a bus from JFK, whatever, Greyhound-type bus thing they had going. What was that, the jitney things and getting into Grand Central and wondering where the hell I was and then, people were offering me cab rides and I was just like saying, "No." And then I walked to this one hostel that I'd managed to find a place to stay and lugging my bag through there. I was terrified.

**Michael Casey:** 00:25:24 Very quickly fell in love with it, though. In a matter of days later, I was realizing that this was just an enormously, overwhelmingly stimulating city, but I studied at Cornell and so I was up there in Ithaca, but before I went there, I met this girl who is now my wife, in the sort of brief one-week period that I was in New York City before I was going up to Ithaca, and then that was it. I kept coming down to see her as often as I could and she was living on 104th and Broadway and sleeping there at night, you'd still hear gunshots, not very often, but 104th was fine, but she told me never walk down 109th. At 109th and you'd look at it was this dark kind of, it was tenement housing.

**Demetri Kofinas:** 00:26:08 Yeah, don't go to Harlem.

**Michael Casey:** 00:26:10 Yeah, but I mean Harlem now, I mean, my sister now lives there.

**Demetri Kofinas:** 00:26:13 Yeah.

**Michael Casey:** 00:26:14 I mean, yeah, she said, "There's no way."

**Demetri Kofinas:** 00:26:14 We avoided Harlem like the plague.

**Michael Casey:** 00:26:16 Oh, absolutely.

**Demetri Kofinas:** 00:26:16 We didn't go through Harlem. We avoided it.

**Michael Casey:** 00:26:17 Yeah. My wife's Puerto Rican and she's of significantly darker skin color than I am, so she was like, "We can go up to 125th Street, but you are not going on your own. You're coming with me." So, yeah, it was a tougher time and it was just one of those things, but it's amazing how quickly it turned around. I mean, to think how fast that got removed, which I think was a very hopeful thing. There's all sorts of debate. People had been talking about it for years and whether it was the broken windows policy or whether it was just economic growth or what it was that succeeded in turning New York around, but it's such an important message. Whatever it is, it's really important.

**Michael Casey:** 00:26:58 I think the most important thing for this was it was very hopeful to see this city that was stereotypically almost like a hellhole is the way it was described and thought of, to then become, once again, this shining symbol of progress and multiculturalism and sort of vibrant new ideas and everything else. It was very inspiring. So, I mean, I don't know. That's why I'm feeling pretty melancholic about this thing. I haven't actually been to city. I live in Westchester in Pelham, and I've really just been-

**Demetri Kofinas:** 00:27:29 Well, it's a nice area.

**Michael Casey:** 00:27:30 Yeah, it's nice and it's actually much easier, I think, to social distance in a place like this, because...

**Demetri Kofinas:** 00:27:34 Totally.

**Michael Casey:** 00:27:34 ... we can get out a bit. I live in a bigger house and it's not just this cramped apartment, but it's the city. I was listening to Roger Cohen's podcast version of his I Forgive You, New York, off-ed that he wrote for The New York Times.

**Demetri Kofinas:** 00:27:50 Oh, man. I heard that on The Daily.

**Michael Casey:** 00:27:52 Oh, The Daily.

**Demetri Kofinas:** 00:27:53 That was so relatable.

**Michael Casey:** 00:27:54 Oh, yeah, considering.

**Demetri Kofinas:** 00:27:56 It's so interesting.

**Michael Casey:** 00:27:56 Yeah.

**Demetri Kofinas:** 00:27:57 Tell our listeners who didn't hear what that was.

**Michael Casey:** 00:27:59 So, yeah. So, Roger Cohen is like me, a transplant. He's got this sort of British South African, almost sounds like an Aussie, but he's not. He's a South African Brit, very successful journalist for The New York Times and so, he like me, grew up into love the city, is something that you'd kind of were transplanted into, but he basically goes to the thing and says, "I forgive you, New York," and starting to tear up because I talk about it, but he starts listing all of the things that kind of annoy you a bit about New York.

**Michael Casey:** 00:28:30 And he goes on about Time Square and the cramped subways and the people, the noise of the streets, and just the blaring fire engines and all sorts of things that that are part of that kind of hubbub and noise and chaos and some of the most difficult aspects of living in New York. And then it all stops, and it goes quiet and disappears. And it's so sad to not hear the sirens or to see the tourists buzzing through Times Square as cheesy as that all is and he goes through every aspect of the city and says, "I forgive you."

**Demetri Kofinas:** 00:29:03 Yeah.

**Michael Casey:** 00:29:04 "I forgive you, New York." Ah.

**Demetri Kofinas:** 00:29:07 The piece is titled Come Back, New York, All is Forgiven.

**Michael Casey:** 00:29:10 All is Forgiven, yeah, yeah.

**Demetri Kofinas:** 00:29:13 There's this one part, he says, " All is forgiven if you will only return: The subway soliloquies of the homeless, the trains that never come, the trains that stop in the middle of the tunnel, the traffic, the garbage trucks blocking cross streets, the jackhammering of construction, the hiss of smoke from a manhole cover, the idling stretch-limo, S.U.V.s." And I heard that I was like, "Yeah."

**Michael Casey:** 00:29:33 Yeah.

**Demetri Kofinas:** 00:29:34 You know, I hate this shit.

**Michael Casey:** 00:29:36 Yes, you're right, of course.

**Demetri Kofinas:** 00:29:37 But yes, I miss people.

**Michael Casey:** 00:29:38 Yeah.

**Demetri Kofinas:** 00:29:39 I miss people, man.

**Michael Casey:** 00:29:41 Yeah.

**Demetri Kofinas:** 00:29:41 I have a place out of the city that I retreated to with my family and my girlfriend who has a place right next door and we've all kind of just been together.

**Michael Casey:** 00:29:48 Yeah, that's good.

**Demetri Kofinas:** 00:29:49 I'm very fortunate to have this situation, but I was just saying this today I was speaking with someone about this and I said that and when I came here and I have a studio set up, a makeshift studio in my basement out here, which I had set up and it was perfect. I mean, you couldn't have asked for a better situation. I know a lot of other podcasters that didn't have something like this setup, and they've had to really endure a crappy audio for a while during this period, so I don't have anything to complain about it.

**Demetri Kofinas:** 00:30:16 But I knew when I got here, that the programs, the shows wouldn't be as good because they weren't going to be in-person and when they're in-person, they're just better. You and I did it in person the last time and the fact that we did it in person is what I think allows us to be able to have this conversation today, the way that we're having it. But it hasn't been until today where I really felt, I think is a combination of the good weather and it doesn't bring me the same level of joy, something's missing. The magic of the in-person conversation, meeting someone. When I met you for the first time I think actually, we weren't yet at our CMD studio. You came to our... it was a huge space that we had, right?

**Michael Casey:** 00:30:54 Oh, yeah, yeah.

**Demetri Kofinas:** 00:30:54 It was a gorgeous studio, right?

**Michael Casey:** 00:30:56 Yeah, but your elevator wasn't working and I had to take the side elevator, I think, right?

**Demetri Kofinas:** 00:31:00 Oh, never mind, never mind. Okay, so then you were at CMD.

**Michael Casey:** 00:31:03 Okay, right.

**Demetri Kofinas:** 00:31:03 So, that the old dude that took us up to the service elevator?

**Michael Casey:** 00:31:05 Yeah, yeah, yeah.

**Demetri Kofinas:** 00:31:06 Yeah, he's a great guy. We were probably joking around. So, I miss that. I miss being with people and I realized that that's the thing about New York. New York

is if nothing else, a jungle of people. If you don't love people, New York's a tough place.

- Michael Casey:** 00:31:21 Right. Yeah.
- Demetri Kofinas:** 00:31:21 And if you love people, it makes it a lot easier. And I love people. I love hanging out with people, seeing people, and I miss people. I miss them.
- Michael Casey:** 00:31:29 Yeah.
- Demetri Kofinas:** 00:31:29 You know Jimmy Kimmel had this really funny bit, like a month ago or so, I don't know if you saw it, and he said, "Shit really hit the fan and the Kimmel house, last night, I told my wife that I want to see other people. And she's like, no. I'm like, I want to see other people." And I missing people, man.
- Michael Casey:** 00:31:50 Yeah, yeah.
- Demetri Kofinas:** 00:31:50 I miss it.
- Michael Casey:** 00:31:51 Colbert had a really funny one as well. It's a symbol of where it was like they used one of those soft voices as if it's an ad for some porn and it was like, just saying. And it was just like, "Have we got something for you? Old people's birthday parties, touching hands, shaking hands." It just got like a sultry voice talking about ordinary connections with people like shaking hands and hugs, "Lots of hugs." It was very clever, because it's just that human contact. Yeah, it's really hard.
- Michael Casey:** 00:32:27 I mean, the thing I love about New York though that I think is what makes me really, really quite melancholy about what's happened is that, it was celebration of the value of diversity. It was like, it's too big and too weird and too multifaceted for any dominant culture to take control of. It becomes its own culture which is a kind of like the Swiss. It merges into one. All these different voices. They all sort of compete and argue and fight like the Swiss do, but they all stand up for one thing and we're New Yorkers, we're Swiss. And ultimately, that diversity within it produces all of its energy.
- Demetri Kofinas:** 00:33:08 Totally.
- Michael Casey:** 00:33:08 And so to see it actually sort of manifest in a city is wonderful because you can point to it and see it and celebrate some of the values that I stand for and believe in which is like, "Give everybody a shot." And the idea that now, the default is going to be distance. And I moved to the suburbs for very practical reasons, but the whole time I was like, "I don't know. I don't want to do this. I don't want to do it." I grew up in Perth, Western Australia, which is a very suburban city and I knew that that suburban mindset was not something that I just wasn't comfortable with.
- Michael Casey:** 00:33:47 And once I started traveling, I lived in all these big cities. I was in Bangkok for a year of my life, then I was in New York for six years and then I was in Jakarta for a couple of years, and then back into you for six and then did a chunk of time in Argentina. And anyway, once we left, Argentina, had a couple of kids with us, and we're like, "Well, the city's going to be hard at this stage, so let's go near the city," and Pelham's right on the edge of it and actually, I've grown to like it here.

But for the first three or four years, I was like, "As soon as these kids are out of here, I'm going straight back to the city, man."

- Michael Casey:** 00:34:20 Now, it's like, I eventually grew to like living here. It's a very accessible place. I can get in and out of the city very quickly. I can get to other places quickly, so it's good. But a part of me was always saying, "As soon as we're done, I'm getting that, get two bedrooms somewhere if I can afford it somewhere else and do something there." But now, I don't know. I've got no idea what the future holds because this is going to last. I mean, it's not ever going to be something that we can see.
- Michael Casey:** 00:34:47 I think you had these early economic assessments of what had happened and so it will be a V-shaped thing, because it's a supplies job. It's just stopped and then it starts again, this sort of economic modeling that you get, but this is the deep scarring and the paranoia and the models that, just fact that we can actually do podcasts like this, we can do these things. I agree with you, it's not what I want to be and it's not ideal, but the fact that you can along with the fact that people are fearful and there's lawsuits and all sorts. I hate to be pessimistic, but I feel like New York's going to have a hard time coming back. Who's going to ride the subway? When are people going to start riding the subway again? Crowded trains?
- Demetri Kofinas:** 00:35:35 Well, I mean, I have a lot of thoughts about that. First of all, I think many people will ride the subways because they have to and this speaks to the issue of the injustice and inequality of our society, right?
- Michael Casey:** 00:35:46 Yeah.
- Demetri Kofinas:** 00:35:47 I've been speaking to a lot of restaurant owners and landlords and people in commercial real estate in New York and that industry, the whole hotel hospitality, food service industry has been decimated.
- Michael Casey:** 00:36:00 Geez, yeah.
- Demetri Kofinas:** 00:36:02 And no one knows how that's going to look. It's not going to come back the way it was. Whatever restaurant can reopen, it has to reopen with at least 50% capacity because of social distancing.
- Michael Casey:** 00:36:11 Right, right.
- Demetri Kofinas:** 00:36:12 I mean it's really not clear who wants to go eat. Another one of the, I think, consequences, a positive consequence in a sense as a result of this, is that people have discovered that they didn't need to go out for a lot of the stuff that they could do at home.
- Michael Casey:** 00:36:24 Right.
- Demetri Kofinas:** 00:36:25 Like cook or make coffee. You don't really need to go get coffee outside of the home. You can do it at home, but most people go get coffee for all sorts of reasons. One of them is social.
- Michael Casey:** 00:36:36 Right.

**Demetri Kofinas:** 00:36:36 Same thing with me. I'd like to go see the same people in the morning and go through a routine and say, "Hi," and have a quick conversation. But this other thing that I've been thinking about and I do want to make sure and we will talk about this, Michael, but one of the reasons I wanted to have you on and I will have mentioned this in the intro, is because you have you're almost done putting together the consensus.

**Michael Casey:** 00:37:01 Yeah.

**Demetri Kofinas:** 00:37:01 First remote, truly digital Consensus Conference.

**Michael Casey:** 00:37:04 Except for the biggest and the most difficult part of still yet to come, but yes.

**Demetri Kofinas:** 00:37:08 Right. Yeah. So, I'm very curious about that.

**Michael Casey:** 00:37:11 That is true, yeah.

**Demetri Kofinas:** 00:37:12 Because you're the perfect person to talk about this new economy and what it's like trying to repurpose and analog, one of the remaining sort of analog circumstances, events to the digital world, but I feel like there's this really... we're living in such a bizarre time in so many ways, but one of the ways is this increasingly tenuous link between markets and the economy. Our economy is cratering right now. We have no clue what it's going to look like when it reopens. It doesn't just restart.

**Demetri Kofinas:** 00:37:44 I mean, just the fact that it's even been discussed that way shows a profound disconnect with reality. And yet, markets seem to be behaving and it's not just that they're behaving, we've bought into the story, I think, I certainly have. At least that I don't expect markets to reflect reality anymore and I don't look to make an investment. If I were to invest in the market, for example, I wouldn't do it looking at fundamentals. I mean, no one thinks that way. We have this model in our head. This value investing model, buy low, sell high.

**Michael Casey:** 00:38:18 Right.

**Demetri Kofinas:** 00:38:19 Figure out what something's worth, buy it for cheaper, sell it for higher.

**Michael Casey:** 00:38:24 Right.

**Demetri Kofinas:** 00:38:24 But that isn't the way to make money anymore.

**Michael Casey:** 00:38:26 Right. Well, there's another piece of that was the great revered investor of the last 30 years, Warren Buffett, was even, yes, buy low, sell high, but value investing. Look at what its returned, is work that out, don't buy this, buy that based on its underlying fundamentals. The ultimate sort of fundamental way of investing in Buffet's head.

**Demetri Kofinas:** 00:38:49 And did he say recently? He sees nothing attractive.

**Michael Casey:** 00:38:52 Nothing attractive and I also get the impression he doesn't know what to do anymore, like other than just sell, but at the same time, the market is not back to where it was, but I'm glad you've asked, it'd gone down this path because my column as I will now do another plug for, I'm now writing a weekly newsletter,

Money Reimagined, which has a column that publishes on CoinDesk on Fridays and this week-

- Demetri Kofinas:** 00:39:13 How do people get on that list?
- Michael Casey:** 00:39:15 Right.
- Demetri Kofinas:** 00:39:15 They just go to CoinDesk?
- Michael Casey:** 00:39:15 Coin Desk and search on newsletters and you'll find at the bottom, if you scroll down to the bottom of the page and then there's also a newsletter there. Yeah.
- Demetri Kofinas:** 00:39:20 I can link to it in the summary of this as well.
- Michael Casey:** 00:39:23 That would be great. That would be great. Yeah, so you can sign up. The newsletter comes out at around 11:00 on Friday mornings and it's an exploration of these radical changes that I think are basically going to happen to our financial and monetary system, not only as a result of COVID-19, but all of the technological changes that are coming at the same time and all the preceding geopolitical issues. In fact, you-
- Demetri Kofinas:** 00:39:44 Jesus, yeah.
- Michael Casey:** 00:39:46 You and my friend, Nathaniel Whitmore, his podcast The Breakdown. We've done a Joint Special Consensus distributed edition of The Breakdown: Money Reimagined, a four-part series, just looking at this confluence of forces that are essentially we think are going to lead us into this reimagined monetary environment. Anyway, that's what we're doing, but this week's column is pretty much precisely what we're talking about. And I started off by thinking about a piece I wrote when I was at The Journal in 2012. We're still in the midst of the fallout from the crisis, the Fed is throwing money like crazy, back then. It seemed crazy now. It's a completely different level of crazy. It was-
- Demetri Kofinas:** 00:40:27 It's normal now. Yeah, it's normal.
- Michael Casey:** 00:40:28 Yeah. The half percent unemployment. There were 4 million homes have been foreclosed, the European debt crisis was raging, people were still really, really in difficult circumstances, and at that time, Edvard Munch's painting, The Scream, sold for \$116 million, the highest sale ever, right?
- Demetri Kofinas:** 00:40:49 I remember that.
- Michael Casey:** 00:40:50 And I remember-
- Demetri Kofinas:** 00:40:50 I remember that.
- Michael Casey:** 00:40:50 I remember thinking that contrast, my God, of this moment of deep deflation, whether or not it literally means falling prices, deflationary in the sense that there's no way to revive growth in my income was the sort of defining feature of the vast majority of people's lives, but this sliver of human beings, they had so money, they didn't know what to do with that. They were throwing it into rare art. By the way two years prior, 2010, more deeply was the prior record and it was a Picasso sold for 105 million.

**Michael Casey:** 00:41:21 So the point is, I see rare art as scarcity as a thing that we know has some value and "You know what? I've got money that's burning a hole in my pocket, so what am I going to buy? I could buy some gold, I could buy some stocks that particularly stocks where there is scarcity being created by buybacks that are reducing the supply, or I could buy this rare art." But in none of those cases am I really look at it and saying, "I like this asset because of X, Y, Z. I'm buying Munch because its value is captured in the painting or am I buying stocks because of the return? I'm literally buying it because it's scarce, because it's a thing that I know is not going to disappear or be replicated."

**Demetri Kofinas:** 00:42:13 And also in the case of art and gold, depending on how you buy it, cuz you can shield it from the government. For a government that decides it wants to ta--

**Michael Casey:** 00:42:18 Well, that's a huge issue, yeah.

**Demetri Kofinas:** 00:42:19 That's a huge part of that. And that brings us back again to the inequality between the very, very, very wealthy and well-connected and everybody else.

**Michael Casey:** 00:42:28 Absolutely. Yeah. You've got the ability to like... so, to get into a Sotheby's auction and have access to that special, this was an anonymous over the phone bidder.

**Demetri Kofinas:** 00:42:36 Oh, I bet it was.

**Michael Casey:** 00:42:36 Yeah. You're led in through the door because of your ties and connections to the most senior people at Sotheby's. It's like the special privilege access to a Swiss bank account. So, my point in this piece was to say there was no inflation happening at all in the broad swath of the economy, but that's not to say, there wasn't an inflation. There was acid inflation because the financialization, which is to your point about markets dictating everything, that was the vehicle through which the Fed's largess was making its way into the world. Meaning, it was into the hands of the financiers and the wealthy, who owned those assets. And so, their world was one of inflation of having money burning a hole in their pocket and having to go off and buy rare art with it.

**Michael Casey:** 00:43:23 So the shift, the bifurcation is just so stark and it's a direct result of what you started out this conversation being, which is to say, when financial market dependent because that's how the Fed, once corporate bonds, and this takes us back to earlier conversations is Milken. I mean, those are wonderful inventions regardless of Milken's crimes. The notion that you could raise money through junk bonds and there could be a pricing mechanism, the notion that you could have mortgage-backed securities, so that people could start to liquidate, you could bring in funding for housing, all of that was actually a pretty good thing for juicing the economy, but it meant that we got more and more away from the traditional means by which credit flowed through the economy, which was via person-to-person banking relationships.

**Michael Casey:** 00:44:10 And instead, these bonds, these assets that could be moved from one person to another and the prices at which they traded became the mechanism by which everything else was priced. So now the Fed, the way it tries to move the needle and inspire credit in the economy is to buy as many bonds that can to drive down yields, to then have a knock on effect of lower interest rates that might eventually trickle it way down, so that mom and pop can sort of take out a

small, small business loan. But along the way, all that's doing is pouring money into the fat cats who sit as the intermediaries in that process.

- Demetri Kofinas:** 00:44:47 Yeah, so I wonder if this is just a big lie and how much everyone's complicit in this live at lowering interest rates is a way to juice the economy. There are components of that, but primarily the bailouts that were conducted after 2008 were about saving asset prices. You know that's where it was first and foremost.
- Michael Casey:** 00:45:10 Yeah. And I think the further the Fed has gone down this path of buying an ever, ever wider array of assets, the further it gets away from being able to make that argument and the bigger the lie looks.
- Demetri Kofinas:** 00:45:26 But I mean, if they wanted to save it, but just to say this.
- Michael Casey:** 00:45:28 Yeah.
- Demetri Kofinas:** 00:45:29 If they were really interested in juicing the economy and that's actually a sort of a pejorative way of talking about it. If they're really interested in restarting the economy, they would do fiscal spending.
- Michael Casey:** 00:45:39 Right.
- Demetri Kofinas:** 00:45:39 They wouldn't lower interest rates and monetize treasury bonds or purchase huge amounts of treasury bonds that expand the Fed balance sheet. That would not be the way to fight a deflationary environment.
- Michael Casey:** 00:45:52 Right, but that's a whole other story because that's a fiscal. It's a federal government's responsibility, but basically and in some respects, this brings us back to Volcker and Alan Greenspan because the success of Volcker meant that central bankers got elevated to this kind of hero status and at the same time, I don't think that this is necessarily a cause and effect, but you had the breakdown of American political discourse and so gridlock in Congress and sort of the culture wars and the division that came with that meant that it was much harder for politicians to kind of collectively find consensus around fiscal solutions to anything and instead what we got were politicized things.
- Michael Casey:** 00:46:36 So, this bailout series now with whether it's airlines and Boeing or hotels and Trump wanting to give major cruise lines, I mean, all of that as opposed to what's most desperately needed. It's just money in the hands of human beings. All of that's the politics, the breakdown of the political system. So, the means by which you could actually use fiscal policy to drive growth were undermined by politics at the same time that the narrative on Wall Street, which would come to sort of treat as a god, was that "Trust the central bankers, they'll get us out of this." And Greenspan, if you remember until he fell from grace before the crisis, he was a hero to everybody. He was the guy who just by tweaking interest rates here and there could achieve the Goldilocks economy. This perfect, not to hot--
- Demetri Kofinas:** 00:47:26 The maestro. The maestro.
- Michael Casey:** 00:47:26 The maestro, yeah.
- Michael Casey:** 00:47:26 The markets played to his tune.

**Michael Casey:** 00:47:27 Yeah. So that was it. So, the idea was the best things that a government could do was just to take the hands off the lever and let it go automatically and just let the central bankers just tweak things and the market will do what's rest and left. And this was also I think, to put this in historical context, it was the end of the Cold War. This was through the '90s, everything was working, it didn't matter. Even the Asian crisis as bad as that was for many in the world, the U.S. came out of it looking really good, because they had the internet boom that's basically saved everybody.

**Michael Casey:** 00:48:01 So it was this view that laissez-faire free market models will work and I think that entrenched the notion that, remember, we had the end of the welfare state at that point, really sort of a hardline positions on workfare and things like that. So, any notion that the federal government would give handouts to anybody was anathema, which is ironic because we're talking about trillions of dollars in bailout money. But of course, it made its way into the hands of favorite political donors and things. The narrative on Wall Street still is largely, at least from the right, but I would say there's sort of moderate democrats who feel the same way is that you really don't do handouts, because people aren't going to work hard enough. It's a disincentive.

**Michael Casey:** 00:48:49 So these things come together and I think there was just impotence at the federal level, the government level, and now what we're left with is the Fed, all they can do is just throw as much money as they can and it's increasingly impotent. Did you see Jared Dillian's piece in Bloomberg a couple of weeks ago?

**Demetri Kofinas:** 00:49:06 No. What was it?

**Michael Casey:** 00:49:07 It was a great piece. He just basically said, "Money is losing its meaning." And he just said, "Once you start hearing numbers like \$2 trillion in bond purchases, if you look at what the Fed's balance sheet looks like that." They have bought \$2.5 trillion in bonds, including ETFs and corporate junk, everything.

**Demetri Kofinas:** 00:49:25 It's so interesting.

**Michael Casey:** 00:49:27 What does that mean anymore? \$2 trillion of money is supposed to be something that we understand whether or not where you stand on fiat versus hard money is kind of irrelevant, even in a context of a fiat currency political environment. Everybody still intuitively understood that money is something that has to have a certain scarcity function to it. Now, it's just like unlimited QE. Infinity QE is what they call it.

**Michael Casey:** 00:49:54 And so what does it mean anymore? And that's a really profound and important question. What does that money mean? I don't know how you ever get back from that question. I think for the time being, we're just trying to just put Band-Aids on everything, and therefore no one's even asking those questions, but at some point, we're going to have to pay the piper and say, "What is this anymore?"

**Demetri Kofinas:** 00:50:16 Yeah. I have a lot of thoughts about that, man. This question of what does it mean? This question of meaning and loss of meaning and nihilism. I've talked about it as a form of nihilism. I've done episodes on this with different guests. I think the one in particular that stands out is one with Grant Williams and Ben Hunt, but I've talked about this with other people. I've felt this and I've also felt

that money is now more important than it's ever been before and yet, it's less accessible than it's ever been before and it's presented as the solution to all the problems that exists in society, many of which have nothing to do with money, but with a lack of purpose and meaning.

- Demetri Kofinas:** 00:51:01 And I think about the younger generations, people that are coming out of college right now or they're in college during what is a tragedy if you are in college, to be in college especially The Daily, which does great work. I think it's a podcast that everyone should try and listen to. Not all the podcasts that they release are ones that I may be interested in, but they do a lot of really great work.
- Demetri Kofinas:** 00:51:22 And they had this one episode they released recently, where it told the story of a student who was living at home back in Florida, who had gotten a scholarship to go to a college that was very expensive college, a liberal arts college, that funds a distribution of scholarships at the bottom through money that it brings in from many wealthy students. And the teacher was doing this remotely, the professor was doing the classes remotely, and here is this one student and she writes this email that when she read it to the reporter at the New York Times was tearing up and it was about how she couldn't write the final essay. She couldn't complete it because she was in the midst of this family drama. The family business was down. She didn't know if she'd be able to continue to focus on school or have to go back to work and she felt like it was all for nothing.
- Demetri Kofinas:** 00:52:08 And I just think about how I don't know what I would do if I was that age and I think that there's this quality of out of sight, out of mind. I listen to a lot of talking heads on TV, they're totally disconnected. This COVID crisis, no one's talked about. No one's really talking about the impact to the real economy and to real people, many of whom have to go to work. And I don't think it's enough to just send checks in the mail, man. I did this other episode with Michael Lind and he reframed this for me. Because for years, I talked about this and I thought about this.
- Demetri Kofinas:** 00:52:42 But I thought about this in terms of wealth inequality, in terms of this phenomenon that we were touching on before I've talked about with lowering, lowering of interest rates because you need more and more debt fueled asset price levitation and growth. And that's the way that you can maintain this growing gap of inequality of wealth, but he talked about it in terms of power, and that really resonates with me. And we have this just gulf of power opening up in society and a larger and larger percentage of people that are not only destitute of assets, but in cases like this, destitute of hope and opportunity and meaning.
- Michael Casey:** 00:53:18 Yeah.
- Demetri Kofinas:** 00:53:18 Meaning, you know?
- Michael Casey:** 00:53:19 Yeah.
- Demetri Kofinas:** 00:53:19 And I think at a fundamental way, people need to feel a sense of purpose for their life to have meaning and meaning's important. Again, I'm reminded again of another guest, we had Rebecca Goldstein, who I love, I love Rebecca, and she wrote a book. Well, it wasn't about the book she had written. She's written a

number of books. She's written a book on Gödel, too, but also, she wrote Plato at the Googleplex, which is a book I read and I had her on for that, but she has been doing a lot of work around what she calls Mattering Philosophy, which is really like moral philosophy, Aristotelian questions of what is the good life. And I think that we've totally lost the ball.

- Michael Casey:** 00:53:55 Right.
- Demetri Kofinas:** 00:53:56 We've lost it. Somewhere along the way, we lost it, man. And I think that we've pretended and its part of the social this larger globalization. I think this is where you get the message that Steve Bannon really resonates with people. This part, this thing about bringing it back to America, bringing our supply chains back home, taking back control, because I think that the narrative that pervaded the commanding heights narrative of the '90s in the go-go period, the Bill Clinton, we were on top of the world, Yeltsin on the White House lawn, we won. It's the future full spectrum dominance. That wasn't enough.
- Demetri Kofinas:** 00:54:31 It's not enough to just get richer. It's not enough. Europe, or at least before this crisis or everything else, it was not a better place. It was a better place before that when it was more diverse, when the countries in Europe were more diverse. When you went from one country to another and you felt like you were in a different country. There weren't as many McDonald's. It wasn't this culture of globalization and I think we've discounted that.
- Michael Casey:** 00:54:58 It's really important because I for some time felt like I associated with globalization in a positive sense and I think it was because I'd framed it differently. Like I saw it as a vehicle for interconnection for, I was going to say Joe Biden...
- Demetri Kofinas:** 00:55:16 So did I by the way. By the way, so did I.
- Michael Casey:** 00:55:19 Yeah, but I mean exactly, so it was always, I thought this is it. Of course, we can buy things from China and of course, it was isolationist and nationalists to do otherwise, and it meant traveling and all these positive things. But to your point, you just made, it's a really interesting one. So, I had it as an image of diversity, but in fact, there really was as monolithic culture is one thing about it. I think there's some truth to that, that ultimately, we ended up with McDonald's, the Starbuck-ization of everything, that's one aspect of it.
- Michael Casey:** 00:55:51 But I think even more pernicious and problematic, was the sort of the monolith of policy prescriptions, that there's only one way to do anything, and that is specifically is the case with economics, because the dollar, it just became the asset everybody had to have which again is a topic in this week's Money Reimagined newsletter out tomorrow, make sure you sign up at CoinDesk. Sorry.
- Demetri Kofinas:** 00:56:17 I'll make sure to drill that point home in the intro.
- Michael Casey:** 00:56:22 It's all right.
- Demetri Kofinas:** 00:56:23 And as well as the Consensus Conference as well, Michael.

**Michael Casey:** 00:56:25 Thank you, my man. But ultimately, the dollar just becomes therefore almost an indirect conduit of optimal policy because you can't play outside that rule anymore, you're not allowed to, because if you do, your currency gets trashed, so whether or not, it's-

**Demetri Kofinas:** 00:56:42 Oh, yeah.

**Michael Casey:** 00:56:42 We frame it in anti-globalist terms about the IMF and that's partly true. I never put it in the context of conspiracy theories, but it is true that the dollarization of the world meant that everybody is to some extent beholden to American monetary policy and American monetary policy as we said before was elevated to this level of fix everything that Greenspan and Volcker had done for us. So ultimately, the whole world was now operating under this single mindset and it doesn't work.

**Michael Casey:** 00:57:11 I mean, it hasn't worked, at least in terms of crisis management and it certainly hasn't worked in terms of people getting to the pursuit of happiness, the meaning that you were talking about. If at the end of the day, what we're trying to do, whether it's through economic growth, unemployment, or whatever, is just have a better life. It's pretty hard to argue that it's been successful for a lot of people. Now, that may also be, I really don't know where I stand on all this, to be honest because that also might just be an entirely privileged first world perspective.

**Demetri Kofinas:** 00:57:43 What is the privilege? What personal perspective?

**Michael Casey:** 00:57:44 To see this whole last 20 years as being a deterioration of the world because maybe if I'm somebody in China or Indonesia or in any other country that now has a longer life expectancy or has reduced poverty and all those sorts of things that, "This is the greatest thing ever. My life has improved.?" It's very hard to argue that globalization hasn't resulted in significant reductions in poverty around the world. Now, a lot of that is distorted by China.

**Demetri Kofinas:** 00:58:14 Question is how much of that is sustainable?

**Michael Casey:** 00:58:17 Right.

**Demetri Kofinas:** 00:58:17 And once we get to a new equilibrium, how much of that-

**Michael Casey:** 00:58:20 Right.

**Demetri Kofinas:** 00:58:21 ...will have been...

**Michael Casey:** 00:58:21 Is that all smoking mirrors as well? So, there's huge question about it.

**Demetri Kofinas:** 00:58:23 We know a lot of it is. We know a lot of it is.

**Michael Casey:** 00:58:25 Right, right. And who gets to pay the price of those smoking mirrors, that's the other thing. Now, I just saw, and I put this into my column into a newsletter, a little piece pointing out that there's been a surge in Bitcoin transactions in Sub-Saharan Africa. So, right now, there's a scramble for dollars. Dollars are in shortage everywhere. This is why the Fed has suddenly poured 2.5 trillion of them into the world, because everybody needs dollars because it's a margin call

on the debts and it's this horrible, vicious cycle. So, I'm sure that translates into the developing world, literally there being no dollars, so literally that you can't get cash and we don't know this because we're all in social distancing.

- Michael Casey:** 00:59:08 So there's no journalists from CNN floating around Sub-Saharan Africa right now, trying to look into what's happening in Tanzania or in the Wonder or asking questions about the state of life in these places. We're living in almost this weird blackout. Meanwhile, those places, if money is the lifeline that we're saying it is and it's being taken away from them and they're having to use local currencies that nobody trusts because it's all just falling apart, no wonder they're starting to turn to Bitcoin. And literally the only thing-
- Demetri Kofinas:** 00:59:37 Fascinating.
- Michael Casey:** 00:59:38 So, there's so many questions out there about who's going to pay the price for all this, about what does the world look like afterwards? But it is possible, I think, notwithstanding the horrible pain that people are going to go through in places like that, but also on our own doorstep here and you talked about the people would have to ride the subway, for example, but not withstanding all of that, that there's something about this crisis that makes you really ask the kind of questions you were just asking, "Where is the meaning? What does it actually mean?" And it might have sounded hokey before but you're now like, "No, this is it." So, I felt like when Trump announced the \$1200 checks that were getting mailed out and still haven't arrived, we got held up because he wanted to put his stupid signature on it.
- Demetri Kofinas:** 01:00:23 He wanted to put his name on it. Unbelievable.
- Michael Casey:** 01:00:25 It was unbelievable.
- Demetri Kofinas:** 01:00:27 Unbelievable. Totally unbelievable.
- Michael Casey:** 01:00:29 Oh, it was so horrible.
- Demetri Kofinas:** 01:00:29 We all know why he did it.
- Michael Casey:** 01:00:30 Of course.
- Demetri Kofinas:** 01:00:31 But it's still unbelievable. It's unbelievable.
- Michael Casey:** 01:00:32 Reminiscent of him throwing his paper towels to the Puerto Ricans in the middle of the-
- Demetri Kofinas:** 01:00:37 But even worse, even worse.
- Michael Casey:** 01:00:38 It's worse. It's far worse.
- Demetri Kofinas:** 01:00:38 Even worse.
- Michael Casey:** 01:00:39 But anyway, putting that aside, we had this, talking about this actually with Nathaniel in The Breakdown of podcast and we were just talking about like, "Okay, what do they need?" People don't actually need dollars right now, that's

not what they need. They need food and they need masks. We need to get masks. Doctors need masks. That's what the world needs. Money is purely the means by which we get those masks, but right now the most absolutely urgent thing to get into their hands is not dollars at all.

- Michael Casey:** 01:01:08 So, to me, that was a really like, "Okay, why does money exist?" It's a means to an end and it isn't a means to an end when we elevate it to this cultural icon that is a measure of our own power and everything else and when we're in an environment we are, we're able to project that power in some way, then money has a different meaning. But when you get down to brass tacks, and it's all about raw survival, suddenly, it's secondary to the thing that you need, which is a mask or a meal.
- Demetri Kofinas:** 01:01:42 Yeah. Now, I have so many thoughts. It's also really fascinating that the Bitcoin cultural phenomenon is a phenomenon around money. It makes sense, based on everything we've just discussed. The important role that money has played, the capture of money, everything. By the way, we're recording this on Thursday evening, May 7. The news about that leaked investor letter by Paul Tudor Jones that came out?
- Michael Casey:** 01:02:13 Yeah.
- Demetri Kofinas:** 01:02:14 That's a really big deal.
- Michael Casey:** 01:02:14 That is a big deal.
- Demetri Kofinas:** 01:02:16 Because I mean a big part of Bitcoin's potential for success is ultimately a self-fulfilling prophecy.
- Michael Casey:** 01:02:23 Yeah.
- Demetri Kofinas:** 01:02:23 It's about more people buying in. The fact that Paul bought in, I mean, that's a pretty big deal.
- Michael Casey:** 01:02:29 Yeah, yeah.
- Demetri Kofinas:** 01:02:29 I don't know if I buy into this idea that it's like gold. Paul would know better than me if it reminds him of gold in the early '70s, but that is a big deal.
- Michael Casey:** 01:02:41 Yeah.
- Demetri Kofinas:** 01:02:41 You know?
- Michael Casey:** 01:02:41 Yeah. And I think that it talks to a little bit of what I was trying to say before because the end of the newsletter is to focus on, "Okay, so if I'm in a situation where I've got money that needs to go into something, and I can think of rare art as something that is scarce and therefore sustain its value as opposed to the disappearing value of this meaningless money, then how does Bitcoin stand within those parameters? How does it stand up to that test? And the thing is, well, its whole purpose is to be scarce, that is what it is like. What is Bitcoin for? Bitcoin is scarcity. It is digital scarcity. It is mathematical scarcity and the fact that that is something valuable, specifically in the context of money is really, really interesting and really, really potentially powerful at a time like this.

**Demetri Kofinas:** 01:03:33 Yeah.

**Michael Casey:** 01:03:33 So, I think that like and of course, it's going to be the guys who would otherwise buy the rare art like Paul Tudor Jones, or it would be who are going to drive this thing to where it would go. Now, he's buying futures. He's not buying the actual, so he's still even buying quite into the narrative.

**Demetri Kofinas:** 01:03:52 Right. That's interesting.

**Michael Casey:** 01:03:52 ...cuz he doesn't own--

**Demetri Kofinas:** 01:03:55 That's interesting, he didn't. Oh, that's interesting. I didn't know that. So, he didn't buy physical, "physical" Bitcoin, but-

**Michael Casey:** 01:04:00 Right. But he's buying an exposure to the idea that other people are buying it.

**Demetri Kofinas:** 01:04:03 That's interesting.

**Michael Casey:** 01:04:03 So, it's still a validation. It's a-

**Demetri Kofinas:** 01:04:06 Well, I think for me when I hear a guy like Paul buy in, for me, the reason why that makes my ears perk up is not so much because I think that it will cause a gold rush into Bitcoin, but rather that, for me, one of the biggest risks for Bitcoin's success is that it could be regulated out of existence, that people living in the United States would not be able to actually own it unless they own it offshore, if they left the country, fine, fine, fine. But the U.S. has an enormous economy and so like when you get more and more people like that, to me, that makes it harder and harder to do that without exacting costs on people who are plugged into the government. But Mike, I want to us to move it into the overtime.

**Michael Casey:** 01:04:50 Mm-hmm (affirmative).

**Demetri Kofinas:** 01:04:51 Because originally, my idea was to actually release this on the premium fee, but this is again, I think, I did this once with Nick Carter and people loved it and I've been hesitant to do these types of things with no rundown, but they just turn out so great. I'm going to move it into the overtime.

**Michael Casey:** 01:05:08 Okay.

**Demetri Kofinas:** 01:05:08 I want to continue to talk about BTC, I want to talk about Consensus and in terms of-

**Michael Casey:** 01:05:11 Yeah, I do want to talk about it. Yeah, yeah.

**Demetri Kofinas:** 01:05:13 Absolutely. The experience of doing that. One of the other things that I want to mention that came up when we were talking that I want to discuss is this decoupling that's happened in recent decades between the cost of living inflation, consumer price inflation and asset price inflation. And I think that's a huge phenomenon and I think, to your point, perhaps, about the 1970s. This decade becomes increasingly more relevant and I think points the way to where we might be going because I've done some episodes on supply chains.

**Demetri Kofinas:** 01:05:44 I did one with the CEO of the Institute for Supply Management, ISM, that puts up the ICM number. I did an episode with the VP of government relations. I forget the exact title of Lowe Randel's for the Cold Chain Alliance, which is basically everything, that we eat for food, everything that's cold, steaks, vegetables. You name it. Anything that that needs to be refrigerated.

**Michael Casey:** 01:06:07 Refrigerated.

**Demetri Kofinas:** 01:06:07 And there are many reasons to foresee prices. The cost of living going up, so you could see simultaneously deflation and asset prices while you have inflation in the cost of living. Also, you mentioned the thing as podcasts, I got to say, I was on The breakdown. Shout out to Nathaniel. I've done a few interviews recently. It's the first time that I've been interviewed in like years and it's something I'm trying to get better at. I ramble much.

**Michael Casey:** 01:06:30 Oh, you're good. I've heard it. It was good.

**Demetri Kofinas:** 01:06:31 I'm also working on answering the question, what is hidden forces, which I struggled to answer. I'm almost like. "Why? Why? If you don't know that, don't ask me. I don't know the answer to that," but I'm working on that.

**Michael Casey:** 01:06:40 Maybe the answer to what is hidden forces is like, what is hidden forces, like you come back with a question, because it is-

**Demetri Kofinas:** 01:06:48 Exactly.

**Michael Casey:** 01:06:48 The question is the answer in some way.

**Demetri Kofinas:** 01:06:50 Right. It's like, I'm like Prince, Prince.

**Michael Casey:** 01:06:52 Right. Yeah, yeah, yeah, yeah.

**Demetri Kofinas:** 01:06:54 Answerable question.

**Michael Casey:** 01:06:55 An answerable question, right.

**Demetri Kofinas:** 01:06:58 No, I've come to a much clearer idea of what it is and part of it is that I felt that the answer I had to give was kind of pompous and it really is looking at the hidden forces, the underlying forces that are driving the things that we see every day. But Michael, I'm going to move it to the overtime.

**Michael Casey:** 01:07:12 Okay.

**Demetri Kofinas:** 01:07:12 And I want to continue this conversation. I also really want to talk about Bitcoin. And as I said, I'm very curious to hear what it's been like for you to produce with your team Consensus, because this may be the future that we have to live in for the next few years and your experience I think will be educational to me for sure, because I love live events and I miss doing them and I don't know how on earth I'm going to do them, but for many other people as well.

**Demetri Kofinas:** 01:07:38 For regular listeners, you know the drill. If you're new to the program or if you haven't subscribed yet to our audio file, autodidact or super nerd tiers, head

over to [patreon.com/hiddenforces](https://patreon.com/hiddenforces) or scroll down to the summary section of this week's episode, and click on the link that sends you to the Patreon page as well as to the link that has instructions for how to integrate the RSS link to your favorite podcast application of choice, so you can listen to my conversation with Michael, just like you listen to the regular podcast. Michael, stick around. We're going to pick it up on the other side of this overtime.

**Michael Casey:** 01:08:17

Great.

**Demetri Kofinas:** 01:08:19

Today's episode of Hidden Forces was recorded in New York City. For more information about this week's episode or if you want easy access to related programming, visit our website at [hiddenforces.io](https://hiddenforces.io) and subscribe to our free email list. If you want access to overtime segments, episode transcripts, and show rundowns full of links and detailed information related to each and every episode, check out our premium subscription available through the Hidden Forces website or through our Patreon page at [patreon.com/hiddenforces](https://patreon.com/hiddenforces).

**Demetri Kofinas:** 01:08:56

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