

Intro: This is the Rich Dad Radio Show. The good news and bad news about money. Here's Robert Kiyosaki.

Robert: Hello, hello, hello, Robert Kiyosaki, and the Rich Dad Radio Show, the good news and bad news about money. And today we have a very important show, as all of our shows are, this is about Bitcoin, and it is why it is the most important currency ever invented in the world.

And for full disclosure, the Rich Dad Company does not recommend any investments even though I have Bitcoin, or real estate, or gold, or silver, we don't make recommendations. We are purely educational, and we want people to give different points of view.

So today, full disclosure, I own Bitcoin, and I understand why I do it, but I also own more gold and silver. I've been in silver since 1964 when I was a kid, and gold since 1972, when I was flying in Vietnam. And in my point of view, it's not who's right or wrong, gold, silver, or Bitcoin, it's just how much do you have? And that's my point of view on this whole thing. So we don't recommendations on, if you don't like it, don't touch it.

So our guest today is, excuse if mispronounce the name, it's Saifedean Ammous. Would you mind pronouncing it, because I just probably butchered it.

Saifedean: Yeah, that was good enough. Saifedean Ammous is how it's pronounced in Arabic, but Saifedean Ammous is good enough in English.

Robert: Okay, because Kiyosaki gets butchered like crazy, so that's...

Saifedean: Just call me Saif, Saif is good enough.

Robert: So anyway, he's the author of the Bitcoin Standard: The Decentralized Alternatives to Central Banking, which I agree with a hundred percent. And he is the best groundbreaking study of the economics of Bitcoin. And so this thing of the reason I own gold, I started with gold and silver when I was 16 in silver, and that 22 in gold was I don't trust the banks, just pure and simple, the Fed and the US Treasury, because I studied that stuff.

I flunked out of school, but I do know about the Fed. I do know about the Treasury. They're two different people; they're supposed to be, but today they're one they're called Janet Yellen, Secretary of the Treasury who was head of the Fed. And what Saif is talking about here is exactly the reason you should be in Bitcoin, also gold and silver.

Isn't that true? I don't know if you follow American politics, but when Joe Biden just said he's going to put Janet Yellen as Secretary of the Treasury, and she was head of the Fed,

Federal Reserve Bank, that's communism, that's hardcore communism, that's centralized government.

So I think what Biden has done is made our cases for gold, silver, and Bitcoin valid. So Saifedean, what caused you to write *The Bitcoin Standard: The Decentralized Alternative to Centralized Communism*? I mean Centralized Banking.

Saifedean: I think that's a very astute observation. If you think economically, what really was the beating heart of the communist... Well, I should say the dead heart of the dead communist economy corpse, was the Gosbank, the communist bank, which essentially was one bank in the Soviet Union. And everybody had an account at the Gosbank.

And it seems that the US and other countries seem to be headed in that direction. And it's not, I don't think the Biden victory is necessarily what's taking us there. It may be accelerating the process, but I think the process of heading in that direction of everybody getting their bank in the central bank, getting their accounts at the central bank is increasingly likely. And it seems not even the banking system is able to stop this. But I think the one alternative that is going to be offered, the one alternative that is available is Bitcoin.

And that is the subtitle of my book. The Bitcoin standard is the decentralized alternative to central banking. And I think whether you like Bitcoin or not, you have to admit that it is the only working alternative that exists today for central banking, essentially. Because central banking has a monopoly on providing the currency, and it has a monopoly on international correspondence banking, or transferring money from one country to the other.

Both of those two things have to be done through central banks until Bitcoin came along and offered us one alternative. So really it's the only decentralized, and only alternative to that process. And that's the one very important aspect of Bitcoin-

Robert: Wait, wait, wait, hang on, hang on one second. You used a very powerful word in there, it was called, "Only."

Saifedean: Yeah.

Robert: So you would dump all the gold, and silver, and real estate, and all-

Saifedean: Well, gold and silver are, they're substitutes for the monetary function, in that they have money supply that is not determined by a central bank, but they're unfortunately no substitute for international payments. That's the sad reality. There's no gold banking. You can't use your gold to pay international. You can't ship gold, and there's no gold settlement and clearance system.

- Robert: Wait, wait, wait, stop. I can, so please be careful. Because I've been doing that since I was a kid.
- Saifedean: Yeah, well-
- Robert: This is what you and I were getting into is why do you Bitcoin guys have to dump on gold and silver? And why do gold and silver guys have to dump on Bitcoin? I don't understand, you think gold and silver is the enemy when really it's communism.
- Saifedean: No, I wasn't dumping on them. I was saying they're-
- Robert: [crosstalk 00:05:55] point only, because there's other ways my friend, I'm a lot older than you, and there are ways.
- Saifedean: Yes, there are ways, but there's no way to make payments no matter what you do in terms of just, there's no gold bank, you can't make a payment, buy something online with physical gold that gets shipped to the country to where you're buying it. You can use it yourself. You can store it. You can buy it and sell it. You can gift it.
- Robert: Okay, be careful. You're using the word, "Only." You might not be the smartest guy in the world, because there's guys who are smarter than you.
- Saifedean: Yes.
- Robert: Because we've lived longer, we've done things differently. So just be careful. I just don't know why you guys get into this pissing match.
- Saifedean: I'm really not. Like if you look at my book, the first seven chapters are essentially all about gold, mostly about gold. It's all about gold, and I am a gold bug. I'm still at heart, I still love gold. And I don't get into those pissing matches with the gold bugs. In fact, I'm usually one of the people that's trying to mend the bridges between the two.
- Robert: I'm going to put you and Peter Schiff on the same show, and then we'll see who's really the most neutral.
- Saifedean: I've had a debate with Peter Schiff. You can Google it. It's on YouTube. There's me and Peter Schiff, we've had a debate once, you can see the perspectives.
- I'm not anti-gold. I think gold is good, it's just the problem with gold is that you can't make an international banking payment system work around gold since 1914, because the Bank of England and the Central Bank of the United States have essentially monopolized that trade, and Bitcoin gets around it [crosstalk 00:07:27], Bitcoin fixes this.

Robert: [crosstalk 00:07:29] problem with your words, "Only," and, "You can't." Those are called absolutes.

Saifedean: It's been a century of people trying to build a payment system around gold and failing, and it gets captured by government. And that's really the crux of the point of my book is that Bitcoin improves on gold's monetary policy. But more importantly, Bitcoin improves on gold in the fact that it's much harder for governments to capture it and co-opt it.

Robert: Well, we'll see.

Saifedean: We'll see, yeah.

Robert: Look, I don't disagree with you. I'm just cautioning you and saying, "Yeah, you're a young man."

Saifedean: Not that young, no.

Robert: You're using those absolutes.

Saifedean: That's true.

Robert: "I never do this; I will always do that."

Saifedean: Yeah, that's true.

Robert: Because you're a human being. And as an old guy, what we know is your opinion can fail, but the markets never do. And in the future we'll find out if you're right or not. But right now, just be careful.

That's like Jim Rogers, he's a friend of mine for years, and years, and years, and he's hiding in Singapore. Now, when I ask him why he's hiding there, he has his reasons. But he doesn't make me wrong for living in Arizona; he lives in Singapore.

He says, "Well, Singapore is the only place in the world to live." And basic that's what gold and Bitcoin guys get into. The other thing is that what Roger says that, which I agree with, he says, "You piss off the government with Bitcoin, they'll step on you."

And I do agree with that. So you guys keep saying, "Well, we're going to take on the government of America, the centralized banks of America," they will step on you. They have guns, big guns. And I'm a former Marine. So I understand what it's like to enforce the monetary system. So I'm just cautioning you.

What I'd rather get into is this, is what are the advantages of Bitcoin for somebody like [inaudible 00:09:32] who has none? You can get into a pissing match with Peter Schiff

and Rogers, but it doesn't do any good unless you really... It's entertaining to me, but I want to know why you think Bitcoin's going to go to the moon. You don't have to make gold and silver wrong is what I'm trying to say.

Saifedean: No, again, I'm not trying to be very absolutist about it. I'm just trying to distinguish the value proposition, which is that in the case of Bitcoin, the clearance of Bitcoin is-

PART 1 OF 4 ENDS [00:10:04]

Saifedean: In the case of Bitcoin, the clearance of Bitcoin is performed using software and hardware that's relatively very cheap. So you need a few hundred dollars to have equipment that can run the Bitcoin network. And actually, probably can do it for less than a hundred dollars as well.

Robert: But why? Why would I bother?

Saifedean: You know. You said it. There's communism coming. You don't want to explore all the other options that are out there? I think you could give it a chance.

Robert: Okay. For full disclosure, I own Bitcoin, okay. I also own more gold and silver.

Saifedean: That problem takes care of itself, usually, because your Bitcoin eventually appreciates more than your silver. It happens to most people who try [crosstalk 00:10:50].

Robert: You sit there with that arrogant young man's cocky attitude. You're going to get your ass stomped on because I've had my ass stomped on because I had the same stupid attitude. I'm just trying to say this. I'm asking this question, which nobody's ever answered me. Nobody has. The reason I like gold and silver, I've started gold mines and silver mines. So there's Bitcoin mines. Now, that takes a lot of work. That's probably a 20 year process, to start a goldmine. And the goldmine I started out of Toronto, Canada, TSE, the Toronto Stock Exchange, the Chinese government took from me. So you may understand now why I don't like doing business with the Chinese. But my silver mine out of Argentina is smoking along. It's producing silver at a dollar an ounce. And today it's about \$22 an ounce, and all that. So I'm doing okay. Plus I made money selling the shares of the stock and all this stuff, so I'm doing okay.

The question you guys have never answered for me is, why can't somebody else just produce their own Bitcoin? If the equipment is so cheap, why not just make my own?

Saifedean: Yeah. There are thousands of people who have produced thousands of other Bitcoins, but none of them can work on the Bitcoin network.

Robert: I don't think you guys get into those absolutes. Look, if all of these-

Saifedean: No, no. This is an absolute because it's cryptography. If you want to pay somebody with Bitcoin-

Robert: I understand that. But why can't I just, it's not like a gold mine. It's not a physical gold thing. It's just this tech. It's basically code. So why can't-

Saifedean: And the gold is basically atoms, in a sense. But we give it value. If you think about economics, economics is in the minds of people. If you study the Austrian school, value is subjective. We give things value. So we decide that this yellow, shiny metal is very valuable. We decide that the silver shiny metal is a little less valuable, but also quite valuable. And we also can decide that digital tokens that can clear payments and clear messages with payments on a network that has a wide acceptability around the world, that has high level of reliability in the fidelity of its transactions, we can also decide to give that value. There's no difference. It doesn't have to be material. We got a lot of things that are immaterial that have value.

Robert: So you're saying it's the acceptance and the network of Bitcoin that gives it its value?

Saifedean: And specifically, there are reasons why it is the network of Bitcoin. And it's not just because it's the first mover advantage or because it's the biggest network. It's specifically because the big Bitcoin network is the only network that has grown from day one, almost independently, not controlled by anybody, and grown according to the rules of the protocol. Not according to somebody running the protocol. The guy who made it disappeared.

Robert: I understand that. But why couldn't I start my own with my little Apple Mac computer?

Saifedean: How can you start your own and not be able to-

Robert: Why couldn't I, if it's just code?

Saifedean: You can start it. But you can't start it and not be in charge of it. That's the problem. How do you start one that you don't control? That's the tricky part. So Bitcoin had a lucky set of circumstances where the guy who made it disappeared, for whatever reason. And then it continued to operate without anybody in charge. And the protocol continued to grow. And all the people who tried to take control of it have failed repeatedly, which suggests that there's a lot of inertia, and a lot of sclerosis in the network, which means that the main consensus parameters of the network should be around for a while.

Robert: So I just heard there's a guy in Tahiti who has the better Bitcoin.

Saifedean: Yeah. Good for him. There are people who, in the '90s, claimed to have better internet.

Robert: They don't have gold in Tahiti, but they have Apple computers. Hey Saife, I really am asking my questions to you because they, look I traveled the world looking for gold and silver. I was in Peru and I was standing at 14,000 feet. The mine was up at 17,000 feet. I'm standing there, and there are little holes in the ground going up the mountain. And I stand there talking to the mining engineer, Canadian mining engineer. I said, "What are those little holes?" He says, "They are little mines." I said, "When?" He says, "Probably 500 years ago." And I said, "So you mean the Inca or the Peruvians or the Indians were looking for gold way back then?" There were miners back then before there was internet, before there was television, before there was airline travel, before there were ships, before the Spaniards came, but they intuitively knew about gold. Every time I talk to you guys, they say, "Well, you cannot break Bitcoin." I go, "Well, I don't know about that." So that's why I'm asking. I'm sincerely asking you the question. Why couldn't I sit here with my little thousand dollar Mac book and start my own little mine and produce my own coins?

Saifedean: You can try and mine on the Bitcoin network just as you can go and try and mine gold with your own hands. But there are better ways for you to make gold, which is, write books and make your beautiful and great shows. And then you're able to make money from that. And then you can buy your gold. It's just a more efficient way of doing it. It's the same thing with Bitcoin. You can mine your own Bitcoin. You can do it with your laptop, but you're just going to waste electricity and make very, very, very, very few coins from it.

Robert: Okay. I mean, I get the same answer and I get the same arrogance from all you Bitcoin guys. I just don't get it because-

Saifedean: I'm really not trying to be arrogant. I'm sorry I'm coming off that way.

Robert: Well you are. Anyway, I'm just doing my best right now because I really want the answers for moire, because I've started my own mines. I've seen thousand year old mines, you know. I've seen them. And human beings, there's something inherent in the human nature. So you're not talking to some idiot who buys gold at a gold store. That's what I'm trying to say.

Saifedean: [crosstalk 00:06:51].

Robert: Okay. So anyway, we'll come back. We'll be going more into this. Really appreciate your smiling and candor. But I'm sincere in my questioning because I really would like to know because I have started gold mines and silver mines and oil wells, and they've all produced a lot of money. And I own Bitcoin. I'm very happy with it and all this. But I would just like our listeners to know why Bitcoin is as valuable as it is, and what are the chinks? How could it be cracked? That's what I want to know. So when we come back, the name is Saifedean Ammous. And you're a great sport, man. We'll be right back. Thank you.

Welcome back. Robert Kiyosaki, the Rich Dad Radio Show, the good news and bad news about money. Once again, you've come to the Rich Dad Radio program, anytime, anywhere on iTunes or Android and YouTube, as long as they don't take us off the list because we say stupid things. And then all of our programs are archived richdadradio.com because repetition is how we learn. So if you listen to this program a second or third time, you'll learn even more because you'll learn more by listening to it again. I do it all the time. But most importantly, if you have friends, family members, or business associates, the reason we archive it at richdadradio.com is so that your friends and your family can listen to it, and business associates, and then discuss it, because that's how we really learn. We don't sit there in a classroom just listening to some idiot schoolteacher tell us about life and they don't even live. So our guest today is Saifedean Ammous. Is it Saifedean Ammous?

Saifedean: Yeah.

Robert: And he is the author of The Bitcoin Standard. All of his friends said, "You got to get this guy on the show because this guy really knows what he's talking about." And I agree he does. And The Bitcoin Standard, the book, is a decentralized alternative to central banking. And he is the bestselling groundbreaking study of the economics of Bitcoin. So we just got into pissing on each other's legs, like Peter Schiff does on all these guys. I just don't understand it, but why gold sucks and why silver sucks and all of this. I just want to know about Bitcoin. And we were talking about it because you call them shitcoins. So, describe in precise economic terms, what is a shitcoin?

Saifedean: Basically, the term shitcoin has been mentioned in congress now. It's in the congressional record after representative Warren Davidson mentioned it last year. The definition I would venture for it, and I think a lot of people would agree with this, a shitcoin is a form of money that has somebody at the top of it who can just make more of it at their will. And so anything that has somebody in charge who can make more of it is a shitcoin. And so, there are, I think, 5 or 6,000 shitcoins that are digital, that copy Bitcoin's code, in certain ways, and do the same thing in the Bitcoin does, but they have a guy in charge or a group of people in charge, all of them. And, essentially, those people can change the supply at any point in time.

Robert: So let me ask this question. So it was in the code. [inaudible 00:20:00]. The thing I love about Bitcoin was this, as it's price went up-

PART 2 OF 4 ENDS [00:20:04]

Robert: [inaudible 00:20:00] I love about Bitcoin was this- as its price went up, or as value went up, its volume went down. Whereas a US dollar, by your definition, is shit coin because the value of the dollar comes down as volume goes up. They print more of it.

Saifedean: Yep, exactly.

- Robert: But you understand. That's why I like gold and silver also is because I don't trust a shit coin called the US dollar.
- Saifedean: Absolutely. That's exactly the point that I make in my book. The first seven chapters of my book are to make this point that the most important thing in money is the stock to flow ratio. It's the ratio of the existing stockpile, of the existing supply, to the flow, to the new production. And things that have a high stock to flow have always historically been money. And historically, the thing that has had the highest stock to flow is gold. And second place is silver. Bitcoin is different because its stock to flow now is going to overtake gold's stock to flow. It's going to become higher than gold over the next few years.
- Robert: And that's why I own it. But let me ask you this question. Okay, so that's [inaudible 00:21:01]. The question was, we had these things called ICOs, initial coin offerings, and all that. Are those shit coins?
- Saifedean: These are shit coins, yes, absolutely. They're definitely shit coins. All the ICO's, all the other coins other than bitcoin, they are shit coins because all of them... Whatever you think about the technology and the things that they're doing, there's a group of people behind them who could get together and change the supply quite easily. With bitcoin, we know for a fact that this is very, very, very difficult to happen. And I would like to tell anybody who thinks that it can happen to go ahead and try and do it because we've had a concentrated cartel, essentially, of the most significant businesses in Bitcoin, along with some of the most important developers in Bitcoin, and a lot of people with a lot of bitcoin get together a couple of years ago and try and change the code behind bitcoin to change one small parameter in the code of bitcoin, not even changing the supply. And they couldn't do it. None of the other coins have that. The US dollar doesn't have that. There's people in charge of the US dollar who can make an endless amount of it. And that's why it, too, and all national currencies, in my opinion, are shit coins.
- Robert: Yeah, I understand that. So are you saying it's almost impossible for somebody to write a code alongside bitcoin's code or duplicate the code but call it Joe's coin?
- Saifedean: It is possible. You can do it, but good luck with doing it and getting the market to value that as if it is bitcoin. So if the Zimbabwe and Central Bank prints more dollars, that's not going to devalue the US dollars. People can tell the difference. Just because they're both called dollars, that's different. And so all these other coins, if you look at their charts, over five years, all of them end up basically flat lining against bitcoin. They tend towards zero and continue to collect more zeros next to the decimal point as they tend toward absolute zero and zero liquidity.
- Robert: I understand that because when I was starting off in gold, they said, "What's the definition of a gold miner? The definition of a gold miner is a liar standing next to a hole in the ground." So I understand there was a lot of fakes out there, and the reason I love

bitcoin, and all this is because I think the US dollar is criminal what they're doing, the centralized bank, the Fed, and the Treasury. They just keep printing more of it to solve our problems. So this is my... And that's the reason I have gold, silver, and bitcoin is because the Fed and the US dollar and, in my opinion, all fiat currencies with the euro, the yen and the peso is they're shit currencies. I mean, would you agree?

Saifedean: You're not going to get any argument from me about that.

Robert: I know that. So my question is then, if the Fed and centralized banks come up with centralized coins, what's your opinion on that? Because that's why I'm asking. That's why I've talked to guys like you. What do you think's going to happen?

Saifedean: People think that this is competition for bitcoin, but in my mind, it's advertisement for bitcoin. This is just them telling you what is really valuable about bitcoin. "Hey, sign up, take our currency where the supply is up to us. We determine it at any point in time. And we can always give anybody as many as we want. And you get no say in the supply, and you can't even know how many there are. And also, we get to figure out all the transactions done by you. And if we don't like your Facebook posts, you don't get to eat for a month."

Robert: I like your attitude. Anyways, so if Janet Yellen was Treasury and I mean, she was Fed, and if Biden stays in, she'll become Treasury, which is communism. When the Treasury and the Fed are one, that's centralized government. So are you saying that if Biden came out with the Biden coin, it would be a shit coin?

Saifedean: Yeah. I mean, we already have something very similar, which is the dollar. I mean, people think these central bank digital currencies are going to be a big deal. They're really not very different from the current currencies because they are, after all, centralized, and their supply is run by the central bank and the government. So it's just more consolidation of power. And I think the dangerous thing-

Robert: But what you're saying is they can't do it. The Fed cannot do it, or the Treasury and the government can't do it.

Saifedean: I think they can produce a shit coin, but they cannot produce something that competes with bitcoin.

Robert: Right. Right.

Saifedean: They can't because the whole point of having a central bank is that you want to control the money supply, and you want to give the government control over payment clearance. And bitcoin takes those two things away from government and puts them in code. Bitcoin is just using software to replace all of that stuff. And so, if you use software to replace that, it's just a far more efficient way of doing it. And that's

ultimately why I remain optimistic about bitcoin because it's not a competitor. It's not a company that's out there saying, "Hey, we're going to put the US government's central bank out of business and offer software solution instead of it." It's not Uber. There's no CEO. It's a software solution. It's an open-source software solution that anybody can adopt.

Robert: I understand that. I just want to... But that's why I own it. The other thing, too, is the complaint, which took me a while to get over. Was it in 2017 that Bitcoin hit 20K I think? Around there.

Saifedean: Yeah.

Robert: And it crashed down to, what, 300 or something?

Saifedean: To 3000.

Robert: 3000. And then when I talked to guys like Raoul Pal and all that, other guys who know about the bitcoin phenomenon, they say what happened in 2017 was there was no money behind bitcoin. He says in 2020, there's money behind of it now. And Raoul Pal says there's a wall of money behind of it now.

Saifedean: Yes. And also, Robert, you're a mining guy, so you'll appreciate this. The bitcoin supply, the mining of bitcoin, currently happens at a rate of 900 coins a day. Up until May this year, it used to happen at 1800 coins a day. Four years before that, it was 3,600. And then the four years before that was 7,200. So every four years, the new supply of bitcoin drops by half.

Robert: Yeah. So this is my question to you, okay. Next question is, so let's say it comes down to the 21 million coin. That's it. [crosstalk 00:27:26] How do 21 million coins supply the world economy with money?

Saifedean: It's not a problem. The supply of money does not matter. What matters is its purchasing power, and you can fit infinite purchasing power into each bitcoin. So each bitcoin is divisible into 100 million satoshis, and the way that bitcoin solves this problem is the same way that bitcoin scales is the same way that bitcoin can take on more value. It's what we like to call the number go up technology. As the price of bitcoin rises, the volume of bitcoin trades rises, and the amount of money that bitcoin holds rises, and the value of each satoshi rises, and it becomes a bigger market. You don't need more money. You don't need inflation. You don't need the supply to increase. In fact-

Robert: So let me ask you this question, okay, because this is where I'm really stupid on this whole thing. So let's say bitcoin hits 100,000, which Max Keiser says it will next week or something. How does a person making 15 bucks an hour afford a \$100,000 bitcoin?

Saifedean: You don't need a whole Bitcoin. There's only 21 million. The vast majority of people would never get to own one whole bitcoin.

Robert: You can slice and dice a bitcoin just like the dollar slices and dices down to a penny?

Saifedean: Yes. But a bitcoin is sliced down... A dollar is 100 pennies. A bitcoin is 100 million satoshis, so we can keep slicing down. In several years, it's just going to be unheard of for most people to think about owning a whole bitcoin because a whole bitcoin will be something like... Think about the 400-ounce gold bar. That's what one bitcoin is like. So you don't have to own a whole one in order to use gold. You can buy a tiny little gold coin.

Robert: Right. This is making a little bit more sense. The other thing I heard... because that's what I want to clear with you because I'm constantly on YouTube listening to all you whack jobs who are bitcoin fanatics out there. No, I like it. Then I have to listen to Schiff in my other ear. You know what I mean? It's just entertainment to me, but I still buy the crap out of it, and somewhere along the line, I don't really... I mean, I make enough money. I don't really care. I just get richer and richer and richer. I sit there going, "What the hell is going to happen?" I mean, you guys are going to change the world if you can really solve this problem of fake money. I wrote a book called Fake Money.

PART 3 OF 4 ENDS [00:30:04]

Robert: ... solve this problem of fake money. I wrote a book called Fake: Fake Money, Fake Teachers, Fake Assets, and that's the reason I own silver and gold. And now, Bitcoin.

Saifedean: Actually, my next book, which I'm working on right now, which you can subscribe to if you go to my website, saifedean.com, it's called The Fiat Standard. It is the sequel to The Bitcoin Standard, and it's about essentially that, the fiat world, the world of fiat food, which is fake food, fiat family, fiat everything. Fake money just creates a fake world around it, because it allows the people who create new money from nowhere to bestow economic value on things that are worthless, and that just disturbs the entire process of economic calculation and economic planning for everybody else.

Robert: This is my question to you, one of the reasons I don't like gold and silver ETFs, they're fake. I really don't know if there's really gold or silver behind it, and now I'm hearing more and more that Bitcoin guys are coming up with fake Bitcoin or paper Bitcoin, like an ETF or something like with coin. Is that happening?

Saifedean: Potentially. I mean, I don't know of any particulars, so I can't really say it is happening, but I would assume it might be happening somewhere or the other. However, Bitcoin really is a verification technology. If you want understand what Bitcoin does, it's just a process of meticulous, astoundingly complicated verification, where everybody's verifying everything. Yeah, specifically verification. So the way that you join the network

is that you verify what everybody else is doing. Every 10 minutes, everyone checks everybody else's balances, and everybody checks to make sure that all the coins are in order and that the ownership is with the person or the address that should have them. So you're constantly verifying the supply. Anytime you go on the Bitcoin network, you can check exactly how many coins there are, and you can find out where and how they're distributed.

Robert: But aren't some people now offering, if I give them my Bitcoin, they'll pay me interest for it?

Saifedean: Well, yeah. So what happens now, so you can own your own Bitcoin. If you own your private keys, then you have your own Bitcoins on the network, and that is the equivalent of holding your own physical bars of gold with your own hands. You verify them, you verify the purity, you put them through the most expensive, sophisticated spectrometer, and you verify them and you hold them and you know they're yours. That's what it is to own your own Bitcoins. But if you go towards some of the other solutions, well, in that case, you don't own your Bitcoins. You own a claim on the Bitcoins that are held by the ETF. Well, there's no Bitcoin ETF for this-

Robert: Doesn't that shut coin again?

Saifedean: Well, yeah, which is why most Bitcoiners will tell you, you should hold your own private keys. If it's not your keys, it's not your Bitcoin. You have essentially a promise from somebody that tells you they will pay you back your [crosstalk 00:33:13]

Robert: But isn't that the same thing they did with gold and the fake dollars?

Saifedean: Yeah, absolutely. But Bitcoin essentially offers you the solution where you can verify for yourself and you can take ownership of your own coins yourself in a way that you can't do with gold?

Robert: I could.

Saifedean: Well, but you need a giant spectrometry to verify.

Robert: No, no, no. I can buy a fucking ETF, which I don't trust. I don't trust them. You know what I mean?

Saifedean: Yes, but how do you trust physical gold. If you were to go out and buy a million dollars of physical gold, how are you going to verify that this is actual gold? You're going to need several tens of thousands of dollars worth of equipment.

Robert: I'm a miner. I have all that stuff. Trust me.

- Saifedean: Yes, you are a miner, you have all this stuff. The equivalent stuff in Bitcoin is worth a couple of \$100.
- Robert: I want to know why a guy's going to fake Bitcoin now? They're offering me interest on my Bitcoin.
- Saifedean: Yeah, they're probably lending it out. They're at fractional reserves, in my opinion. So I would not want to get into that.
- Robert: I just wanted your opinion on it.
- Saifedean: Oh yeah. I would not get into it. I would not recommend it. And also, I think it doesn't harm you as a Bitcoiner.
- Robert: I understand. As long as you control the fiscal.
- Saifedean: Yes, exactly. But also, with fiat money, if somebody does that, you're affected even if you're not part of the bank, because your central bank is going to have to bail them out. With Bitcoin, if this happens, if this blows up, there's a short squeeze on Bitcoin. The value of your Bitcoin goes up.
- Robert: I understand. It just get pitched all the time. They said, "Give us your Bitcoin. I'll pay you interest for it. Plus, you've got no interest on it." Plus, the same thing they say about gold. There's no interest on gold. I said, "Well, I don't need interest." But people who do will get sucked into what I called the fractional reserve fiat currency trap, and that's what I wanted to talk to you about. One last thing, I also heard, because let's say Bitcoin goes to half a million dollars a coin, that it's only going to be used for major purchases like businesses and stuff like that, whereas it's the Satoshis, will be for trading independently. Would you say that's true?
- Saifedean: That's just a matter of units. I think, yeah, for most of the things, because one Bitcoin is 100 million Satoshis. So if Bitcoin is worth, say, \$1 million, it's not every day that you're going to be denominating transactions in Bitcoin. You're not going to quote your lunch in 0.0000037 Bitcoin. You're just going to use-
- Robert: So the reason I'm bullish on Bitcoin is because of everything you've said, but also, I don't trust the dollar at all. But I've been buying it. I didn't buy it at 3,000. I'm buying at 9,000. I'm doing pretty good. I have a lot of it, but eventually it's going to allow me to make major purchases that I wouldn't have been able to do had I saved \$9,000 U.S. I mean, isn't that kind of the-
- Saifedean: Yep, exactly. I think the way that it's evolving. If it continues to work the same way just because it is harder money is that people whose value is parked in the heart of money will appreciate, and people whose value is parked in the easier money will depreciate.

So essentially, we're going to see the dollar based economy shrink as a part of the pie as Bitcoin grows as a part of the pie. Currently, Bitcoin is like 0.2%, 0.3% of the global money supply. So it's still a little, well, not a drop in a bucket, drop in a cup. But it's could grow. If it grows further, it just becomes a more significant part of that cup, and who knows, maybe it becomes the whole cup one day.

Robert: Good. I want to have you back on as this thing progresses and all of that.

Saifedean: I'd love to.

Robert: S-A-I-F-E-D-E-A-N dot com.

Saifedean: Yep.

Robert: His book is The Bitcoin Standard: The Decentralized Alternative To Centralized Banking. So I thank you for being a good sport, and we'll have you and Peter Schiff on next week. Thank you very much.

Saifedean: Thank you so much. My pleasure. Thank you very much.

Robert: Thank you.

Saifedean: Take care.

PART 4 OF 4 ENDS [00:37:37]