Serbian Blockchain Summit 2.0

HIJACKED in 2020: To Whom Will the Crypto Belong

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2009: BitCoin was Born

- Financial crisis in 2008 blatantly exposed flaws of a corrupt and unsustainable global monetary system, based on credit money, having being backed up with absolutely nothing (but insatiable greed)
- Creditism as a malign late stage of capitalism destroys the world
- When cretaed in 2009, BTC was seen as a new form of money (currency), immune to rigging and systemic malversations as fiat

Currency and/or Asset?

- As a currency, BTC has proved to be inherently flawed in many aspects (limited supply, technical issues, low speed of transactions, no governing body, forks, volatiity/unpredictability, etc.)
- In time, BTC has been seen more like a digital asset (commodity), with many elements of a standard (fiat) money: store of value, means of exchange, accounting unit, fungibility, durability
- It is a new kind of asset, giving birth to an entirely new asset class („digital assets), also promoting DLT (blockchain)

Direct Democracy Reintroduced

- Direct democracy is dying off, the only means remaining is a popular referendum.
- With BTC, a strong ideological sense of a direct democracy being re-introduced spread, placing hopes that monetary disintermediation, global and voluntary participation of anyone willing so („permissionless“) will reshape the global democracy. The ideas resonated the best at leftists-libertarians

The Empire Strikes Back

- At first, the incumbents (central banks,FED, ECB, IMF/WB) ignored BTC and the undelying technology.
- As BTC was gaining traction, current stakeholders mixed FUD with their preparations to embrace the blockchain technolgy for themselves.
- Besides central banks, commercial banks can also „print“ money out of thin air, backed by „capital adequacy“.
- Still (only formally) valid monetary theory says the fiat money in circulation must be backed with goods and services, maybe FCY or gold. The ratio is 1:6. Or unknown. Or worse. Much worse.

The Return of the Masters

- The undelying blockchain technology (if implemented adequately) is in fact a buletproof data base, ideal for expressing value (any money is actually the same – the expression of value).
- The incumbents got a spendid idea – to use blockchain in order to issue their own „blockchain“ i.e. digital currencies (CBDC).
- The idea has resonated well especially among the nations seeking de-dollarization (China, Russia, Iran, North Korea…)
- The incumbents are „exploring“ the concept, meaning they prey they will never have to really implement it!
- But they will, whether pre-emptive or after a major global financial meltdown

Hijack Comes with the Costs and Questions

- Questions to be answered: creation, circulation, credit function, interaction with fiat and existing forms of electronic money, DFXs (CBDC to CBDC; DBDC to crypto; CBDC to fiat).

- Possible course of action: legislative banning BTC on national levels, allowing only CBDCs

- Corporate money is not a new concept, but crypto-corporate - is (Libra). But, even a member of high establishment must not interfere with the money-issuuing monopoly!

What Will the Future Bring?

- The imminent future: a diversity of co-existing monetary instruments, from paper fiat do CBDCs and corporate-issued, private monies.

- BTC should continue to exist, but it cannot serve as a global currency, may become just another (boring) asset class, like gold.

- Starting from 2020, we will see how effective the incumbents will be in their takeover of cryptomoney. Struggle for domination will be severe and ruthless.

„Anyone can create money: the problem is in getting it accepted”
- Hyman Minsky

Thank you,

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