TFTC 424

**Marty:** [00:00:00] Have we ever not had technical difficulties?

**Matty:** I think this was only the first time, frankly,

**Marty:** this is definitely not the first time we've had technical

**Matty:** difficulties. Usually we get up and rutted with these charts. No, sometimes at least I fit your mic. They're pretty,

**Marty:** the mic thing messes up every

**Matty:** once in a while.

Yeah. I don't know man, how it goes. Right.

**Marty:** It is how it goes. What is up freaks? We're here for our quarterly update. Q1 2023. How you doing? It looks beautiful over

**Matty:** there. It is. Uh, you know, we just won the bronze medal in the World Hockey Championships. Beat the usa. Beat the Mighty usa. That's huge for us, man.

I mean, you gotta think about team sports and when you talk about the national level, like it's not often where you get a nation of [00:01:00] 2 million people, first of all, beating a country of 330 million, let alone medling in a world either World Championship or World Cup slash Olympic, uh, you know, major event is pretty, it's pretty, uh, it's pretty cool.

So it was like they declared national holiday on Monday, did they? Yeah, let's go. Yeah, it was big man. It was huge. How many, I mean

**Marty:** like how many lafa are

**Matty:** in the N H L? Uh, I think none at the moment. There's a few in the A H L, but I don't think there's any at the precise moment that are still playing in the N Hhl.

So, um, and there's a lot playing in Europe. We left this Continental league, which was this Russian league after the invasion of Ukraine. So it's been a lot of turmoil, a lot of, uh, craziness, but. Yeah, just winning. It's big man. I mean, you think, like, you remember Iceland qualified for the World Cup a couple years ago?

New Zealand as well. Like these are small [00:02:00] countries. New Zealand's bigger than Latvia, but Iceland is not Iceland's 300,000. Like they didn't make it outta the group, but it's still huge. It's huge. You make something like the World Cup and we've tried like again and again and again to get to the metal rounds in both the, uh, world championships.

This is, of course, I'm speaking post Soviet Union, even though we, we were, you know, I think the origins of hockey, there were probably some international match matches before World War ii, but, uh, you know, it's, it's pretty rare when you have like a, such a small country and a team sport medal. So like, it really is a huge thing.

And in the, the semi-finals playing Canada, we were up, uh, two, one with 10 minutes left in the third. Ended up losing it, unfortunately, but it, but it doesn't matter. Winning the winning the bronze medal game was just absolutely huge. Like Lithuania's done it a few times with basketball in the Olympics, which is huge for them.

But I can't think of like another country when you're talking about, [00:03:00] you know, one, 2 million people where you can, can represent, like, it's just a cool thing. I mean, it's a bit odd, you know, because you have, obviously, you know, the US doesn't pay attention as much to these international sports as we do, but, uh, y you know, it's, it's still, it's, it's a pretty, it's a pretty big thing.

It's good to represent through sport, right? Yeah. Not through, not through other nonsense, but just do it through sport. If you wanna show off your culture and people. Is

**Marty:** proz the, uh, the biggest, uh, star laia

**Matty:** for Latvia? Uh, yeah. You have uh, some good Lithuanians. You have Valentini, you have Sabone Sabone, his father, obviously he's a legend, like top five center, but, um, Yeah, I mean it's, you know, they, we have good players and they, they definitely compete on the international level, both in hockey and in basketball.

But, uh, it's rare. I mean, it, it takes, it takes time to build up, you know, every few years to get the guys to gel [00:04:00] together and have a good streak. So it's pretty cool. It's Jish, Serbia. Yeah. Yeah. These are

**Marty:** the finals. What the hell is going

**Matty:** on there? Don't know. It's, uh, seems crazy. Yeah, seems crazy. Uh, that's a part of the whole European mission that nobody seems to have gotten right.

Ever, like going back a hundred years. So. Well that's actually, I

**Marty:** dunno how use s I told you I, uh, recorded with Bolaji yesterday. Five hour podcast. Freak. Get ready for that. That'll drop tomorrow.

**Matty:** Congrats. I wanna talk about it. No. The one thing talked about the five Hour podcast, we talked about the

**Marty:** dissolution of, uh, the U S S R.

Mm-hmm. We actually, we talked a lot about the Baltic states and how they benefited the most because they defected first. Yeah. And didn't take any of that, that sovereign debt with them, and basically had a clean slate out the gate. Yeah. [00:05:00]

**Matty:** That's interesting that you talked about it. I mean, it's a, it's the most remarkable, I think, example of how freedom can peacefully, you know, sec, succeed from tyranny.

Uh, we had some benefits though, like we had Free Nations before. Uh, they occupied us illegally in, in, after World War ii. So like between World War I and World War ii, we were like fully free. But then even before that, you had like the Polish Lithuanian Commonwealth, which was basically, it was like the biggest European state for 450 years.

Um, but from, you know, 1800, from 1800 on, you basically had the czarist. Empire of Russia pretty much dominating Eastern Europe. So now obviously we see these repercussions coming to this day, but our, our countries have had like kind of a, again, it's funny when we talk about this like a libertarian, right?

Like some people think power is a good thing, or like a good historic, you know, a good, uh, powerful history is a good thing. It's, you know, it's proud [00:06:00] sweet, or a proud Norwegian, a proud Viking, these types of things. Um, it's just kind of funny like that. Of course, I, I reject that, that like, you need to have a strong history to have a good identity.

Although we did, it's just we were more oppressed over the last, uh, you know, 200 years. And it takes time for countries to, you know, get past that. I think obviously I'm referring as I always do, like the most typical example right now is what's going on with Ukraine. So they didn't have, they, they tried, they tried to have their own revolution, uh, after World War I.

But unfortunately it, it failed and like the, the Bolshevik won and they became part of the Soviet Union, whereas we, uh, Lennon, uh, did not pursue the Baltics going for fully, you know, modern independent nations. So, yeah, I mean it's, the history is interesting for sure. Um, but we, yeah, like we're, we're a good, we're, we bucked a trend [00:07:00] in a lot of examples.

You know, Paul Krugman was pissed. He was getting in fights with, uh, Tomas Ives, who's the former president of Estonia back in the oh eight crisis, because Paul Krugman was trying to say like, oh, you just need to devalue, devalue. Have the IMF come in there devalue, like always. And we said like, absolutely not.

We're just not gonna do it. We've seen what happens to too many other nations. We're not gonna do it. And we didn't do it. We, we could afford to devalue internally, like, to, to, to lower public wages. We actually did real austerity. And, uh, we didn't devalue the currency. We were pegged all three currencies.

The Sian Croon, the Latian Latin, the Lithuanian Lit were all pe pegged to the Euro. And we didn't devalue. And it was very good. It was very good that, uh, you know, we, we did the hard work internally. We didn't let the globalist I m F come in and devalue the currency. And that was like a major thing. That was a big egg on the face of Paul Krugman.

I mean, he's just, yeah, he was destroyed by Tomas, the president of Estonia on Twitter. It's great. [00:08:00] So we bucked a trend in a lot of ways there, and obviously, you know, I'm proud about a lot of it, but, uh, yeah, you just gotta keep carrying on and, uh, it's a, it's unfortunately a powder keg part of the world, right?

Like, I wish we had more, you know, I wish we didn't have a major war in our lands, like since the US had won civil during the Civil War. You know, I wish it was that long. I wish we could recover and, you know, have more peaceful times and stuff. But, uh, It's just not like that around a lot of places in the world.

So, uh, we've been doing well. I mean, it's like, it's good for, it's good for us. Like we're stoked obviously this week as well when we winning, you know, non-military, uh, competitions as well. It's great. But yeah, it's, uh, for, for a lot of the countries around here, it's, it's still pretty tough. And, uh, you know, it's gonna be the story for, for sure for the next day.

I was saying this eight years ago when, when Ukraine was first, uh, you know, [00:09:00] taken over by, uh, by the little green men. So, um, yeah, it's, it's just gonna be a battle.

**Marty:** It's good to see that austerity can work. It's very topical here in the United States with the dead ceiling impasse. It seems like that's gonna get raised again.

**Matty:** I heard it was, uh, raised and not even raised. It was just eliminated until the end of Biden's term. Until the end, yeah.

**Marty:** Until 2025. Till January 1st, 2025. They can spend as much as they want.

**Matty:** Yeah. Which is great. I mean, it's a, it's a hilarious, it's a hilarious, uh, little voodoo sort of, uh, ceremony that we go through every few years with that ceiling.

Like everybody knows it doesn't mean anything, but we act like it does. It's a mirage.

**Marty:** It's actually nauseating. Cause he ever read a newsletter about it a few weeks ago. It's just every 18 months now. [00:10:00] We, we have the debt ceiling debate. The left is like, raise it immediately. Everything's gonna go to shit.

The right's, like we're gonna hold the line and then at the last minute, the rip end, the knee, the ceiling gets raised. Yeah. And

**Matty:** nothing physics. The US does, again, bucks the trend, or at least what you would think about the modern, uh, ideas of debt has done it many, many times. I did a short on this, as you know, I've been starting these YouTube videos this year and it's taken a while to get some YouTube's tough to get a get, get trending, but it was still my best short on the US debt.

It was like a hundred years, uh, 250 years of US debt. And you go from like, first of all, they owed debt to the French, the Spanish, and the Dutch after, uh, world War, uh, after the Revolutionary War, which I would encourage anybody who just, you know, if you wanna be a full out non-interventionist, that's good.

I understand. You know, I know you had this discussion with [00:11:00] Constantine Kien and other people, but, uh, like. It's also okay to help other countries. US was helped against Britain and its revolutionary war. Like that's a fact. You can't, you can't deny that they were, they, they, they were helped. Uh, and then the US paid off that debt, right?

Andrew Jackson paid it off, but he also was like not very good at the Indians. So it's not like there's any angels in that story necessarily. But then after, uh, the Civil War, the debt remained from the Civil War till the founding of the Fed. The debt remained pretty flat after it exploded during the Civil War.

Um, you know, it went up from like basically nothing, right? Cuz he extinguished it in the thirties, Andrew Jackson and then Lincoln exploded it during the Civil War. But after it goes up, you know, billions during the Civil War, it remained basically flat for the next 50 years or so. And that was the greatest growth of an economy in the history of the world was the US.

Us post-civil War [00:12:00] period. So US has a lot of great history of bucking the trend there as well. Like you, you don't need debt to grow an economy. We did it actually better than anyone ever had in the 1870s, eighties, nineties, and before the founding of the Fed. Well then what today? Flat or even went down.

Even went down a little bit. Yeah.

**Marty:** And then today it see the people in power seem to think that's an impossibility. It's the gravity of the debt situation is a lot,

**Matty:** a lot bigger than it went down. Like you said, man, every, everybody's in a mirage and just making up stories on their, their own ways, on their own side, on their own political party.

No one would look at the economic history, the facts. They just don't. So as always, that's why we need Bitcoin. Just gotta force their hand on it. Yeah. Eventually it will be, it's,

**Marty:** that's the other thing I. In that newsletter I mentioned, that's [00:13:00] what I really leaned on, revolved around with Thomas pain quote.

Like, if there's gonna be trouble, let it be in my day so that my children don't have to do it. And that's where both of us have young children, and that's what I'm beginning to think more about. It's like, fuck, like I'd rather just rip the band-aid off now. Stop kicking the can down the road. I don't want my boys to wake up a decade, two decades from now, just live in some debt fueled hellscape,

**Matty:** accelerate. You also have that. Yeah. And then you also have that, uh, allegory quote that Joe Rogan likes to bring up. Right? It's like good men, you know? Hard, hard men. What is it? Hard times make hard men, hard men make. Good times. Good times make soft men, soft men make hard times that cycle. So that's, I think there is some truth to that as well.

Uh, unfortunately it's kind of like, [00:14:00] yes, as you say, it is incumbent upon us, but the unfortunate fact about a lot of this, and the more history you read, the more you see it, right? The, the repetition. I mean, it just, uh, you know, might not be fully repetition, but it def definitely rhymes and yeah, seems like we, we, whether, whether we can actually do it for our kids and then our kids' kids will be okay.

Is a totally open question. I think obviously you and I both believe bitcoin's gonna be a big part and hopefully, hopefully that, that that can be the case, that it's a much more optimistic future. But then there is something to be said too about the cyclicality of history. It's just people having to relearn the same lessons and getting soft and not working hard.

You may

**Marty:** say we're creatures of habit to a certain extent.

**Matty:** You may, you may.

**Marty:** Speaking of habit, it has become a habit here on this podcast over the last three years [00:15:00] into our quarterly update. That's what we're here to do in the last Yeah, buddy. The last three, in the last two, we've had some interactive charts.

We went through a lot of technical difficulties to make sure we get the charts up on this, this particular rip. Yeah,

**Matty:** that's what I was just to defend myself that I, I don't think we had any other technical difficulties besides for those big charts, but anyway, uh, yeah. Yeah. It's, uh, it's, it's actually the fifth full year.

This was five years. This, uh, this posting five, five years I've been tracking the shit and it's only getting better. Central bank, uh, monetary base, central bank currency. You get what is getting better.

**Marty:** The quality of the content, the, the breadth of the

**Matty:** content. No, I, I thought you were gonna talk about the, uh, the printing of the money is getting better or something like that.

Well,

**Marty:** if you're, I mean, it's getting worse, but depending on how you, depending on [00:16:00] how you view it, yes. Depending on how you view it, it's certainly getting better in some people's minds. That lets us crazy. The

**Matty:** expansion's. Yeah, we can, uh, we can go into that one. Um, but let's look at the interactive, because I just, as we talked about, uh, last quarter, you know, when we did the show last quarter, that was about the time that Ball made his big bet.

Conveniently you just talked to him. So it might be interesting just to look at it again. Uh, I'll put it up here. Uh, if you're ready, Logan. There you go. I've replaced my self. And, um, so we got the old price chart. You can see this. Okay, right? Yep. Okay. So. This is one I do a lot. Um, you know, no stock to flow nonsense.

Just use a, uh, single variable regression. It's a trend line. The best fitting for bitcoins, 95% or squared, A power trend line just tracks, tracks the growth. And the 95% simply means that the price moves around the [00:17:00] average 95% better or 95% less variance. So it's a, it's a pretty good trend line. If it was a hundred percent, it would literally track the trend line.

Exactly. The price would, obviously we know that can't happen. So here's his bet. I understand he paid it out, what, like already a few weeks ago, right? Maybe a month ago. Yeah. He, he gave up on it. Yeah. So here's the expiry. He

**Marty:** spent a million to let us know they're printing trillions.

**Matty:** Right, right. Um, but this is, yeah, this is a little bit of nuance.

Totally separate from the monetary Facebook stuff, but still it's interesting to look at, um, remember this, this is the great trend of 2011. 2010s is even more insane. But if you go out, so you can use these predict, and when I say predict, it's a loose term. I'm not u I'm not saying I know the future, it's a statistical term here.

But the trend of 2011 shows $3 billion. You're not reading that incorrectly. $3 billion Bitcoin by, uh, by December 31st, 2030. So [00:18:00] unfortunately we've, we have bucked that trend as well. We're off it. It'd be great if we get back on, but we're clearly off it. Uh, at the time it was 85% are squared, but you, I I'm just not looking at any more pricing data up until after 2 20 11.

So just shows you the difference. And then you might remember as well another trend line. This is not on this chart, but you remember that. So the, the trend line that we're on will take off 20, uh, whoops, take off 2011. Now the trend line that we're on has basically been the same since 2016. Which is pretty cool.

We can come back to that next quarter. All the different trend lines, different years. But like, this does not move too much as Bitcoin has gone on from 20 16, 20 17, 20 18, 20 19. You may think like it's always fallen, right? So here's 2011. Here's the current is the 2011 is the, the dotted. The current is in solid.

You may think that the, the tendency of this trend line is to always fall, but it's actually not true. Um, I don't get too on this because I don't have all [00:19:00] the, the trend lines, but if I showed you the 2016 trend light, it'd actually be below the all-time trend line, this black trend line. So just something to keep in mind, right?

And then biology came along, uh, a couple months ago, said Bitcoin's gonna a million by June 15th. He would have to be on this trend line right now. This is the gradual trend line, but he'd have to hit it. And, uh, you can actually look at the observations throughout history. You might remember, I showed you this last time.

We did hit it just a couple days. We hit his trend line in 2011. So, uh, it's actually a three to four Sigma event is what he predicted. A three to four Sigma. So you remember three Sigma is 99%. Six Sigma was the Jack Welch, like, you know, insane amount of, you know, uh, good production per per million, whatever.

Like you have like, I don't know, six, six defects or something. But that's, that's the sigma. It's basically just, you know, how many observations, uh, are, are, uh, below the trend line here. So three to four Sigma. It's not [00:20:00] as insane as six Sigma, but it'd be pretty crazy to catch the trend. And even if you looked at a three Sigma trend line that's here, and we can just look at it, uh, three Sigma is a half a million bucks per Bitcoin.

All right? Our current trend line is $50,000 per Bitcoin. All right? We're not even at the current trend line, right? That is the trend line, but we're not at it. We're under trend at the moment, and the biology. It needed to be right about here. Uh, a mil, you know, a million bucks. That was his trend line. And that means it was above three Sigma.

Its actually what, not as high as four Sigma. It was between three and four Sigma. So very, very rare. We didn't hit it. Uh, I told you we weren't gonna hit it, but you know, I, I think most people understood that. But I just wanted to show you the actual statistics of how it worked and uh, as we suspected it didn't.

But I understand you didn't talk about the bet after, after you talked with him for five hours. You didn't talk about any of this. No, [00:21:00]

**Marty:** we went deep into the his I'm sure. It's awesome. It was a big history talk.

**Matty:** It was a big history talk. Yeah. Yeah. He's, he's good. He's good. He can, he can pull a lot of good stuff out for sure.

So, I don't know, I, we don't have to go more into this. Do you have any other questions? No. Do you use this as, Like, uh, I, I do, I do videos on this a lot. I mean, this is the kind of stuff I do anyway for the day job, which is not really crypto Bitcoin related. But, um, I mean, we don't try to give

**Marty:** out financial advice here, but do you use this

**Matty:** like definitely no financial advice to

**Marty:** ape in, like if it's a certain standard deviation away from the power of regression?

**Matty:** I have. I have. Yeah. I mean, here's the three sigma down, right? So this means 99% of the observations, uh, would be above this line. Okay. It's actually 99 and a half percent, but we'll not worry about all this cuz you know, you gotta count the, the top side too. And then let's just show you one more thing. Two [00:22:00] sigma down is an interesting one, right?

That, that's actually kind of is some long-term support. You see that I bumped here. Lemme take the three s lemme take all this shit off. This is just two sigma down. Okay. So what's two Sigma? It's two-thirds of the time. All right, so, uh, no, sorry. One Sigma. One sigma. Is two thirds of the time. That's one Sigma line is the blue.

The purple line is two Sigma. That's 95% of the time. And three sigma is 99% of the time, roughly. These are rough. It's just a rough, uh, meaning of these, uh, deviations. And so you can see that one, it, it does break below. It has, you know, like during the crypto winter it did, uh, it did a little bit here in Covid and then it did with our, our good, uh, goofy friend from The Bahamas.

It, it broke it. But interesting look at the two Sigma down. It has kind of acted as some pretty strong support. It's very, very rare. I mean, you'd have to go back to here, which is basically just nonsense data, right? I mean, it's like very, very thin markets. [00:23:00] I start this at Bitcoin pizza today. You know, sub penny.

Mm-hmm. Uh, Bitcoin. So everything from Bitcoin pizza today is data that, that counts equally, but still, regardless. It's an amazing trend that Bitcoin does hold and, um, Yeah, to sim me down as something to I think pay attention to. I do videos on this. People are interested. But also another thing to think, to think about as well is it's extremely rare when you even cross the line.

Like just look at the, how many times it crossed, like even ignore the very early times. But like it's just got 1, 2, 20, 11, just ignore that. 3, 4, 5, 6, 7, 8, down nine, 10. There's only 10 days in like we're getting on something like 6,000 days of pricing history. Here is what's represented on this chart. And 10 times it's crossed the trend line.

So these are major, it's like a major, major trend. And those are like, that's a major event that crosses, and we went down in 2022 and, and stayed down obviously like really puked because of, [00:24:00] uh, because of the scumbag in, in, in The Bahamas. Yeah. So it's

**Marty:** only crossed the two sigma below point. One, 6% of the time that Bitcoin has been trading with pricing

**Matty:** data?

Uh, one, yeah, something like that. I mean, it's like 90, uh, no, it'd be, it's 95. It's two and a half. It means two and a half percent below this line, two and a half percent above the other line. The other two signal on the top side, it's 95% of observation of the outside of these purple bands. Two and a half on the top.

Two and a half percent on the, on the bottom. Yeah. I just

**Marty:** 10 divided by 6,000.

**Matty:** Oh, no, no. That's, uh, that's a different calculation. That's how much it's crossing the, uh, just the trend line. That's just what I said this out. How many, how many times the price has crossed the trend line itself. Yeah. Yeah. It's only, yeah.

[00:25:00] Yeah, yeah. Yeah. It's just a different, it's a little bit different. I don't, I'd, I'd have to actually count. I don't think it works that way.

That's a good question. No, it doesn't work that way because you'd have to, it could cross the trend line, like stare there times It could cross, yeah, it could cross the trend line 10 times like it has. So I don't, I don't think it really matters that way. Anyway, that's how it is. So, uh, yeah, we're, we're below trend.

Like, in my opinion, that's, uh, still quite bullish area. We're not as bullish, obviously. I mean, everybody knows nominally it was pretty goodbye here in hindsight, but still, as you see here, below trend, below, uh, above, above the two Sigma downtrend, right at the One Sigma. So it's kind of an interesting, uh, level and yeah, it's just something to keep in mind.

Like I, I'm not really a, a [00:26:00] trading view guy, like, just like drawing crazy things off of wicks and stuff. Definitely if you wanna, if you wanna do that, I think people can make a lot of money doing that, but I'm. It's not for me. I just, I just like looking at the long picture.

**Marty:** You don't create any nine, nine hammers.

**Matty:** No, I don't. I don't

**Marty:** to him. Got a lot of people with that back in the day.

**Matty:** Yeah, he did. He did. So

**Marty:** we're below trend right now as it stands. What trend, if we're following the power trend, Bitcoin should be trading at like 52,000. I think that's what I saw.

**Matty:** Yep. 50 grand is the trend line. And again, keep in mind that's not the all-time low, like 2016 and I think 2020 or below this trend line.

And when I say like, what does it mean when I say those years, it just means I'm calculating data only from 2016. Or only up, you know, from 2016 and before, let's say up to 2016 and up to [00:27:00] 2020. When I say 20 16, 20 trend line, it's like the 2011 trend line. You're only looking at data from the very beginning up until 2011.

It's a crazy, awesome trend line, but we just, we obviously fell off of that trend line. But the amazing thing is with Bitcoin is that from 2016, um, you know, you're pretty much, you're pretty much right around this black line. 95% are squared and, you know, we're close to the, to the B bet. So that's where the, you know, again, I I, I totally sympathize with, with the, with the message.

Good on 'em for spending a million bucks to basically do it and talk about Bitcoin for three months and get like mainstream press about it. But statistically it was, it was above a three Sigma move if it was gonna happen. Yeah,

**Marty:** I think the marketing value of the, uh, million dollar bet was over a million dollars.

I think it was a good, you think, I think it was a good media deal.

**Matty:** That's good. Putting myself back on. I think we're good there.

**Marty:** Hell yeah. So I mean, the price has been pretty flat, [00:28:00] eh? Well, it actually, we bumped up pretty significantly the first quarter of this year. How did that affect, uh, yeah, Bitcoin's pecking order or, or place in the pecking order on the monetary base

**Matty:** about the same.

Um, yeah. Logan, if you could pull up the tweet thread. I mean, I could just, I'll just tell you the, uh, so the, the best chart actually for this is, I'm not sure, but it's basically, we're we're 10. I keep going down, I think right there. That one with the bar chart up, up a little bit. That one. Yeah, so this is basically the top 10 fiat currencies base money, central Bank money.

Reserve money has nothing to do with bank money, has nothing to do with fiduciary media. Yes. Banks are not good in this day and age. I'm sure you talked about that with biology. I mean, like we're, we're becoming ever more monopolized every day. F D I C insurance, [00:29:00] all this stuff is just a mess. Never should have been initiated.

Uh, but the, but none of that is like Bitcoin. So that's why I always, that's why I do this, this project basically, that's why I've been doing it for five years. It's no matter what you think about where Bitcoin's gonna go for scaling in the future, I think it's gonna be great. I'm, I'm sure it's going to scale, but none of that stuff will compare economically because it's, it's using banks.

It's not using the monopolistic central clearing settlement or it's not using the prior market clearing settlement media, which was primarily gold before that silver. So that's why I include gold and silver as well. The actual stock values of gold, silver that are available, available up ground, uh, everybody kind of hears the 10 trillion number with gold, it's actually closer to 11 trillion.

So it's always, it's always number one, it's ahead of every other central bank money. Got the top four there, Euro, the dollar, Chinese, Yuan, and the Japanese Y They're the top four. [00:30:00] And in that order at the moment. And then the, the last mid-major that Bitcoin has not cleared yet is the, the British pound. It has never passed that it has passed Switzerland and India before 2021.

Uh, it has fallen behind and it's like basically right at India. Like if, if the price when I posted it was $27,500 or something, probably would've been above India, you know, so this is where it's a, it's a little bit of a dull report cuz again, I hate to, I, I wish I could give you like fully updated information, but these central banks, I mean they, some of them don't even publish until a month after.

So as I always say, right? So it's like, it's June one now and you're looking at monetary base values as of March 31st. And I didn't get them until like, at least start of May. So, uh, it's just how it goes. But anyway, you see that the Bitcoin comparable price at the level of each central bank's monetary base.

[00:31:00] So, uh, we're we'll soon pass India again, whenever we get on the next run. Switzerland should be pretty easy as well. Silver as well. We've passed silver before and uh, it's just, it just comes back to the, the old British pound. We probably, did you see the 64,000, like we did get above 64,000 right in, I think November, 2021.

But, uh, we never closed. These are always month end closing sort of data. Sets, right? So we've never closed ahead of the British pound ever. That's the last mid-major currency to take, to take down. And then coming

**Marty:** for the pound, yeah, sorry, go ahead. I think, I think we'll get the pound in 2024.

**Matty:** It would be great.

I would be, I would look forward to that, that, uh, quarterly update. We'll have to, you know, shit, talk to all the BOE people, Mark Carney, wherever he is doing his, his, his green energy company. [00:32:00] Oh shit. Initiative, uh, all these jokers. So yeah, it's real, it's real stuff. I mean, this is like, this is where, this is where I do think you gotta be a little bit rigorous and go through the numbers, which like nobody apparently does, which is hilarious.

Like, you cannot find this stuff on, like, bank, bank for international settlements, imf, they don't track the monetary base. But it's, you can basically think of it like the central bank's balance sheet. There's a slight asterisk. One asterisk for the, uh, for the dollar because they have this huge reverse repo facility, which you can basically think of.

It's like base money for non-banks, money market funds, hedge funds, basically institutions and entities that are in the market that don't have a banking charter. And sometimes they can even be like a sister company of a bank, but they just, they themselves don't have a banking charter. And the Fed has even opened up their liquidity to them.

And there's like a 2 trillion [00:33:00] plus repo facility. It's a repurchase agreement for the Fed. It's a re reverse repurchase agreement for these companies. But it's just insane. So like the Fed's balance sheet is actually, I mean, it was, it's, it's closer to 9 trillion. 9 trillion. Um, this is only the money that exists, the core of the banking system.

That's what the, that's what the monetary base means. So that's why, that's why, yeah. But the Fed is just doing, doing crazier and crazier things. And it has for the last few years, as you know. Well, speaking

**Marty:** of the crazy things with the reverse repo and the entities that have access to that market particularly, that was one of the insane things that happened after the spasm in 2019.

That's when they expanded the access to that pool of money to these They ex

**Matty:** they they blew it up. Yeah, pretty much from there. It was, it was like up and down. It was higher, uh, a little bit before that, and then it was coming down just like the rest of the balance sheet right after. And this is another thing, like I always say try to be rigorous.

Like how many Bitcoiners, I've said this a thousand times if I [00:34:00] certain me saying it, but Bitcoiners from like 20 16, 20 17, it's like all the Fed does is print money. Print money. No, actually they weren't at that time, from 2014 until that moment that you described the spasm in September, 2019, they were keeping their balance sheet flat or declining it.

That means they were keeping the monetary base flat or declining it, decreasing it. Uh, and it was solely to just try to get back to normalcy. That's what they said they wanted to do, get back to normalcy and they couldn't do it. And that, I think that surprised them that so many non-banks caused that repo rate to skyrocket that they're like, holy fuck.

Like, we gotta do, we gotta do something with them too. Like we thought we were, you know, just dealing with a banking system and now we have to deal with them. And so all of the non-banks now, like the Fed basically has a facility, it's a base money facility for non-bank. It's not going out into the economy, but it's not good either.

It's, it's just a bailout, like, park your money, we'll give you, you know, a safe interest rate. [00:35:00] Take it. It's good, no problem. Like there's no question that's gonna be inflationary down, down the line or just wreck, you know, well cycle.

**Marty:** Well that was, that was a rumor in 2019, is that it was like a point 72 millennium, I believe, Citadel as well.

They got into trouble and that's when they expanded the facility. Um, of individuals and entities that have access to the reverse repo, and they included like the F I c I believe, which is like a proxy for those hedge funds. And so essentially they were funding hedge fund margin balances, um, that obviously were going into financial assets.

Yeah.

**Matty:** Yep. Absolutely. It's, uh, it's just a spot where they can park cash. I mean, they don't, they don't, uh,

you gotta be careful with some of that because like if you just go back to the [00:36:00] traditional money multiplier, right? Or like the, uh, what banks would traditionally lend, uh, how much they might issue fiduciary media beyond the value of based money. That's the, that's the money multiplier just in the traditional banking system.

Even today, like there are many countries, the European Union is one of them. I mean the zone, the Eurozone countries, EC B, uh, many, many central banks that don't have a reserve requirement at all. And until March, 2020, the US was actually one of the rare countries that had one for the largest banks, and it was 10%, 10% re reserve requirement.

Um, all of that's just gone out the window though, from Covid. I mean from Covid. It's like, whatever you want to do, we're there for you. Don't worry about it. Uh, you know, store, if you need to put liquidity and make, you know, give yourselves a trustworthy counterparty, why go anywhere else but us? And that's basically what's [00:37:00] what's happening.

Um, you can ar you can, you can say that, uh, it's like they can margin that up and go outside. Like they, but actually for the, for the non-bank, it's a bit more really for both. For the banks and for the non-bank. It's a bit more, uh, You never know. You know, like everybody's trying to be, like, if you actually look at the reserve ratio, it's huge right now.

I mean, there's, there's a lot of base money in the banking system, right. Which you see is right there in that the chart that I, that I showed the bar chart, that 5 trillion, five, 6 trillion, uh, even just looking at that, not the, not the repo facility, it's just sitting there and they're not lending out like they were before 2008 even.

So, um, well, I, I dunno, it's just a long-winded way of saying like, you never know what's gonna happen, but for sure the central bank doesn't know what's gonna happen and they're, the more that they increase [00:38:00] this base and then the more they increase the, like, the base of the non-banks, which never happened before at all.

Like just giving them this security, this feeling like, okay, if you really need it, you can come to us. There's just lots of unintended consequences that will. Come from that. And that's the, that's again, that's the theory of like free banking. Like if you didn't have this entity, you would have many other banks that would've just failed very quickly, would've been over with, been done with, and, and that's it.

But just keep kicking the can down the road. That's the, that's a long-winded way of saying, I guess how I'm viewing it. Well,

**Marty:** two things here. You mentioned that first I've been paying attention to, I mean, a lot of the talk around the debt ceiling and the massive need to roll over a bunch of treasuries in the coming year has stoked conversation about the treasury being able to, uh, put their hand into the reverse repo markets to fund [00:39:00] their operations.

**Matty:** What's, what's the mechanics there? No, I haven't, uh, like the treasury themselves. I mean, the treasury, the way that the banking usually works is still through the Fed. Like the treasury has an account with the Fed. Um, They could, they could expand the treasury's balance sheet like they did during, uh, covid.

During covid. They basically issued all this subsidy, right? They issued it all out like pump money, pump, pump, pump. Like all this, uh, like the be, the easiest way to think of that is the stimulus check. All right? So when you have from the treasury a check that's like, which is hilarious, that the US still uses checks so that we'll wanna do it with CBD C eventually.

But when you got a instrument from the treasury that says, okay, this is money you can put it in your bank account, it's a check, right? Uh, once they couldn't sell enough bonds in the free [00:40:00] market to cover that amount of money that they had to put into the bank, so they needed the fed. Yeah, to do it themselves.

So the Fed, uh, basically just credited their account and bought the bonds directly, which is totally something that they never have done before, ever. I did a, I did a video on this, on my, uh, on my channel. People wanna check it out. Uh, and um, once they pull

**Marty:** up the tweet, Logan, cuz this is what

**Matty:** I'm referencing, don't once you don't, once you deposit those checks, it comes down, but it takes time.

Yeah.

**Marty:** Um, so this is what stoked that don't let Claire tweeted out last week and I saw other people talking about it. Um, will the treasury look to replenish its coffers by issuing short dated paper at higher rates, which will likely be neutralized by drain and reverse repo? Oh. So that turning over of short data bonds with a higher rate will force people to seek liquidity in reverse repo.

It's not the treasury directly. Accessing it.

**Matty:** Well, every, yeah, everybody's trying to figure out how to do [00:41:00] that right now. I mean, like, that's, that's the story of SVB as well. That's just higher dated bond or, uh, high, you know, shorter, uh, excuse me, rising rates with longer dated bonds. But in the short term, you're gonna have to revalue your books at some point.

Uh, that's, that's where all the pain comes from, and that's obviously where the madness happened in February, March. Well, that's what I'm looking for

**Marty:** right now is when we last record. It was before or after. That was the second thing I wanted to ask. Did the banking failures happen before or after, or last, which was

**Matty:** probably before, but, um, the, the, the balance sheet did expand.

They took it down, uh, a few hundred,

uh, billion. I'm gonna make my, my. Numbers correctly. I'll just look it up. They peaked at 9 trillion. All right. So again, [00:42:00] count all of it. Count the reverse repo, count the, um, monetary base. They almost hit 9 trillion, and then they reversed it just before the banking collapse. They, uh, or they're trying to cut it down.

Then just before the banking collapse, they raised the balance sheet again, like by 50% of what they had decreased the balance sheet by. So basically they, they lost 50% of the effort that they had tried to make, basically in all of 2020, uh, two. Yeah, the famous Jackson Hole speech, all that stuff, like, I'm gonna raise rates, which he like told everybody would, that was kind of a pivot from what he'd been saying for years before.

And yeah, I mean, when you raise rates, you're gonna have lower values. Now, of course, people aren't taking these losses. All of 'em. You don't have to. I mean, like JP Morgan's not taking it. They have a big mark to market. Non-market to market losses, I should say. Um, you don't have to take the [00:43:00] loss, is what I'm trying to say.

So they're, they're, uh, it just depends. It depends on how much, uh, people trust your, your banking system. And I mean, the f the fact that you have this central bank that's just stepping in all the time to bail out, it's just a, another horrible signal to the market. Whereas if, again, if you just, if you just let banks fail and work through it themselves, it would be okay.

But, you know, there's, there's plenty of history of this in the United States too, of them screwing up. You know, it's like Canada had a free banking system and they, uh, had a worse great depression, higher unemployment than the US had in their great depression. And like 10,000 US banks failed in our Great depression in Canada.

Do you know how many banks failed in Canada? No. [00:44:00] Zero. Zero zero. They had no, they had no, uh, central Bank. So, uh, you know, the, the system was just much better, much better, better regulation. It was more, uh, decentralized. It was more, I mean, the US just had a horrible, like all these thrifts that, like you, you couldn't branch between states.

In the US before the Federal Reserve, the Federal Reserve was the first bank besides the first and second National bank, which, which Andrew Jackson stopped the second. But, uh, the, the prior two central banks, there's a Bank of North America as well, but prior, uh, that was before that was colonial time. So the prior two central banks during the course of the United States, they were the only banks that could branch, uh, interstate, like go, go beyond, you know, the Fed, the.

State Charter banks. Yeah. East, the east coast. Yeah. Yeah. No state chartered banks could branch and often, I mean, most of the time they couldn't even, they couldn't branch at all. Not even just [00:45:00] outside of their state, but outside of like their cities, the most unbelievably stupid system. That was the national banking system.

And um, so, you know, you had all these bad banks that had no idea what they were doing. They had no idea like how the economy was in the neighboring market, in the neighboring state or whatever. And so the Federal Reserve was the first bank to branch. So it was like a great example of the United States.

Just again, taking a cue from like the worst Keynesian teachers of history, like saying, oh yeah, this is great. Look, we need a monopolized federalized bank. That's the one that can branch, uh, it's gonna be great. You know, everything will be fine and safe and everything. And then 20 years after it was founded, the F banks were actually going to the Federal Reserve to take loans.

They don't do that now, but for the first 20 years, which no one talks about, During the creation of the Federal Reserve. That was, that was what the discount rate was called. They would go to the discount window to the Fed and they would just, uh, draw on the Federal Reserve. They would take loans from the Fed and that, and that caused the, uh, [00:46:00] the Great Depression.

19 33, 19 13, 19 29. 1929. 1929. Yeah. October 29. Yeah. People give different end dates, but I mean, some people argue it didn't end until World War ii. Yeah, so,

**Marty:** well, that's the other thing too, like going back to like perverse incentives you mentioned just let the banks fail. And that's like the weird thing that the Fed has done this year particularly.

It's like, it's let certain banks fail and others not.

**Matty:** Yeah. Uh, but that's not new. Right. Lehman? Uh, aig, like you had these different, uh, WAMU samples, right? Wamu, yeah. Like different, uh, examples of, you know, Banking and financial services industries where some were looked on more favorably, some weren't Bear Stearns obviously.

So, uh, they just, they've been fucking that up for years and I think probably go back to like L l TC M, long-Term Capital Management. [00:47:00] This is Jim Rickard's firm. He was a lawyer there. Um, in the nineties they had a big blow up. Um, and they were, but even you go back before that, you go to the savings loan crisis in the eighties, they were bailed out.

It's just they're always bailed out again and again and again. They're bailed out. So that is an important point to keep in mind is that it's just nothing new. The regulated, centralized entity that is the Federal Reserve will always come in and bail out, and that will give more distortion to the, uh, to the system and anybody that's trying to work with it and work with banks that are in it.

**Marty:** Yeah. I'm not being rude here. I'm looking for the particular chart. I'm sure you've seen it, the bubble chart of the magnitude of the banks that have fallen this year compared to oh eight.

**Matty:** I'd like, yeah, let me find it. Yeah, it's uh, it's a good example because it's, I mean, that's biology. Biology exposed to that one a lot too.

That's [00:48:00]

**Marty:** like the crazy, the crazy thing right now is how massive this banking crisis is compared to oh eight already, we've only had five or six banks fail.

**Matty:** Mm-hmm. And the value of those banks compared to the value in oh eight. Yeah. You're comparing different, you know, oh $8 versus 20, $23. But the value of those banks is much bigger.

Much bigger. Yeah. I can't find

**Marty:** the chart, but I'll search for it. Um, I wrote about it somewhere.

**Matty:** I have it. You got it? Yeah. Let me, uh, can I put it in the chat? Yeah. Or I can just do it myself.

Actually, I'm not set up. Can you take an email [00:49:00] on your phone or, or you guys get it ready? Yeah, we need telegram. I don't have it set up. I don't have it on this computer. Will the email work or no? Yeah,

it's coming. There you go. Anyway, this is one of 'em That's not the, uh, it's the bubble chart. It's not, there's a, there's a bar one too, but it's, this is, this one actually is better. Logan's Got it. Uh, it's different than one I sent you, but yeah, that's also good. It's the same, same, same deal. Yeah. But if we look at this,

**Marty:** we have wamu, the biggest bang failure in US history on the left, that big circle around oh eight, and then fast forward 2023, and we have the second, third, and fourth

**Matty:** biggest.

Yeah, the WAMU is actually bigger. It's funny on the bubble that I sent you, how much is WAMU on that one? I can't read it. How much is Logan?

**Marty:** Three oh

**Matty:** 7 billion. [00:50:00] It says 4 27 on the one I sent open up. The one I sent to you. It's, it's in color. It's a bit, it's more interesting, uh, because you can see the, it's kind of weird actually.

It's, it's 4 27 here. It's bigger regardless. Uh, it, you're right, WAMU was the only major one compared to these three.

Yeah. That's like, do

**Marty:** you think the banking crisis is over or are we just in a

**Matty:** Oh, hell no. I mean, it's like in the eye of the storm. That's the same thing as always, right? I mean, like, it's gonna be more uncertainty, gonna have to lower rates. Lower rates are gonna cause problems and they have to raise rates.

I mean, it's just the same charade again and again and again. Uh, I do think that as we were just talking about all these facilities, all this implied security that you're getting, uh, [00:51:00] on one level and then on the other side, uh, the, you know, the other assets that are not as secure as a bank reserve, right?

Which is the base money asset, but like, have a term to them and have interest rate risk, have duration, risk to them as we're talking about. I mean,

oh, you know, I'm not a fan of measuring inflation. Per se, like as the uh, the price inflation, right? I mean, there's so many different indices you can find. People argue about this ad nauseum. I mean, you can look at like chap index, which is like, I think one of the better ones really good shows you. But then you can look at like some crappy Federal Reserve one.

You can say, look at John Williams, who's not really publishing anymore. But he was always saying it was at least double the inflation. The real price inflation rate was at least double what the Federal Reserve and the bls the government agencies published. So you have that issue, you have that problem.[00:52:00]

And you know, that's just different for every sector of the economy. Not only every sector, but you know, every type of economic actor, whether you're a household, whether you're a business, whether you're a government actor, which is way too big at part of the economy at the moment, right? So that's the problem, is you get your, your asset value of your books are really gonna get crushed, even if you don't have to realize them.

Those losses immediately. Due to some banking, again, bad banking regulations, um, it's still gonna bite you at some point. Those out of whack, uh, maturity values, I mean, it's still like, ah, where did I see this? I mean, Fanny and Freddy are still just these most zombie, like the debt on Fanny and Freddy to this day is just insane.

It's never gonna get paid back. It's an insane amount of debt. Trillions, hundreds of billions. Trillions, trillions, trillions. It's, they're the biggest debt, uh, holders like in the world. Private, [00:53:00] private, I mean, it's public private partnership, but they're, they're the biggest, the companies with the largest debt in the world, still Fanny and Freddy, and that a lot of that zombie debt is held as an asset by the Federal Reserve.

They hold the at, at the asset side of their books, but who holds that liability? It's Fanny and Freddy. And these are just, it's, it's just, that's your perfect example of how this, this, this plays out, right? Like if you wanna know what happens, 10 years from now. Look what happened with Fannie and Freddy.

Their only solution is to zombify more banks and non-banks at the moment, which is what the problem with this reverse repa facility. Just let 'em all fail. That would be the normal free market, free banking solution. Uh, that would be the normal thing to do. Yeah.

**Marty:** Well, like bring this back to treasuries too.

I'm not sure if we discussed it. I, I checked, that's what I, one of the things I was checking last time I recorded was March 23rd, so the banks have failed.

**Matty:** Oh, like a week before? Yeah, yeah, yeah. Like a week [00:54:00] before

**Marty:** you. But with the debt ceiling getting raised again, or about to be raised again, the conversation has shifted to treasury markets and the fact, again, I mentioned it earlier, but at some point over the next two, three years, a lot of the treasury debt is gonna have to be rolled over.

And if interest rates stay where they are at significantly higher rates. Yeah. Uh, and then on top of that, on top of that, excuse me, you have Janet Yellen coming out and choreographing that they're gonna open up the, the treasury buyback window for the first time since 2001 in early 2024. So one, what does that rollover at a higher rate mean for the financial health of the United States?

And then number two, what does the treasury buyback window opening up in 2024 signal to you?

**Matty:** Nothing. Good, man. I mean, I, I can't, I don't, I don't have a curse to the ball here like everybody else. That's [00:55:00] why I prefer the trend lines of the Bitcoin price. Uh, it's the most reliable. But, um, yeah, I don't know.

What are your thoughts? I can't, I can't. Like, uh, I think we, we, the, what we just discussed, this is probably a good way to summarize it again because I'm gonna find it for you. The Fanny and Freddie. Values. I mean, it's just, it's just a ation of already illiquid poor, uh, made bad decisions, yet we're gonna decide to bail you out cause we don't wanna take the pain situation.

Uh, that's how I would, that's how I would, again, reiterate it.

**Marty:** Yeah. Well then, but it also, like, it sends a signal to me at least, that we're close to the end game. Because if you have to roll over something like 50% of the treasury market at the rates that they're at now, if the Fed doesn't reverse course, obviously that increases the, the payment on the interest that we owe for the debt.

And then the treasury buyback opening up is [00:56:00] yelling, essentially signaling like, Hey, nobody's gonna wanna buy our treasury, so we're gonna have to buy them ourselves. And if you have to refi roll over the, the treasuries at these rates. Like again, when we're talking about the amount of debt that we are now, 30 trillion, arguably it'll be a bit higher than that when, when the rollovers start.

Like those are significant increases on the interest payments owed by the federal

**Matty:** government. Look at this. Uh, I'm just, I'm doing on my phone here, I'm sending you this. You've seen this website. It's actually pretty good. It's called Companies Market Cap. I have no idea if it's the same dude that did Coin Market Cap and sold out to Binance.

They explicitly say on the website, we are not associated with Coin market cap, but, uh, they do pretty good scraping of data and put it together in a helpful way. I sent you a, uh, Freddy, by the way, I found the [00:57:00] chart that you were, uh, the actual generator for the chart. Both the inflation adjusted and the absolute value.

Ah, that's what it was. Inflation adjusted. Yeah. Got it. Cool. Makes sense. Again, although I'm sure they're inflation adjusting it in a poor way, but you know, that's just me again, harping, holy shit. Shit. Look at that balance sheet size of Freddy. It's,

**Marty:** it's, it's 3.17 trillion right now.

**Matty:** And, and in 2010, after the full bailout, look at that number after 2010, 2.3, like, what are you doing?

What are you guys doing? I mean, this is, this is all you need to see right here. This is the, it, it follows perfectly as you, as I was saying in 20 14, 20 15, 20 16, they actually tried to normalize. You see that their debt levels fall here as well, and now it's like 80% higher [00:58:00] or whatever that turns out to be right.

It's,

**Marty:** it's, uh, 60% higher. Yeah,

**Matty:** 60% higher. Uh, probably 80% if you took the nadier like the, you know, 2015 level. But from the, the height of the post-crisis, right? 20, uh, you know, it's 2010 level there, 60% higher. It's, this is, this is the insanity. This is all you have to see right here. This is a great website by the way.

Really, uh, respect to put this together. I don't know how they're doing it, but they're like, you can, you can sort by market cap, you can sort by debt, you can sort by revenue for like a plethora of companies. It's got, and it's

**Marty:** got 8 billion in market cap in 3.1 trillion

**Matty:** in debt. That's insane. Oh my God. So what is that?

**Marty:** 10? 10? It's a hundred.

**Matty:** Open up, uh, times three in

**Marty:** the search. Hundred x debt

**Matty:** in the search bar. Go to Fanny. Do [00:59:00] Fanny, do Fanny in the search bar.

F A N N I E. Yep, you got it. And then over to the on the more that's market cap, go to the more in total debt.

I mean, what are you guys doing? Like, no, no one even, no one even no one even knows about this. No one even talks about, these are the largest, this is the largest debt in any company in the world in their,

**Marty:** in their market cap's 1.87 billion. So that's like a 3000, 4,000 x. Like

**Matty:** it's, that's not going down, man. How do you unwind this? I care. How do you unwind this? You do not. You do not unwind. It's mation. I mean, it's what we've been talking about for five years now.

**Marty:** Well, are debt Jubilee on the table? Like do they

**Matty:** need to [01:00:00] be? I saw Arthur Hayes mention that with, uh, Peter McCormick.

Um,

**Marty:** what are your thoughts on that?

**Matty:** Jubilees? It has been a thing, uh, it has been a thing. And, uh, like when you look at that,

**Marty:** it's like, yeah, what are we

**Matty:** gonna do? The, the problem there, of course is like, you're having the people that caused the problem solve the problem, and are they gonna solve the problem in a fair and equitable manner?

Like, the answer is most surely no. Um, on the other hand, we, we haven't had like this sort of a, uh, choose my words carefully here, a well-oiled, uh, fiat machine in a digital age. Like we've never had that yet, right? The next step would be the CBD c and I'm sure you talked with the biology about that. You know, then you could, you could grease the skids even more very easily.

Like, you don't have to do checks, just airdrop. Cash all the time. [01:01:00] So they, there, there are still options to get people by and to pay. It's just you gotta optically manage that price inflation risk on the other side of it while you bail out the same people, uh, you know, simultaneously that are causing all the problems.

Well,

**Marty:** we did talk about this and, uh, you're not gonna be happy, you're not gonna be happy to prepare yourself. PLO thinks fentanyl is a cbd. C essentially.

**Matty:** Oh my God. Pull up. He even said, I saw a tweet from him a while back where he admitted that it's

**Marty:** not. Well I saw a tweet from a while back where he admitted it's functionally not, but Logan go to the, the pictures in this tweet. So if you look the fed, fed now's in the middle of all this, everything touches it.

Yeah. Actually what's important is the next, the, uh, explanation here. Um, next. The next picture, there's more [01:02:00] pictures. Yeah. This one, zoom in. Uh, step three, the Fed Now service validates the payment message, for example, by verifying that the message meets proper format, specification specifications, and complies with applicable controls.

So he's pointing at this particular line in saying that there are particular controls that people integrated with Fed now have to comply with, which is, have you

**Matty:** heard the term, have you heard the term intermediated cbd? C No. It's, uh, it means that the banks themselves are kind of like playing around with CBD C but you and I don't, uh, touch it, like, have the cbd c don't touch it.

It's kind of getting there, but it's still not okay. I mean, I, I, I'm just like, I, I'm not defending Fed Now I'm not defending like any of these things, but, but the. Europe has had the exact same system. It's called SEPA for 15 years. No one has been up in arms about C B, C. What's going on right here with this?

All it is is a program that certain [01:03:00] banks can apply for. And once you apply for it, like you said, if you meet the formats of this tokenized message system, whatever you wanna say it, I mean, even the word token was probably a, uh, would trigger people or something. It's, uh, it's still, it's not, it's, it's intermediated.

It's, it's like a clearing house working together with the banks. It's, it's just not a c it's not a ledger that everybody can hold a CBD c on their phone. It's just, it's just not, it's uh, um, sep not defending it. Seppa in

**Marty:** Europe. And then there's like U p I in India, Vietnam, I believe. Yep,

**Matty:** yep. I think it's similar.

I didn't know that's in Vietnam, it's called the that as well. But maybe, uh, I'm, I'm sure they have something like that. I mean, they're communists, so the more communist regimes will absolutely love this as we know, because the, it's the more control you get, the more control that you have. Look, we're we're talking about all this.

We're, we're doing this shameless plug. We're doing the CBD C tracker for the Human Rights Foundation with, uh, Janine [01:04:00] from this month in Bitcoin privacy. And, uh, Nick Anthony from the Cato Institute, you know, working with Alex and people to Human Rights Foundation, uh, to create it. So by the end of the year, we will have one and you'll see, but it's just not, I can't put it on.

It's not ma like a cbd. C This is great. Let's, this is good. You brought this up. Okay. A CBDC is an actual thing that needs to be recorded somewhere. Okay. It needs to be recorded on the Fed's balance sheet. That is the supply of the money on the monopolistic money supplier's balance sheet. What Fed now is, is playing around with the bank reserve portion.

All right. It's like I said, I told this with Peter McCormick, right? It's like, you're Wells Fargo. I'm Bank of America. Old school checks. I have a billion checks I send to you. A billion dollars worth. You have $1,000,000,001 worth of checks that get to me by the end of the week or whatever. When we filter it all out and we know that this is the day that we want to clear these, we only need to clear $1.

[01:05:00] That's how it works. That's how bank reserves work. That's how the, that's, that's why base money or like that is the, is the core system. It's just I'm not defending the system. I'm not defending the monopolization of it. It'd be much better to clear with gold or Bitcoin for sure in a free market system.

No question. Or have just something like lightning and other things. Yeah. I'm just describing it. But the CB like Fed Now is a C B C. It's just a slight changing of that current system to make clearing of bank reserves faster. That's all it is. It's like instead of the analog checks where I have a billion dollars in checks to send to you, you'll have $1,000,000,001 checks that you've already sent to me.

Like they're in my coffers. They're in your coffers. We like, all right, we wanna just be done with this. Let's set all our liabilities. Uh, You owe me $1, right? Or I owe you $1. I can't remember my example. Regardless, you get the point. You just, you settle and it takes time. Like you do this a day end. And even at that, you know that you're two or three or four, maybe like a week out from all those checks making their way into the, [01:06:00] to the teller's offices and the banks, all this shit.

It's like completely antiquated. So all that Fed now does is it automates that with a central clear, which is the Federal Reserve, but that was the Federal Reserve already. It was the Federal Reserve already. So again, I I I'm just saying it's not, it's not like Europe has had this for 15 years and they had SEPA instant for five years, the same exact process.

There's nothing. So A C B D C, it is also going to be a liability on the Federal Reserve's balance sheet. Just like, um, sorry if it sounds like I'm getting exasperated with this with you. Obviously, you know, I'm not, it's just with people that talk about this, you know, like there's physical currency. And there's those bank reserves.

Those are the two things that make up the monetary base there. This will be a third thing, a third line item on the Fed's balance sheet, central Bank digital currency. And the example that I always say is, before people run off and get to crazy ideas about cbd C, don't forget about cb pc [01:07:00] Central Bank Physical currency.

That's also included in this monetary base update. I didn't even tell you the number by the way. This quarter's 28 point, it's 28.2 trillion. That's the, that's the latest number. It's a little bit down from prior years. Cause the dollar's still strong, stronger, it got up to 30 trillion. But the, how much is the physical component of that monetary base?

9 trillion. 9 trillion equivalent. That's not 9 trillion bills. That's 9 trillion of dollars. Only like 2 trillion of that. It's, it's 9 trillion, uh, Euro un, you want every fucking currency in the world, the top 50, but that's like mass. Vast majority of the value. All right, so. Don't forget about CBP C, this 9 trillion worth of fiscal currency in the world, and it's growing at 10 and a 5% per year.

It doubles faster than seven years. And that is a 50 year trend. And that trend is increasing. That trend is going up, it's not going down. So no matter whatever anybody tells you about, if people are or aren't using physical cash, they are, just look at India [01:08:00] from four or five years ago. Remember that they tried to demonetize the 501,000 Rpy notes.

Yep. That money supplies up three, four x, maybe three x from that amount. So point is physical. Physical currency is increasing much faster than you even realize. Like no matter what anybody tells you, CBP C is a part that that is a physical thing on the balance sheet that they have to account for. And by the way, global population increases one and a half percent per year over the last 50 years.

It's doubled once. So think about that when you wanna talk about purchasing power. Those are the real numbers. Like to think about like physical currency doubles every seven years. On a blended weighted average. Us as people, we have doubled once over the last 50 years. We've gone from four to 8 billion.

So just think about that. Um, that's the first thing. Second thing, just very quickly is that banks are gonna hate this system. Sorry, my daughter just woke up. Can you hear the background? She needs little bit. She needs a bottle or no? No. My, [01:09:00] my, uh, my, my wife's got her, but, you know, just, uh, yeah. Can you hear that?

Yes, I can. I, okay. We, um,

**Marty:** probably muted. I haven't gotten sleep last two nights. Yeah. Had, uh, had the oldest in bed from 11:00 PM till, till morning, two nights ago. And then the youngest decided to wake up at 3:00 AM last night. He's getting an attitude now. He turns one soon, and he was this little lovable, just stayed, still laughed, smiled.

Now he's crawling, causing chaos. Slapped me in the face. It's incredible though.

**Matty:** It is, man. I love it. Love to hear it. How big is he? How much does he weigh? I don't know.

**Marty:** 22, 25. I don't know. Yeah, I think that sounds right. He's short and fat.

**Matty:** I'm sure he is a [01:10:00] lovable chap that gives you so much joy. It's a great thing, man. Really is the best thing I've ever done For sure. Can tell that to all the dear listeners and viewers out there. Um, just to finish the thought though, about the c the second thing is like banks don't like it, so, uh, well, like they're going.

The only other pla if you're not gonna take it from physical currency. All right. And, and bank reserve is not a real thing. Like, that's not for you and me, so don't worry about that. Uh, then, um, the only other place where CBD C could come from is. Bank deposits and banks own the Federal Reserve. Do you think banks are gonna be happy with deposits draining from their nice loanable funds to, uh, some finicky, crappy, uh, fed, you know, fed C B D C uh, app on their

**Marty:** phone?

Well, what they essentially become the same thing cuz with this banking crisis, we're [01:11:00] seeing the consolidation accelerate up until, it's funny too, they changed the vernacular. It's no longer too big to fail TB tf now it's sfi systemically important financial institutions. They, they changed the words on the go.

Emerging markets, global south, too big to fail sci-fi cfi, systemically important financial institutions. But it seems like particularly with the Fed policy, Posturing from Janet Yellen in the Treasury and then the F D I C that that leaked, um, video from November of last year. I'm sure you saw it, where they're like, people cannot find out how bad the banking system is and how little money we have to actually support the, the insurance we tell people we have.

Could you see a scenario where it consolidates into the CFI banks, JP Morgan's, Wells Fargo's, bank of [01:12:00] America City, I guess I think those are the big four. And then it's just like they're, they're okay with the CBD C because they have this buddy buddy relationship with the Fed and they're essentially just like a front end for the CBD C that is used as a, what's the word I'm looking for?

Um, when it's used to, um, God plausible deniability to say, we don't have a cbd C we have these banks. These banks are running the money, but really effectively it's a CBD C mm-hmm. With a commercial bank front end.

**Matty:** Yeah, I can see it. I mean, you're just talking about more nationalization of banking infrastructure and makes perfect sense that it's gonna happen again when I don't know, are we in the end game?

Maybe. You know, I mean, I, I've been telling you for many years, like never say ever, you could have been, you could have been that gold bug in [01:13:00] 1980, wait 20 years for that, that bull market turnaround. But it doesn't seem, when you stack up all the things in the negative column and then you stack up like the few things in the positive column about the whatever global financial system, but certainly the US financial system, uh, it doesn't seem.

Great. And certainly when we have the threat of even higher rising interest rates or the threat of more volatility in that, you know, and, and managing your book that way, none of that seems, uh, good. So I, I agree. Like it definitely could happen. It's a nationalization of the system and, uh, it's not gonna be good.

It's not gonna be good if a few banks are in control of our money. This is why we need Bitcoin. It's like the long road to failure of this generations and this like, sort of eras epoch of Central Bank money. You know, it's, it's like started 300 years ago, a a few holdouts, a few good countries, uh, you know, [01:14:00] for a time the best, you know, uh, sweet, uh, Scotland and Canada, Sweden as well before their, their central bank really wasn't like a central bank like the Bank of England's, even though they hadn't technically older Central Bank.

But, uh, oh,

**Marty:** we lost your

**Matty:** audio there.

Sorry, I don't know. I must have leaned with me button with a random, with no, with a random key. Yeah. Hit that. I don't know what what it was, but, um, what I was just saying, like the, the free banking systems have been great. Uh, they've shown us a lot, like I said, about how you can handle crises with not having a lender of last resort with all, not having all of this monopolistic marketing propagandistic stuff that you need to save people.

It's bullshit basically. So we've had that, we've had that, we have had the lessons, but despite all of the good lessons, despite all of the good free banking history, it has all failed. I mean, every nation in the world has a central bank. Right now, every nation in the world has a, or at least [01:15:00] some monetary authority that pegs themselves to another stronger currency, elected dollar, and.

We're, we're gonna continue to centralize. And I think that you're probably right that, like that's a very viable option. The few big banks they take over, they're able to manage their interest rate risk better. All of the non CB or whatever the other new ac you know, systemically important banks, the non systemically important banks will fail, get rolled up and yeah.

But this is, this is precisely why we need a free market, neutral money like Bitcoin. Yeah.

**Marty:** And speaking of which, let's get bullish on Bitcoin. Some things have happened, particularly the mining industry in the last few months since we last met, uh, due to the fact that they got swept up in the bankruptcy proceedings of block Fi and Celsius became known to the world that the Sovereign Wealth Fund of Bhutan has been stacking Bitcoin.

[01:16:00] And not only that, mining Bitcoin with excess electricity. At their hydroelectric dams. We had Marathon Digital here in the United States, announce a joint venture, announce a joint venture with Abu Dhabi city in the uae. Uh, so we have signals out here, nation state signals. Obviously Abu Dhabi's, not a, not a nation, but I think, I think we can sort of, uh,

**Matty:** it throw it in that bucket.

They're all sort of interesting over there in the UAE that they're trying to do as different cities. Yeah, so

**Marty:** the game theory seems to be playing out like pon I think is a massive signal because if they didn't get swept up in the bankruptcy proceedings, they probably would still be under the radar stacking Bitcoin, binding Bitcoin.

But that's been one of the longstanding thesis of hyper Bitcoin ization or [01:17:00] Bitcoiners in general. They say, Hey, The smaller countries that have little to lose much to gain by getting into Bitcoin early, will do so. And that seems to be, have been validated in the last few months since we last spoke.

**Matty:** We had a professor on our show from Columbia recently, and he's Iranian.

He thinks that's, it's possible he doesn't know for sure, but he thinks it's possible that Iran this as well as well, I mean, when you just add up everything that's happened to that country, uh, of course there's a lot of human rights abuses and things that need to be fixed there too. Uh, but you know, that's up to them obviously.

But, um, the fact that you're having so much, you know, the economic weapon used to be called so much sanctions by the western world against these countries. Yeah. They're gonna take, uh, take another avenue. So I, I think it's definitely gonna happen. I'm, I'm not the person to talk to, like, to really champion, champion those things.

I, I'm not saying that. [01:18:00] The examples you used are like super bad with human rights, but you know, I mean, this is the same story, right? China, Russia, like gold bugs use this. I think it's the most bizarre thing. Like, you know, we have bricks, box gold, gold back currency, and like gold, you know, old guys on Twitter like are tweeting about how it's great that China is stacking gold bars to this day.

You know, and like, I'll talk about this a little bit in Prague, some gold history versus Bitcoin, his, you know, Bitcoin history and what Bitcoin can learn from it. Um, you know, I, I just don't, I don't see that as, we've already had very, very bad examples in World War II with, you know, Nazi gold, um, and very, very bad centralization practices.

Uh, I don't know how you can possibly think that you're gonna have some salvation from a government that is a human rights abuser, communist, all the things that I hate. I don't know. About, you know, everybody, but I, I, I just, you know where I am in Eastern Europe, you know, my, my stance. [01:19:00] So I don't, I don't, I, I just don't think that that's like a, something to hang your shingle on that like this, okay, this is where it's gonna be.

Um, this is like, this is going to, this is gonna bring us monetary freedom. And I'm speaking from the gold bug perspective, right? And then when you add that to b, when you, when you transpose Bitcoin on that, I think it is different. It's different. It's definitely like there's more security in holding Bitcoin, even in a centralized way, mining Bitcoin, even a centralized way.

There's more resiliency there, but there's certainly just as much ease of theft by a corrupt, crony dictator. I mean, it's just as easy to steal Bitcoin as it is to steal your oil and gas resources. Is it? Which, you know, if you control the keys and you're mining it Oh yeah. I'm saying if you, I'm saying if you are a sovereign.

I'm saying if you're a sovereign, that's my only point. If you're a sovereign and you loot your country, country like Russia, Like Russia has stolen everything from their citizens. I mean, literally [01:20:00] all, you know, they're, they're the most resource rich nation in the world. And, um, look, I, I know a lot of Bitcoins love it when it's, you know, Russia could be the next great Bitcoin country like El Salvador or something like that.

I mean, hold Bitcoin on your own, hold control your own private keys, things like that. But I'm just saying as the sovereign, I don't see any difference necessarily compared to say, you know, we've had a bad, we've had a lot of bad track records of gold running countries. And by the way, United States isn't immune to that either, are they?

No. Executive

**Marty:** order 61 0 2, obviously 61 0

**Matty:** 2

**Marty:** in reverse. That's, that's, yeah, the difficulty adjustment Epox is indeed 2016. Indeed. But I agree. I mean, my perspective is, so I've wrote about this or I talked about it about a month ago. In the mining industry, it's pretty well known if you talk to brokers who are selling Asics, that some of the larger [01:21:00] manufacturers are selling more Asics to Russia than anywhere else in the world right now.

Mm-hmm. And yeah, some people can be like, yes, this is a validation of Bitcoins value prop, which certainly is. Um, but my perspective is like, hey, we need to get serious. And luckily over the last couple weeks here in the United States, uh, part of the debt ceiling deal, Nicks the excise tax on mining out of it.

That's good. Uh, here in Texas, the cap on minor's ability to participate in ancillary services, particularly demand response was nix as well. So we've gotten good signals that the mining industry, at least for now, uh, broadly in the United States, and particularly in Texas, uh, is going to be allowed to flourish to a certain extent as of right now.

But when I see stuff like that, butan. I'm happy. Mm. A nice small kingdom up in the Himalayas, getting smart, uh, increasing their economic wealth via of Bitcoin. Love to see that. Yeah. When like you [01:22:00] bring like Russia, Venezuela, Iran, China into the picture, I'm not like, yes. You have to objectively, um, recognize that it is a validation of a political money peer-to-peer network.

Hundred

**Matty:** percent. We can access a hundred

**Marty:** percent, but two, it's like, all right, we need to get serious here in the United States over in Lafayette about competing and not letting them outcompete us and the, the race to accumulate as much hash rate as possible.

**Matty:** Uh, I, you know what I'm talking about though, like, I a hundred percent agree with you.

It's just for mining. I mean, when you're mining Bitcoin as a nation state, like Yeah. Not the people aren't gonna be controlling those keys. No.

**Marty:** And that's why I think we have an incredible opportunity here in America to just, and, and we've done a great job. We have. Probably the most hash rate concentrated here, uh, compared to anywhere else in the world, which is good.

And that hash rate is owned almost a hundred percent I think. I don't think there's any like [01:23:00] states or certainly not the federal government mining Bitcoin by private entities, entrepreneurs. And we just need to keep fostering that and letting that flourish and send that out as a signal to the world.

Like, Hey, we're letting the free market take care of Bitcoin here. Um, and hopefully attract some great minds from abroad that wanna live in a free nation. Yeah,

**Matty:** completely

**Marty:** agree. Come, come to the country legally. Just don't walk through the border. Just get in line and do your stuff.

**Matty:** Completely agree.

There's maybe some municipalities, localities, like, uh, in Montana or something, were mining Bitcoin. This was like years ago. I'm just pulling this deeper memory, but like yeah, definitely not no state level that I've heard and, but, um, Even if there are loca municipalities, it's still better. It's much better.

It's still corruptible, but you know, not as, uh, regardless. Like I, I totally agree with everything you said, and, um, I think that that's, uh, that's what we gotta do. And also it's a [01:24:00] neutral money. It is a validation of it. Um, and it's in some way, maybe, maybe it can be better than like a gold, you know, obviously gold mines are totally toxic.

This has been discussed in many places, right? In bitcoin land, comparing gold mining to Bitcoin mining over the, you know, over the many ye, many years now. Uh, but yeah, I, I think it's, it's most laughable. It's most laughable when you get old, old gold bugs on Twitter, quoting about how awesome it is that bricks bucks is coming and, you know, China's increasing its gold reserves.

I like to, by the way, there's less central bank reserves. Sorry, it's one more thing. There's less central bank reserves now than in 1965. Uh, And the overall gold supply is about three x higher. It's like rough round numbers. It's like 2 billion ounces in 1965. Totally. Uh, like including jewelry. And now there's 6 billion ounces, 6.4 billion ounces.

So that tells you something right there [01:25:00] about the dilution of gold versus in central banks versus outside. And just in total, yeah, so

**Marty:** central banks were holding more gold

**Matty:** in 1965, in 1965. And that was a bigger con concentration of the total. Mm-hmm. Cuz there was only 2 billion ounces and they held more than they do today.

I don't remember the exact percentage, but now, uh, now the percentage is like a sixth of the total total gold. Maybe a fifth if you count, count available gold. But now it's like a sixth. It's about a billion ounces central banks hold and, uh, yeah, so it's like 50%, uh, in 1965. Monetary, central Bank, official gold.

Uh, now, I mean, gold has been, Three Xed in the last 50 years. Bitcoin can't be three Xed, no. Uh, as far as supply. So it's another great thing for Bitcoin. But yeah, I just, I I just find it hilarious that like these human rights, awful communist abusing countries and like these gold bugs I'm sorts like, yes Chuck stacking

**Marty:** gold bars.

I will agree with [01:26:00] the, the gold bugs, but not for the reasons that want me to, I want them to stack the gold bars cause Bitcoin is just gonna leap frog gold and let them go back to

**Matty:** that chart. $580,000 Bitcoin. Yeah. Let them accumulate,

**Marty:** uh, the analog Bitcoin and we'll, uh, the manual Bitcoin, whatever the, the pet rock these people like

**Matty:** to call it.

And we'll get the good hard rock. I love it, man. I love it. Good stuff. Uh, you wanna wrap it? Yeah, we can wrap more. I got just two, I got two stats for you. Um. Because I, I've been posting shorter threads. I used to post like 60 tweet threads and now I've been posting a little bit shorter, but I also think I'm shadow ban on Twitter.

Uh, people have been saying that, which is weird. I haven't really checked these third party sites, but they said that I have been, uh, the, uh, Turkey over the last year increases monetary base 65%. [01:27:00] You've probably heard what's happening in the Turkish le 65%. Yes. Uh, Argentina increased their monetary base 52% in the last year.

The Argentinian peso black market, I dunno if you've seen a chart of it, it's insane. It's, it's over 500. It's over 500 pesos per dollar, where the official is like 200. I mean, it's so sad. I mean, it's like ev, everybody knows there what's going on. They gotta get dollars, they gotta get Bitcoin. It's, this is a story that everybody knows, but if you just think about it in terms of actual percentage increase, it's 50 50.

53%, uh, increase of the base. And you, you can see the black market is at least double. Yeah. The

**Marty:** official rate. And Argentina just sent their, their interest rate to 97%, which is insane. Yep. Uh, one thing maybe we should talk about before we wrap up, what we were talking about before we hit record. The, uh, the Texas law that did pass down here, uh, is that Bitcoin exchanges, Bitcoin companies have to be fully reserved.[01:28:00]

And you were sharing a Tom Woods clip with Pierre about the taxology for full reserve. You're saying it's not

**Matty:** Well, they just fraud. I, I, yeah. I just, I'd like to hear, you know, some full reservists get their story together. It's basically two things. It's either, uh, it's fraudulent or it causes the business cycle, or it does both.

Uh, they can't agree on it themselves. Uh, there are many, many people that say that's the fraudulent side of, it's not the story at all. No one even believes that. No one talks about it. Uh, I got lots of quotes as I told you. The Tom Woods show is one of them because I, you know, I'm interested in this stuff.

I follow it. I, I like, I like freedom. I think banking is just one of these weird things where, walk us through the individual experience

**Marty:** arguments, fraudulent business cycle, both.

**Matty:** Ah, right. It's, uh, I try to do it in very, very short time for it period. [01:29:00] Um, the fraud argument is, I think, pretty straightforward.

People think that, uh, even though this has been li litigated on and adjudicated on for two millennia, uh, it's not recognized by the people, like primarily the followers of Rothbard that, um, my daughter's coming in here. Hey, sounds good. Hey, we're off camera. Um, it's, uh, It's not, you know, it's not, uh, recognized by the, uh, Roth Barian that these are legitimate market transactions.

I mean, Murray Roth Barden is the most famous person. He actually argued in man economy in state. His tome, he argued for the state to abolish fraction reserve banking. Think about that. An Austrian arguing. Yeah, an Austrian arguing that the state abolishment of fraction reserve banking is a good thing.

Again, I can think of no other [01:30:00] sector, business, anything where an Austrian wants government intervention to make the market better. This is the only one, and it's only for this sort of my, my buddy Fernando, old coast, he always calls it quick quicksand, right? It's like you tweak these words. You don't talk about assets and liabilities.

You don't just talk about normal market things. But this is fraud, you know? Forget the fact that we all sign a bank agreement. This has been two millennia of adjudication and legislation on this stuff. It's fraud. And then the Tom Woods quote that I posted, uh, he said this years ago, again, I wrote it down because it's, it's easy to, and it's a good point and I agree with it.

He said, well, the Australians, they don't like to argue that Rothbard talked about it, but we don't talk about fraud anymore. It's not, that's not actually where it's at. It's not fraud. But we do think that it causes the business cycle and the business cycle is just a part of the credit inter intermediation.

Okay, so there's two things. Fraud, I think I just addressed the fraud. Okay. And this is where I, I would not obvi [01:31:00] absolutely at all agree with any law from any state that encourages more government intervention in a business, in anything. So I don't know why banking is an exception. So that's, that's that, uh, the, as far as the business cycle theory goes, uh, that's, that's where most of them hang their hat on Now, I think most, you know, Follows the rothbard or followers of, again, I like stuff Rothbard says, I like his reading.

It's great stuff. He's great with the market. Uh, he's just got this thing about fractures. They're banking that he's like, he's really, he has a soft spot for gold, right? Macy's had it. Macy's never, never explained it in the way that Rothbard did. He was very explicit about that. He wanted a hundred percent gold reserve dollar standard.

Many things were written about that. But, um, in any event, uh, I think I addressed the fraud. The second thing would be, does it cause the business cycle? Because in banking you intermediate credit, uh, you're basically borrowing short and lending long. But when you're lending long, you're lending with a possible [01:32:00] maturity mismatch, right?

Where you have loans, which are assets on your book as a bank that could come, do, you know, like, like we have long dated maturities, right? 10 years out, but you have on demand liabilities. And this was precisely what happened to svb by the way, and especially in a day this day and age where, um, You have bank runs and you can have them on your phone.

I mean, I mean in this day and age you can bank run on your phone. That's what I meant to say. So you can very easily withdraw cash, you know, in 60 seconds. You know, this is fiduciary media bank deposit. You can transfer from one bank to another second bank if you have that bank account. Uh, that can certainly cause problems, all of which I would agree with.

Uh, it's just they go further and they say like, this causes the business cycle, this and that. All of those things I would agree with in the context of the Central Bank. And this is where the writings of George Sian, Larry Wake, come into, come into mind that when the Central Bank does all these things that we've just been talking about, the whole episode increases the base money with [01:33:00] no concept of how to deal with the demand for that money.

Because there're, you know, as Frida Kay says, this is the pretense of knowledge. No planning board can do this Soviet, if Union taught us this, no planning board can do this. No one. No one in the economy knows what the reserve ratio should be. The Federal Reserve, as I told you earlier, the 10%, which is only for big banks, some central banks have 0%.

No one even knows that. No central bank knows that. Like you gotta go down to the micro level, to the individual bank level, to a bank branch level. That's how you would solve these, these questions in my mind, in a, in a free market, in a free banking society. So, so that's, that's my response to them.

Hopefully it was clear, is basically, I completely agree that free banking, or excuse me, fraction reserve banking causes problems in a central banking context, but it clearly has not. Under free banking context, I sh I gave you the example of Canada earlier. Zero banks failing where 10,000 American banks failed.

You can go on and on and on. I mean the Scottish free banking systems for 200 years, they had [01:34:00] like 1% of gold in the vault. And compared to the bank notes that were outstanding, the deposits outstanding represented by bank notes. And that's simply because that's what the depositors preferred and that's how the banks worked out better.

And then the final, final thing I should say about this, which again, this is just coming off the top of my head. I wasn't, you know, thinking you were gonna ask me about this, but like, the, the Sacred Demand deposit, this is where it always comes down to somehow, like, I think after a lot of these guys, they're thinking about these things.

Okay, fraud, we, we can't really say fraud anymore cuz we do sign the bank agreement, but we have this sacred demand deposit. All right? It's sacred. We, it's, it's just a, a thing. Everybody thinks they have it, you know, uh, the ability to go withdraw their cash on demand. That's like false marketing. It's bad marketing, unfortunately, for these guys with this, uh, this idea, the demand deposit represents like 2% of all loans outstanding in the United States, maybe even less now, maybe 1%.

As far as [01:35:00] total money supply, which I've calculated as well. I've done videos on this, demand deposits prior. To 2008. By, by the way, the, the percentages I'm giving you are prior to the, the, the loans are correct, but what I'm about to tell you right now is prior to 2008, it has exploded as we talked about because there's no reserve ratio anymore.

But prior to 2008, apparently a fraction reserve bank is supposed to cause that crisis. The man deposits were sub 10% of the money supply, even sub 5%, I can't remember off the top of my head, but very, very low. And as a proportion of all loans, like one to 2%. So the demand deposits, they're just not relevant to this situation.

And even if they were, it should be up to a bank in a free market system to intermediate as they wish. And if you're an unru untrustworthy bank withdrawal, your money and that bank should fail. That's the, so that's the solution to the problem. And then you get into this circular recursive argument, because again, some people ignore the fraud thing.

Some people just focus on the, the business cycle thing. [01:36:00] And then as I just explained, both. And then let's say they of course disagree with me. They're like, well, no, but it's fraudulent. You know, even though I just said, uh, you know, you can withdraw your money. Everything I like, no, it's fraudulent. Yeah. But this is, we have a monopolized system, which I'm not a fan of.

If we had a free banking system, you could easily withdraw your money. And anyway, the fraud argument is like no one, no one even worth their salt will make the fraud argument. Right now, Rothbart did, and he turned a lot of heads that way. But as Tom Wood said in 2016, which is the quote that I made for like a decade, probably even more, no one wrote seriously about the fraud.

I mean, selgian and White just destroyed the fraud aga argument. It's just, it's destroyed. Like you sign a bank agreement and it's not fraud that you open up a bank account if like, why are you even holding a bank account if you think that it's fraudulent? And then if they say, oh, because it's a monopolized system, I agree with you.

But that doesn't mean that you should engage and fraud yourself if you think you're in some fr, you know, [01:37:00] fraudulent lending your money to the bank or whatever. So again, you get to these circular arguments, it's quicksand. I've already talked longer than I wanted to. I hope my point gotta cross. You gotta cross.

Uh, it's basic stuff, man. It's, it's not, it, I don't even find it intellectually stimulating anymore or interesting. Like, it's not, you know, it's a, it's a, it's a very, very niche, small abortion. And look, if you were, if you're a Bitcoin or you want fully reserve Bitcoin, fully reserve your Bitcoin. Withdraw your Bitcoin, I encourage it.

I do it myself. Use Multisig. Be private. Don't be an idiot of it. Like you and me doing podcasts. Be private. He's multisig. Be safe.

**Marty:** Uh, yeah, I agree. It's the more intellectually stimulating thing is just accepting all that and then figuring out how we can bring Hal Finney's vision of a free banking system built up Bitcoin

**Matty:** to life.

Um, may or may not happen. I'm even open to it. Not like I would love a lightning only world. You know, we saw some struggles with that, with the Ordinals right. On and off [01:38:00] ramps. We don't have to get into all that, but I'm saying I'm a, like I said, I think I might have said this on your show, I say it a lot, like it's not just, uh, it's not just, uh, a nuclear, it's like use net gas, use renewables.

It's certainly not just renewables know, like Germany. Germany already answered that question for us. It's not just renewables. So when you have this energy mix, you gotta use everything. And I would just simply apply that logic to scaling payments. Cuz at the end of the day that's all we're talking about is scaling payments.

Yes. And if you want to just go through this nonsense, withdraw your Bitcoin. Bitcoin makes everything easy. By the way. You don't own your Bitcoin when it's on exchange. You don't own nothing. You, but you have a claim on Bitcoin. We've talked about this times, Peter, Todd, Peter, Todd, Peter, Todd made a great quote.

He's like, what's the probability that you own that Bitcoin or something? And I'm like, you have 0% btc. You have 100% i o u. That's what you have when your Bitcoin is on a claim. When your Bitcoin is on in exchange, just like when your real physical dollars are in a bank, [01:39:00] you have a 0% title legal, you have no title to that.

All you have is a claim. It's called an i o U, it's called a deposit. It's called a mutual. In Roman times it's called a mutual because it's mutable. You get back something like kind, I dunno. On and on and on, man. It's, it's, uh, it's a, it's a dead argument as far as I'm concerned. It's not, it's not even interesting.

Bitcoin makes everything easy.

**Marty:** All right. So freaks you didn't have to listen to the last 10 minutes of the show is not interesting. So,

**Matty:** yeah,

I'm kidding.

**Marty:** It's always interesting with you, Matthew.

**Matty:** Thanks buddy. You as well enjoy Prague. Yeah, will do. Very much looking forward to it. Taking the fam, it's gonna be great.

**Marty:** Send my love to all, to all the Bitcoiners who will be in Prague next week. And uh, yeah, I think the next one should be interesting.

Q2 is what we got 30 days. [01:40:00] Yeah, the Bitcoin press probably will be flat, but I'm sure there'll be stuff that goes on between now and the end of June. Actually the end of July.

**Matty:** We'll do some different, we'll do some different interactive charts next time, not just the trend lines. Okay. We can do some balance sheet stuff.

We can whatever you want, man. Yeah.

**Marty:** Don't forget the Freddy and uh, Fanny balance sheets there

**Matty:** freaks. Yeah, it's interesting stuff. Look to that. It's a, it's a great site. I'd like to know more about who's making that and why, but, uh, he's ripping some interesting data, putting it out there for everybody. See yeah.

**Marty:** Zombie companies are everywhere. Don't be a zombie. Don't be complacent. Take full reserve Bitcoin into private keys that you control. Well, they're public addresses associated with the private keys. But you know what I'm trying to say here, Matthew, it's always a pleasure. Thank you for never It's short.

Congrats on five years. It's a big milestone.

**Matty:** Thank you, my friend. Really appreciate it. Marty. [01:41:00] How long do you think you'll

**Marty:** be doing this? Decades. A decade.

**Matty:** CBD C Tracker is just starting up, so let's see. All right.

**Marty:** Well, we'll still be here doing this as long as it's going on, so I know.

**Matty:** Yeah, I think we probably will.

**Marty:** All right. Go enjoy your night. I'm gonna go get ready for Rabbit Hole recap. Thank you freaks for joining in the live chat on Vita Everywhere. Peace of love.