# "The Establishment looks [at] cryptocurrency as a threat"

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The Establishment looks on cryptocurrency as a threat. Which it may be. To it. Not us. The status quote imbues the Establishment with power. Crypto really might be a threat to its dominance. I, an O.G. supply-side veteran of the Reagan Revolution, for one, hope so. You might too. Here's why. Crypto isn't a threat to the financial security and opportunity of us worker bees. To quote from a keynote speech to the Government Blockchain Association last year by Dr. Scott Stornetta, the co-inventor of the blockchain, the blockchain provides for a: "Government structure that does not rely on centralized authority and 'might makes right.' But, rather, a peer-to-peer system (talking about voting), set forth in a document to run algorithmically whose consensus outcome we would all accept."

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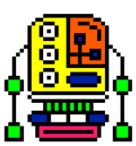

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About @ralphbenko

The Establishment looks on cryptocurrency as a threat. Which it may be

To it. Not us.

The status quo imbues the Establishment with power. **Crypto really might be a threat to its dominance.**

***I, an O.G. supply-side veteran of the Reagan Revolution, for one, hope so. You might too.***

Here’s why.

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***document to run algorithmically whose consensus outcome we would all accept."***

First, however, the future depends on whether the sector's "bored apes" activate IRL. They could ape into the political process. And dominate.

Our bored apes could just as easily miss the boat.

*The coal industry sat out the "war on carbon dioxide." Irrespective of what those of us committed to smart energy and pristine ecology policy may think, Big Coal gave its political adversaries a free hand to collapse their sector's market cap by over 90%, from $62.5B to $4.59B.*
*Don't think that such a collapse can't happen to crypto.*

It easily could if those whose enthusiasm for crypto, and interests, do not engage meaningfully and savvily. The banking sector spends something like $2B a year in lobbying expenditures and campaign contributions.

They don't do this for the fun of it. Cost of doing business.

Crypto doesn't need to be three-comma extravagant. That said, as of now crypto's advocates barely register on Capitol Hill.

The Hill is the fountainhead of all that comes out of DC, good, bad or ugly. The heck with *Where's Waldo*!

*Where's crypto?*

Back to the bored apes. The governing trope of the Bored Ape Yacht Club, a wildly successful (and valuable) NFT, as summarized by Rolling Stone:

***The project's name, Bored Ape Yacht Club, represents a club for people who got rich quick by "aping in" — crypto slang for investing big in something unsure — and, thusly, are too bored to do anything but create memes and debate about analytics. The "yacht" part is coated in satire, given that the digital clubhouse the apes congregate in was designed to look like a dive bar in the swampy Everglades.***

Can we get the real life "bored apes" – fellows (rarely gals) who casually made a fortune in crypto – to meaningful engage in the real world of politics and policy? Or will they continue just hanging out in their virtual dive bar, creating memes and debating about analytics?

If so, they may experience "easy come easy go" good and hard.

***I recently joined the American Blockchain PAC as its senior counselor.***

*Its purpose is to help Congress formulate legislation, and telegraph good regulatory policy, for crypto. This could allow the blockchain to help foster the kind of economic growth that America, and the world, enjoyed in the 1980s and 1990s.*

We have not seen that kind of prosperity, sustained, since the turn of the millennium. The economy, for us worker bees, has been cruising at around half speed for a generation.

Crypto, if Congress lets it, appears to have the potential to restore the sizzling economic growth rates of the Reagan and Clinton eras. Crypto, the infrastructure of Web3, could be "Supply Side 2.0!"

Fast-growing equitable prosperity would not make the experts who've stewarded the sluggish 2000-2020 era look good. So, it's not in their interest to do a *mea culpa*.

We supply-siders (of which I am one of the last living O.G.s) were roundly ridiculed. But consider…

Albert Einstein probably never said that compound interest was the strongest force in the universe. If he had, he would have deserved to be awarded a Nobel Prize in economics (had it existed in his lifetime) to accompany his Nobel Prize in physics.

Why?

Presidents Reagan and Clinton applied "supply-side economics." That's shorthand for policies of a stable dollar and lower marginal income tax rates.

The Establishment fought it tooth and nail.  Nevertheless, we persisted. And prevailed.

The American economy then grew at close to (and even above) 4%, real, a year, year after year.  Since Clinton left town economic growth has clocked in closer, on average, to an anemic 2% a year.

The difference between 4% and 2% may seem a trifle. Yet as Napoleon once actually said, "From triumph to downfall is but a step. I have seen a trifle decide the most important issues in the gravest affairs."

A 2% shortfall compounded over 20 years leads to a stunning cumulative deficiency. US real GDP in Y2K was around $13T.

It is now approaching $20T. Had real economic growth proceeded at the Reagan/Clinton 4% rate, America's real GDP would now be around $30T.

Assuming spending restraint, that could mean the federal budget, without raising taxes, would be at or close to surplus.

Because of two decades of persistently anemic economic growth instead we have yawning federal deficits. The federal budget achieved a robust surplus under Clinton. Let's make it happen again.

At somewhere between 3% and 4% real annual GDP growth Social Security would be persistently solvent. Such is the power of general prosperity!

Sustained optimal growth since Y2K would have meant that each of us, on average, would be making, and worth, close to 50% more than we currently are.

**I don't know about you but a 50% pay hike would greatly enhance the quality of my life.**

Many Zoomers are or soon will be struggling with student debt. If they were destined to be making 50% more, they'd easily be able to pay that off.

Not struggling. Prosperity is powerful!

So, we've been through 20 years of the economic doldrums, reducing our cumulative incomes and net worths by as much as 50%.

The good news is that we can make up for lost time pretty quickly with supercharged growth. The bad news is that our political and financial elites seem never to have heard the definition of insanity also frequently attributed to Einstein: “doing the same thing over and over and expecting different results.”

Call it insanity, but the governing elites seem determined to keep doing the same thing over and over no matter how mediocre the outcomes.

Mediocre for us, not them. The compensation of the privileged elites is based in their social status. Not performance.

They're crazy like a fox.

Let me let you in on an open secret about America’s last bout of stagflation and the towering "Misery Index" with which we struggled in the 1970s. The experts back then kept doing the same thing – raising taxes, sinking the dollar – over and over, making things worse.

Along came maverick economists Robert Mundell (later awarded a Nobel Prize in Economics) and Arthur Laffer (later awarded the presidential medal of freedom), channeled by their acolyte Jude Wanniski.
Together they inspired junior Congressman Jack Kemp who set the agenda for candidate, then president, Ronald Reagan.

All went on to distinguished achievement.

We supply-siders prescribed reversing the high-tax-rate-weak-dollar policy that all the experts kept prescribing, all the while jacking up the “Misery Index.”

We were almost universally ridiculed.

The Republican Establishment (in the person of one George H.W. Bush) called our prescription, as channeled by presidential candidate Ronald Reagan, "voodoo economics." The Democratic Establishment ridiculed supply-side as "trickle down."

On the day in November 1979 that Reagan declared for the presidency the Dow Jones Industrial Average was 814. As I write this it's over 34,000.

Per the St. Louis Fed, per capita real GDP then was $30,000/year. Now it's approaching $60,000. Real, inflation adjusted, per capita....

Some voodoo!

Many have forgotten that the core of supply-side, as set forth in its 1975 charter document "The Mundell-Laffer Hypothesis—a new view of the world economy," was monetary, not tax, policy.

What became known as the "Laffer Curve" was a mere footnote. Monetary policy, while almost invisible, is powerful.

Money is the invisible oxygen of the economy. Bad money drives out good.

The supply-side recipe for good money was put in place by Fed Chairman Paul Volcker with the backing of President Reagan. Good money proved a massive propellant for a generation of equitable prosperity.

It worked! Until the policy wonks lost their way, again, consigning us to 20 years of economic mediocrity.

Is crypto the most important monetary experiment in the world since Sir Isaac Newton, as Master of the Royal Mint, in 1717, accidentally created what would become the international classical gold standard? (Yes. The classical gold standard was a happy accident. You could look it up.)

Sir Isaac's gold standard propelled the world to previously unknown heights of prosperity... for 200 years. Then ... we went off gold.

Fast forward. In 1991, Dr. Scott Stornetta, now chairman of the American Blockchain PAC's advisory board, in concert with Dr. Stuart Haber, invented the blockchain. Per Coingeek,

*Working at Bellcore Labs in the 1990s, scientists Stuart Haber and Scott Stornetta were allowed to pick their own research projects. For Scott, a problem worth solving was the authentication of digital documents: how could you be sure the version you were looking at had not been altered from its original? The two worked as a team and were on the point of proving to themselves that the question of trust made the problem insoluble: there always needed to be some independent person or body to verify authenticity—but what if they were also part of a collusion? But then, Scott says, as he was waiting to go into a restaurant with his family, he had a brainwave. If you needed to keep adding extra trusted parties to vouch for the honesty of the existing players, then, logically, the list would expand infinitely until the whole world was required. And that still wouldn't be enough. Scott's insight was, as he explains it, 'I realised that if you turn that upside down and created a system of interlinked documents with essentially everyone as a witness, then you had, in fact, solved the problem.'*

Their seminal paper was cited three times (out of eight citations) in Satoshi's famous white paper creating Bitcoin. Bitcoin now has a market cap, as of this writing, of $763B.  Not shabby.

After bitcoin, in blockchain's cryptocurrency sector, came Ethereum. Per its secret origin story, Vitalik Buterin conceived Ethereum after having been "nerfed to tears" in World of Warcraft. Per Owen S. Good at Polygon:

*"'I happily played World of Warcraft during 2007-2010, but one day Blizzard removed the damage component from my beloved warlock's Siphon Life spell,' Vitalik Buterin, the programmer who developed Ethereum's original concept in late 2013, says in a bio hosted at about.me. 'I cried myself to sleep, and on that day I realized what horrors centralized services can bring. I soon decided to quit.'*

*Buterin's about.me bio created a social media stir this weekend when Thomas Shadwell, a Google engineer tweeted:*

*"Buterin expressed broad suspicion of corporations in that Wired profile … telling the publication, 'I saw everything to do with either government regulation or corporate control as just being plain evil. And I assumed that people in those institutions were kind of like Mr. Burns, sitting behind their desks saying, 'Excellent. How can I screw a thousand people over this time.'"*
*…*
*Buterin conceived of the platform that would become Ethereum in late 2013.*

Today ETH has a market cap of $362M. Add that to Bitcoin's and, to paraphrase a phrase attributed to the late, great Sen. Dirksen, "a trillion here, a trillion there, pretty soon you're talking about real money."

Many have gotten rich from “magical internet money.” Fluke?

Cryptocurrency is still in its adolescence.  The eldest of the cryptocurrencies, Bitcoin, just turned 13.  To again quote from Dr. Stornetta’s keynote:

***Don't confuse the early birth pangs of a technology for its eventual potential. There's a substantial amount of coverage negatively inclined about blockchain and related technologies, much of it based on actual fact.***

***But don't miss the forest for the trees, to switch the metaphor. A lot of these things are being worked out.***

***I talked about Bitcoin. I talked about Ethereum.***

***And then I talked about a whole host of innovators to follow. Just because something was a flaw of a particular earlier stage version doesn't mean that it is an inherent flaw of the blockchain concept.***

Back in the early days of the internet notwithstanding stories about “the dark web” and other scary fairy tales,  the internet, and the Worldwide Web, benefitted greatly from intelligent Congressional legislation and attendant light touch regulation.

Imagine if Congress instead had cracked down rather than legislating benignly?  Oppressive legislation would have driven trillions of dollars of wealth and hundreds of thousands of great jobs offshore to balmier legal climates.

That would have impoverished America, denying us our current position on the commanding heights of digital technology and badly damaging American prosperity. Nevertheless … crypto has enemies in the national capital.

Will those who have made their fortunes in crypto now step up to defend their interests, becoming consequential IRL, championing the means to create widespread prosperity and the vast opportunity that crypto portends?

Or will they ape out?

Will at least one "whale" (urban dictionary slang for crypto billionaire) – or perhaps a small syndicate of "orcas" – decide that it would be more interesting to lead the world into a new golden age of unparalleled general prosperity than to hang out, bored, in a virtual dive bar?

Stay tuned.

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Thanks to HackerNoon's excellent Editor and Marketing Campaign Lead Ellen Stevens.


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