

Chancellor on brink of second bailout for banks

Billions may be needed as lending squeeze tightens

Francis Elliott Deputy Political Editor
Gary Duncan Economics Editor

Alistair Darling has been forced to consider a second bailout for banks as the lending drought worsens.

The Chancellor will decide within weeks whether to pump billions more into the economy as evidence mounts that the £37-billion part-nationalisation last year has failed to keep credit flowing. Options include cash injections, offering banks cheaper state guarantees to raise money privately or buying up "toxic assets". The Times has learnt. The Bank of England revealed yesterday that, despite intense pressure, the banks curbed lending in the final quarter of last year and plan even tighter restrictions in the coming months. Its findings will alarm the Treasury.

The Bank is expected to take yet more aggressive action this week by cutting the base rate from its current level of 2 per cent. Doing so would reduce the cost of borrowing but have little effect on the availability of loans.

Whitehall sources said that ministers planned to "keep the banks on the boil" but accepted that they need more help to restore lending levels. Formally, the Treasury plans to focus

on state-backed guarantees to encourage private finance, but a number of interventions are on the table, including further injections of taxpayers' cash.

Under one option, a "bad bank" would be created to dispose of bad

debts. The Treasury would take bad loans off the hands of troubled banks, perhaps swapping them for government bonds. The toxic assets, blamed for poisoning the financial system, would be parked in a state vehicle or "bad bank" that would manage them and attempt to dispose of them while "detoxifying" the mainstream banking system.

The idea would mirror the initial proposal by Henry Paulson, the US Treasury Secretary, to underpin the American banking system by buying

99p

Pub chain cuts the price of a pint from £1.69 to 99p leads Business, page 47



Continued on page 6, col 1
Leading article, page 2

<https://goldirasecrets.com/crypto/bitcoin-beginners-guide/>

I. Focus on the Micro

This talk started as a chatgpt request in search of a topic. What I got was an outline for a macro-economic examination of Bitcoin's effect on the global economy.

After twenty seconds thought I decided I'd leave it to Larry Lepard, Lyn Alden, and Saifedean Ammous, and James Lavish, and Greg Foss, and the list goes on. Head for YouTube and there are untold hours of macro-economics by brilliant people who really know their topic.

What I ended up seeing as the sensible move was a presentation of a "primer exercise" on one way to look at the micro economic potential for Bitcoin to impact our individual lives as Bitcoiners.

I realize that none of you would be here, if you didn't have a good grasp on the basics. But the word "research" itself implies looking again at what we think we already know. As Yogi Berra is famous for noticing, "It ain't what you know that gets you into trouble, it's what you think you know that ain't so."

So, I'm going to recommend a basic course on micro-economics that can be fully covered in around eleven hours with two audio books. As one example, listening while commuting to and from work in a week would be enough for most people.

If you want a deeper dive, listening more than once and adding a few more books can help a lot, even if this all looks a bit simplistic at first glance. The first of the two books that I'm using here as the foundational work is "Economics in One Lesson"¹ by Henry Hazlitt. It received a recommendation

from Hayek, so while it's brief, it's obviously non-trivial. The second is by George Classon. It's "The Richest Man in Babylon"² Yes, it's got a cringey title, but it's an easy and interesting listen with millions of views on YouTube alone, despite its 1926 publication date.

Even with the efforts of Keynes and his like, wisdom doesn't appear to change over the millennia. Technology however, clearly does. As you listen to or read "The Richest Man in Babylon" I'd suggest you mentally translate "Babylon" to capital "B" Bitcoin, and "Gold" to small "b" bitcoin aka sats, and "Slaves" to no-coiners/shit-coiners. In short, read between the lines and adjust for a different technoworld to the one the story tellers of Babylon lived in.

But be wary as well, the Stoic philosophy of Seneca and his observation that "He who is not happy with little will never be happy with much." hasn't appeared to change with the ages either. Even if you can chase extra wealth these books don't attempt to cover why you might want to, or explore your purpose in doing so.

That's the recommended reading in a nutshell. The rest of this discussion is building a frame as to why it matters and how our understanding grew from nothing to now.

1. <https://archive.org/details/henryhazlitteconomicsononelesson23>
2. <https://www.youtube.com/watch?v=wglndSWrvsM>

II. Definitions

Because I'm sure that everyone here is, at the absolute minimum, a part-time student of both economics and Bitcoin, I'll provide some amended definitions to put us all on the same page.

Firstly, I'll amend Henry Hazlitt's definition³ of macro economics to make it more personal in a micro sense: The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for each of us as individuals but for all our families and our associates.

We'll also amend an Andreas Antonopoulos definition⁴ to state: Bitcoin is a chain of cryptographically linked blocks of data that originate from a base or Genesis block whose fingerprint is what it is "00000000019d6689c085ae165831e934ff763ae46a2a6c172b3f1b60a8ce26f" and whose chain of blocks conforms with the Nakamoto Consensus⁵.

3. <https://archive.org/details/henryhazlitteconomicsononelesson23/Henry+Hazlitt+-+Economics+In+One+Lesson+01.mp3>
4. <https://www.youtube.com/watch?v=FYo5E7zT-vM> 5:45
5. <https://bitcoinmagazine.com/guides/what-is-nakamoto-consensus-bitcoin>



<https://i.pinimg.com/originals/9c/6f/da/9c6fdafb5351a2ebbf59acbf7061989.jpg>

III. Disrupting Traditional Personal Finances and the Resulting Impact on Personal Sovereignty

The now common wisdom is well known among Bitcoiners and it's ever so simple to say. "Stay humble, stack sats, and stay solvent," or for those of fewer words, "HODL." In truth, the only aspect of that statement that actually differs from the "old" wisdom is the "sats" part. Unfortunately, throughout history the hard part seems to be following through on the underlying simple basics.

The end game that seems to appeal to most of humanity is the age-old "Western" goal of self reliance, within a community of like minded individuals. It's an incredibly worthy goal to set, but every "self sovereign" meme that seems to be served up for publication by the corporate media misses the point, as do many of the the self-declared self-sovereign citizens we've seen in those memes.

The book "The Self Sovereign Individual" carefully explains that we are all still cattle in a pasture that is totally controlled by a "rancher/farmer". The only real difference is that the self-sovereign cows have a pair of wings. As a Bitcoiner, and to steal a slogan, you become self sovereign only because "Bitcoin gives you wings." That sentiment however, becomes even better than the original when you realize Bitcoin's wings are both invisible and undetectable.

No matter who you are, you can cross borders and transact across borders. With lightning and more recently Fedimint, even a few sats saved by the most disenfranchised of citizens allows those individuals access to an ever growing, ever expanding, and brand-new, global economy.

For those of us who live in a Geneva Convention world, it's a bit disconcerting to go back to days long ago and delve into ancient "taxation" practices. To illustrate a point let's move forward in time to when coins were in wider use. The brilliant Keynesian economist Genghis Khan would cut open the stomachs of entire villages to search for any swallowed gold. Our elite rulers can get quite brutal when the gloves come off. A purely personal perspective is that I don't think for a microsecond that our modern tyrants have fundamentally different DNA than the rulers of Babylon and Akkad and later on Genghis. Except for the fact that you can take your bitcoin with you, I'm certain the age old methods would remain unchanged forever.

Since coins didn't start circulating till around 600 BCE⁶, the money of Babylon would have been measure in weights of silver or gold, so read "The Richest Man in Babylon" with an appreciation for artistic license. The basic principles remain unchanged.

6. <https://history.stackexchange.com/questions/54531/what-were-the-types-of-currency-used-in-ancient-mesopotamia>

IV. Economic Implications for Early Bitcoin Adopters

At first glance, my discussion might appear obsolete because it's so old school. Let me shift your perspective. About 8,000 years ago at the end of the last ice age, there were between five hundred thousand and two million humans alive on this planet. When I'm talking about Babylon, we're all looking at a moment in time that's about halfway between now and the end of that ice age. If you think you're any smarter than they were, please consider that they began as hunter/gatherers barely able to survive a genuine climate crisis that nearly exterminated them. With their wits and their sweat, they ended up building - relatively speaking - huge civilizations with writing and trade and specialization of labor with fully developed financial systems that spanned nation states.

Objectively speaking, I'd argue that the "bell curve" of humanity today is far better represented on the left side today than was the case in the days of Babylon. You and I here in Murrarundi are more like the Babylonians than we are like our contemporaries. Consider that the only way to accumulate sats today is to be a net producer, just like the only way to accumulate gold and silver in Babylon was to be a net producer.

Exactly like in Babylon with their laws of gold, we have laws of bitcoin. While the "HODL" meme started as a drunken answer to a brutal bear market, the recent adoption of the "Hold on for Dear Life" translation gets deeply relevant. I'm going to add that embarking on a serious study of the Bitcoin network is a deeply meaningful way to spend your time. The more you learn, the deeper your conviction becomes. Perhaps just as importantly studying doesn't cost much except time well spent and since nearly everyone has internet access as part of normal life anyway that activity leaves more available fiat to convert into sats.

Proof of work isn't just a timechain security measure, after long ages work seems to have once again become the best way to acquire private property and ensure self reliance.

V. Bitcoin as a Store of Value



<https://i.pinimg.com/originals/39/0b/56/390b56533a906a627294f424546f40c3.jpg>

What seems to me to be an obvious conclusion about even early hominids, is that storing value has been a human obsession since long before there were homo sapiens. From the evidence that I've been able to look at, the stone axe⁷ seems to have been one of the earliest forms of storing value. Without pottery, it's hard to store food and it's hard to argue that smoking meat was a widely spread practice over a million years back. That doesn't leave many analog forms of wealth as an option.

As long as 1.2 million years ago, early hominid species were creating stone-age axe workshops and factories, and were storing the output hand axes for safe keeping and later use.

There's academic debate⁸ whether working stone is genetic or cultural, but either way, it's self evident to me that the axes were valued as they were stored in co-located areas, were overwhelmingly made of the same obsidian stone, and highly skilled work was expended creating them. Obsidian axes outnumber other forms of stone by around 580 to 3. The reality of Gresham's law can be seen working even before its existence was thought of. Obsidian was their bitcoin and the other stones, the shitcoins of their day.

My guess as to the philosophical basis for these prehistoric "Stores of Value" were three simple brutal observations from daily life. I can just imagine an early Matt O'Dell progenitor knapping away at rocks and muttering: "Stay humble, stack axes, stay alive."

So, by my experience, homo sapiens is obsessed with storing created artifacts from today for use both today and tomorrow. For myself: I'm not sure whether Bitcoin acquisition is genetically encoded into our species, or an outcome of our experience in the physical realm. I've heard persuasive arguments both ways. I am sure that collecting Bitcoin block space is ever increasing - and approaching obsession levels - as a deliberate activity of modern homo sapiens.

7. <https://onlinelibrary.wiley.com/doi/10.1002/evan.21467>

8. <https://www.ancientpages.com/2023/01/25/1-2-million-year-old-obsidian-axe-made-by-unknown-human-species-discovered-in-ethiopia/>

VI. Further Research into Centralized Government

If you have some spare time, and like gruesome tales, and want to better understand the inherent nature of centralized governments, then check out some of the many narratives on Sumeria and Akkad and the Assyrian Empires. "Kings" and empires have a tendency to brag about how brutal they are in attempts to outdo their contemporaries and their predecessors. Build a pile of skulls (say) 50 metres high and the newest "kid on the block" will make a deliberate shot at beating it. From where I stand, centralized government is a true example of the law of the jungle in action.

Not all of today's enlightened governments are the same in nature. I would note that that all of them are capable of that same nature and all of today's rulers, have very similar DNA to all of yesterday's rulers and conquerors.

VII. Conclusion

I'll finish by repeating good financial advice that's older than homo-sapiens and has been proven to work because you and I are here right now. From what I've read, that was neither a minor accomplishment, nor was it an easy one. Listen often to the echos of Matt's O'Dell's Granddad: "Stay humble. Stack axes. Stay alive."

C. Open the floor for questions and discussion