AxisofEasy Salon #16:
Adam B. Levine – The No-Man's Land Where Technology and Reality Intersect
Mark Jeftovic, Jesse Hirsh, and with guest Adam B. Levine

Mark Jeftovic:
Adam B. Levine from Let's Talk Bitcoin, how are you?

Adam B. Levine:
I'm good. How are you?

Mark Jeftovic:
I'm good. That's a pretty serious podcasting setup you've got there.

Adam B. Levine:
Well, I had great sponsors in the early days.

Mark Jeftovic:
Ah, Yes.

[opening theme]

Mark Jeftovic:
Welcome to the AxisofEasy Salon #16. We have Jesse Hirsch here from the Ottawa Valley. I'm Mark Jeftovic, and we have our first ever guest on the show, Adam B. Levine from Let's Talk Bitcoin. Where are you in from today?

Adam B. Levine:
I'm on the West Coast. The West Coast! The Pacific Northwest, to be specific. Not very specific, but specific.

Well, I really appreciate you having me on the show.

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Mark Jeftovic:
Well, thanks for coming on. And you know, what we talk about a lot on AxisofEasy is this – what we feel is kind of like an inflection point in where we are in the world right now; and that kind of predated Corona virus. But with coronavirus, it just seemed to put its finger on the fast forward button.

So brief 30-second background of kind of the way we look at things. We think that the configuration of institutions, and authority, and government, are undergoing a transformative change. It's not the first time it's happened in history. It's not the last time it's happened in history, but we kind of think the era of the nation state is ending. We don't really mourn that. What we ruminate about though is what comes next? Is it Google? Is it Facebook? We don't really know if that's a great thing. We liked the idea of decentralization as a general principle. And what we're curious to get your take on is –well now with coronavirus here and we're in an all-bets-are-off situation, this moment in history has kind of really intensified as an inflection point. What can you tell us about where the crypto community is?

I mean, obviously it doesn't move as a unified whole, but how is it impacting in that? How is it impacting in cryptoland and are there any sort of prevailing sentiments or currents that are coming out of there?

Adam B. Levine:
So I think there's two ways to answer that question. I think first off, I think crypto is one of the least impacted sectors, just because we were all already fully remote to begin with. You know, I started a podcast network, which you were a sponsor of for a very long time, and that was fully remote.

 I never saw – I never met anybody in person except for my family who helped me run it. And then I would later go on to start a startup called Tokenly, in the space that for five years built out kind of various tools; and we're still working on stuff like that in my spare time. And we raised money, and I never met one of my co-founders. I only met the other one of my co-founders, three years after we funded, when I happened to be in the same town as him. And it was like, well, I guess we should meet in person. So

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you know, from a practical standpoint, there's been very little impact in terms of how the sector operates.

Jesse Hirsh:
I think it's fascinating that the crypto community is ahead of the curve when it comes to working remotely. Does that then put them at an advantage when it comes to positioning themselves? Either when it comes to shifting the economy to a more decentralized form, or just being able to be front and center as all these enterprises scratch their head about what's the future: How are we going to prepare for it? There's got to be a lot of crypto start-ups going: Hey, over here, I got the solution for you.

Does the preparedness – does the proficiency, when it comes to working remotely, give the crypto sector an advantage when it comes to leading, or at least finding opportunities in the economy as a whole?

Adam B. Levine:
I wish it did. I wish I felt like it had more of a positive impact as far as that goes. Cryptocurrency and blockchains as a whole are amazing technology, but there's that spot where technology and reality have to intersect with each other. And that's a really tough place to be. So again, one of the reasons why I –

Jesse Hirsh:
Let's go into that, I think you're up to something. Please –

Adam B. Levine:
One of the reasons why I started Tokenly was because in 2014, I participated in a couple of startups – a couple of projects. I was a co-founder of one called Mycoins, my power or something like that. And then I advised a whole bunch of different startups. And a bunch of people raised money around kind of some of these early ideas that in hindsight were super duper early, because they're early even today. But at the time, it was impossible to make it work. And so I looked at that and I was like, these people have no idea how to spend money in ways that are effective. And so,

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then I started my own company, and what I learned with my company was that the way that we had thought about cryptocurrency in terms of how it would interact with the world was just fundamentally wrong.

We were early to this, and the people who are going to come after us are going to figure out how to use these tools, because the tools are going to be easier to use, and the educational materials are going to be better; but in practice, nobody cares. That's really the real underlying problem with these sorts of technologies in general; is the transformative technologies require a pretty nuanced understanding of why the current system sucks.

And so, if you were a libertarian coming into this thing, you understood why the crypto system, or why the existing system sucks, and why crypto is kind of this very refreshing option that doesn't have many of the distortions that we see in kind of our modern life. But that didn't really carry forward to the vast majority of people. And again, with as little sort of mass adoption as we have at this point, we're still struggling to get to kind of the early majority phase of adoption, in my opinion. Those lessons haven't been learned. Most of the projects that are out there, some of the ones that are the best funded projects – again, I'm not going to name names – but pretty much every project that's out there has built itself for the enthusiast audience, because it's the audience that's paying attention.

But by nature of doing that, one of my big criticisms is that Ethereum introduced the idea of smart contracts, which made it so you could basically have software that would run on a blockchain. That's super powerful. The thing of it is that you only want to use it for things that you really need a blockchain for, because blockchains are decentralized. And so by definition, wildly inefficient when compared to anything that isn't decentralized.

So that's the place that we're still really stuck. And it's something I tried to solve with Tokenly. The first two years, we built tools that were all kind of for enthusiasts by enthusiasts, because nothing like that existed. And so we needed it in order to try the things that we wanted. But as soon as we kind of went down the rabbit hole of trying to create stuff for early majority users, we realized that there's no interest in anything that makes them have to write down a 12-word passphrase, and nobody in the music industry is like: Man, what do we do when somebody loses their password and then

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they don't have any access to any of their music, and we can't help them get it back because it's cryptographically secure?

Those are problems that are still the big problem in cryptocurrency adoption today; is that if you want to use something that does that, it's not like you can be your own bank. It's like you are your own bank. So long as you're good with everything that comes along with that, then hey, it's a great place to be. But if you're not comfortable with that, then it's really uncomfortable. And again, I've been in this space now for eight years full time, thinking about these things, working on these things.

These days I'm working for CoinDesk, which is arguably the biggest brand in the space doing real journalism, but that's in the last year. and nobody thinks about these things like that. Everyone is still, again, like: How can I recreate the successes that have come before in cryptocurrency? So before Ethereum, it was: How do we create the next Bitcoin? And Ethereum came along, and Ethereum succeeded largely by not being the next big point, but by being something that was fundamentally different. But that offered a different value proposition that was also attractive to different cohort of people.

And these days, it's kind of the same thing. Like the ICO boom that we had over the last number of years that's recently kind of died down, that was really all about: How do we create the next Ethereum, right? And I think it's the same thing there; the next Ethereum, isn't going to be the next Ethereum. I mean, it's going to be the next thing that's actually really interesting that presents a different value proposition. I'm kind of on top of that.

Jesse Hirsh:
Is there anyone that – and this could be a relativistic answer - that you feel comes closest to the Venn diagram of technology overlapping with reality?

Adam B. Levine:
I think that it's less about people's projects. Some of the gaming projects that are out there are starting to think like this, because their gaming projects in cryptocurrency have been around long enough and they have to attract a mainstream audience if

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they're going to be considered anywhere near successful. So they've kind of come the closest to this, but we still haven't seen anything launch that has really done a good job of that.

And what I mean by that is using the blockchain as the layer for truth, because what blockchains are at their core is there's a good way to track who owns stuff on the internet. And if you can track who owns stuff on the internet, then you can reassign ownership. And that means you can actually have real ownership types of relationships with your stuff; versus, the e-book that you buy that you don't actually own. You can't resell it. You can just consume it under a limited number of platforms in a limited number of situations.

So that's the real innovation of cryptocurrency, and Bitcoin is a better way to track money on the internet. But that application is arguably one of the hardest ones, because money is such a monolithic thing, and also because people don't understand the problem of money. Why our money sucks. And so therefore – so I have a much easier time explaining it in sort of those terms – if you buy a book in real life or you buy a book on Kindle or whatever, the book in real life – you actually own that. You can go to a bookstore, you can sell it, you can buy a used book. But if you try and do that with any book – there's no such thing as a used e-book store. And that's because we lacked at the point that the internet was sort of forming these ideas about what is ownership – any sort of way to convey that. And any sort of way to track that without being like: And that's the company that tracks who owns books; which then inevitably becomes tyrannical because they can't, but –

Jess Hirsh:
One of the sort of subjects we've come up a few times here in the podcast, is the neo-feudal nature of property ownership now, because you know, a farmer no longer owns their tractor, because John Deere says the software running on their tractor is licensed to them. So when the tractor stops working, they're shit out of luck.

And similarly, I mean, SoDo sorta did this, but Google bought a company called North that made smart glasses, and then remotely disabled all the smart glasses. So increasingly, even though they're physical objects, they have digital souls that once

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disabled, disable the entire objects. So while the crypto community is going one way to help secure the property rights of a physical object, we're losing property rights.

Adam B. Levine:
Well, it's the internet infiltrating the real world versus the other way around. And I think that at a fundamental level, that's what at least I hope to do with blockchain technology; is to force it the other way, right? Because the licensing model is better for the person who is granting the license, and it's worse for the person who's buying it. But if you give people a choice, you can pick this thing, or you can pick this thing. And one of those is better or worse. It doesn't matter if they're both bad. If they're both bad, then you'll pick the least worst one. But ultimately, that choice has to exist in order for there to be a kind of a an escape valve from that. So again, it's the internet infiltrating real life. And I think that that exists so long as there's no other way on the internet.

And again, if you talk to 99 blockchain folks out of a hundred, they're not going to tell you this story about it being about ownership because they don't think about it like that. The vast majority of people who are even interested in cryptocurrency right now are there for the speculative value. They're there because they believe the digital gold story, or any of the other stories that we tell ourselves. And ultimately, those things might happen, but they're like the least interesting parts about this.

But again, it's not – a lot of people are like: Well, let's just take adoption from anywhere we can get it. The price is the thing that drives the story. The price is going to be driven by sort of things that are larger than us. So why not focus on that? And that's a valid point too. It's just not one I find particularly compelling or likely to succeed. I think that in an absence of a better alternative that people actually understand our alternatives, we're not going to get an alternative. We're going to get something much worse, but the flip side of it – I swear, I'll stop talking so much and I'm going to –

Mark Jeftovic:
No, no, you're the guest. So we're here to listen to you.

Adam B. Levine:

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Okay. So let's talk about COVID for a second. COVID accelerated a trend. I think you said this at the beginning, and I completely agree with that. COVID accelerated the trends that we had already seen. And the trend that I am talking about is the increasingly tyrannical nature of the monopolies that exist specifically within social media, but broadly across all of the internet.

And it's that monopoly. And it's most importantly the abuse of that monopoly. That, I think, is the key thing that could drive much of this to decentralize. And I'm going to tell you how I think it should be done, because why not? But this is a secret, so don't tell anybody. So I think that what we need to stop doing, is we need to stop within cryptocurrency thinking about trying to make arguments that appeal to people at a logical or emotional level, or really any level outside of money. I think we've seen that money is the thing that works. And I think another thing that we've seen is that the platforms that are out there that sort of dominate the conversation today, or YouTube, or Twitter, is all of those places; on Facebook, certainly too.

They are increasingly using that power, not for good purposes, but to exert viewpoint over kind of what goes on on their platforms, and to pick winners and losers in much the same way that governments aren't supposed to, and yet, they always do because there's something of the win. But I think that that's something that's much easier to get away with at the federal level in the United States, because there's literally no place you can go. Whereas in the tech world, there is someplace you could go, there are lots of places you go. But the challenge is that those places don't have network effect. And so to go there not only represents like a big departure from your existing audience, but you then have to take a huge risk in trying to find the platform that's going to be successful. And I think one of the things that blockchains allow, is for you to remove the need for the network effect to be tied around a single platform controlled by some company.

And instead, what you do is you take something like Twitter and you say: Alright, social media goes on a blockchain. And then rather than using that blockchain's application to access it or some other type of new monopoly, instead, it's a blockchain. It's an open door structure. So everybody who wants every platform that's out there, that's trying to bootstrap, can push content to the blockchain. Can pull content from the blockchain. And now you have a differentiation between the truth layer where everything goes, and it's just what it is. And there is effectively no curation, and the platforms can still make curational choices and do whatever they want. But the lock-in

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really isn't there in the same way. Now, incumbents are never going to do that. Incumbents like the lock-in, that's basically their business model, and they're going to do everything they can to keep it. But I think that what we're starting to see is that especially as challengers to incumbents come up, it's in their interest to make these arguments. And it's something that I've kind of theorized for a long time.

We saw someone recently with the relationship in gaming between Steam, which is a very large game platform by the original creators of half-life, a way back when the early FPS is very successful, which they then turned into this kind of gigantic distribution platform and kind of ownership platform and community platform. And for a long time, Steam was it on PC. In as far as gaming was concerned, if you were going to do something, you were either buying directly from person, or you're going to their store and you're buying there. And so they became hugely powerful. And to their credit, they don't really abuse it.

I actually think that of the monopolies that are out there, they're a pretty good one. And that's why they've kind of kept that. But a couple of years ago, Epic, another game company, created this game called Fortnite, and Fortnite became a wildly popular, free to play game. It basically printed money for them. Hundreds of millions of dollars per month. And they're like: Well, what are we going to do with all this money? Let's try and be the next theme. And so, they have been largely subsidizing their growth by giving away games for free, but those games can then only be used on their platform.

And a couple of days ago, maybe a couple of weeks ago at this point, but a little while ago, an executive from that company basically said that: Why is game ownership tied to platforms at all? It should just be about whether you own the game, and then whether you choose to play it on Steam or you choose to play it on Epic, kind of doesn't matter. And it really shouldn't matter to us.

If it was just me saying that, which is something I've been saying for a long time, I have effectively no megaphone in order to make something like that happen. But for a company like Epic, suddenly, they're taking the user centric role. They're taking the customer side of the argument because it's demonstrably – and I think unequivocally –better for users if we have ownership that is not tied to these platforms. So I think that you kind of need something like that. You either need like a YouTube situation where you basically have a revolt of the influencers, right? All these giganto

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moneymakers who are giving a lot of their money to the underlying platforms that then can abuse them and basically divest them of all the work that they've done.

And then on the other side, you have markets where there is kind of an up-and-comer who gains by making the arguments on behalf of the users. And in either of those circumstances, basically you get to blockchain as this thing that allows you to have a common sort of layer of truth who owns what, while at the same time, being able to step back and say: But this is our platform. These are our customers. These are the things that we do. And the other thing that it does of course, is it expands your market, right? If you're a Twitter upstart and you're putting stuff onto a blockchain, well, you're putting stuff onto a blockchain that then other versions of your platform, other people who are running similar platforms, doing similar things, also pushing their content to it.

It creates this network effect that doesn't exist necessarily just at the platform level. It can exist there, but now it also can exist to kind of the base truth layer. And if you're trying to start a new site, like say, you're an influencer and you want to compete with Twitter, you can take your 10 million followers off of YouTube and be like: Hey, join me over here. And now that suddenly adds. It makes it easier for the next influencer to come along, because your users get added to their users on this kind of layer of truth backup. So I think that it's that. I think that on the one hand, a good argument for challengers and very competitive but monopolized marketplace that is compelling. And I think that on the other hand, it's a way to appeal not on an emotional or logical level, but just on a business sense level. It is a good business decision for you to take your business to one of these broader networks where you have control, but you're still part of something bigger that can gain a large network effect.

Jesse Hirsh:
Why don't I reply real briefly Mark and then you follow up me. Because otherwise I think we're learning a lot from Adam. So I think it's good that he take his time to go into it, but that then gives us a chance to feed him two different ideas. And we'll see what comes out of the magic machine. What I found fascinating about your remarks overall is you obviously approach this from the perspective of a media company. You think about audiences. You think about markets in the context of audiences.

 And I agree with you entirely that the faults or shortcomings of the initial blockchain ecosystem was an inability to reach the mainstream. That their audience was very

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insular, was very narrow. It was the true believers and the translation work really wasn't pulled in so that other people could understand the true value of blockchain beyond the: Hey, Bitcoin is going to make me money or beyond some of the more superficial side. And I think part of that is culture, right?

Then if you think about how Facebook, you think about how Twitter, you think about YouTube, you think about Tiktok. They went from upstart platforms to dominant platforms by leveraging influencers. And I don't mean influence in terms of popular people. I mean attractive people. I mean cool people. With Facebook, it was Ivy leaguers. With YouTube, it was certain a culture amongst the first wave of Youtubers. Tiktok - it's blatantly hot chicks and hot guys, right? And Twitter, it was celebrities. And each of these platforms made it seem that if you joined our network, you were one of the cool kids too.

And so that's where I think you're right about network effect, but it can be a small network. You could have a small social network if people perceive that the people on that network were the cool kids that they wanted to be associated with. And that often drives these things. And I kind of feel the blockchain ecosystem flirted with that. There were moments where whether it's the cult of personality of Itali or some of the early celebrity associations with Bitcoin, but I think it didn't go far enough to create a culture of genuine revolutionary, or genuine Renaissance thinkers; or if you imagine a scenario in which we had a interest in, again, dicing the block chain ecosystem, I would synonymize it with the Renaissance. I would synonymize it with the smartest, most creative, most innovative people in the world. And why wouldn't you want to be with them? Rather than what happened, which was, these are the greediest and nerdiest people in the world, which is not necessarily the party you want to go to, right?

But at the same time, I also think that you were spot on and really alluding to the opportunity when it comes to that value proposition. And you kept using the word "truth" a lot. And I think the context in which that word "truth", which you may take for granted, but to me, revolutionary worth emphasizing is transparency. We live in a black box society where most people have no clue why Facebook serves the content that it does, or why Twitter shows the results that it does for each hashtag, and create a system that has to be — because I think the other point you made, which I want to tease out, is user interface. That no, one's going to remember a 13 digit password, and no one wants to go through a clunky interface. They want frictionless design.

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And so I think there's an opportunity to give someone a social media experience that is intuitive in algorithm, but still allow for other people to go through the rabbit hole, see how that algorithm works. See why that influencer became popular, and have the same transparency of ownership that we associate with Bitcoin applied to social credit and influence on social media. That would be remarkable. And I think to your point, that would be the kind of federation that a whole bunch of small influencers and aspiring influencers would get behind, because it would give them authenticity in their authority. It would allow them to prove that they earned their fame.

Last week we did a bit of a deep dive into Tiktok. And I argued that one of the reasons Tiktok rose to power was because truthfully or not — and I don't think it's totally true — Tiktok made fame accessible. People believe that they had a chance on Tiktok to go viral, versus no one thinks that on YouTube now.

Adam B. Levine:
Well, not anymore.
But it started off — that was the reason why YouTube did it too.

Jesse Hirsh.
Exactly. Twitter — all of them, it starts off, because you think now is my chance. And Tiktok was successful perhaps up until now into making people feel that. And I think that's another argument in favor of a block chain federated social media, is that you could still promise people famous meritocratic. That you too can earn that fame fairly and transparently. That, to me, would be revolutionary when it comes to opposing the monopolies and providing an alternative to the monopolies. That I think a lot of people could wrap their heads around. But again, only if the cool people get behind it —

Adam B. Levine:
Right.

Jesse Hirsh:

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And only if the user interface is really simple and intuitive. And that's, I think, why this is so complicated. And why it's not so easy slay these Goliaths no matter how many Davids.

And before you jump in, let me throw it to Mark because otherwise, you know —

Adam B. Levine:
No, you're totally right. Go.

Mark Jeftovic:
I'm almost at a loss for words, but no. We, both of you — and all we always come back and we touch on these platforms versus protocols as our kind of how we almost see the world. It's the Facebook's, the Twitter's — obviously — platforms. And then, what we're talking about with mail, email, blockchain — these are protocols. And when we talk about creating a blockchain ledger where people actually have control over their own content and over their own data, we're talking about a protocol, and how you incentivize the platform players then to pin pin to that protocol. And you have the chicken egg problem with network effects and it's one of the reasons why when cryptocurrency first came along, I never really jumped into the space, but I became a very enthusiastic believer in it because they actually overcame the chicken egg problem.

So Bitcoin, it just hit it out of the ballpark because here we are today 10 years later, and there's no disputing the fact that this stuff isn't going away, it's not a flash in the pan. And I even got that sense at the risk of digressing a bit when we were involved, and I guess we're still peripherally involved in the Ethereum name service initiative. And I went to England to go on the first working group meeting, and I'm sitting there at Imperial college in England thinking: This is a subgroup of a working group of altcoin. And it's the impetus here. The momentum here, the drive here is huge, and this is just like a tiny, tiny sliver of the space. And that's when I realized: well, I always suspected before then, but that's when I realized this is part of a permanent tectonic shift in society and technology that is going to transform the way things are gonna unfold from this moment on. I don't mean Ethereum specifically, but possibly Ethereum specifically. I just meant this whole idea of a decentralized blockchain and the technologies that would go to it. The problem now, I mean, you've heard the question

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posed over the years, What is the killer app? Whag is blockchain's killer app? And a lot of times, well, Bitcoin. Money was the killer app. And maybe it's the only killer app because it's the one thing that succeeded in finally taking the idea of money creation out of the hands of the central banks and the governments. And isn't that enough? Can't you call that an accomplishment in itself? But yet, we will always try to extend the technology and up with other ideas. And yes, you do come up with a lot of used cases, like the ones that you were talking about, but now, I kind of oscillate between optimism and pessimism.

Maybe we all do. But I always say companies like the Facebooks and the Googles and Twitters, they look unassailable today, but it's especially in this day and age, you can go from unassailable to irrelevant in blinding speed. How do you overcome this momentum that the Facebooks have? That the centralized platforms have? Because unfortunately, the headwind against decentralization, especially decentralization that's scaffolded by secure cryptography, is it's not that easy to use secure cryptography. It's like you say, you've got to have your 12 word seed phrase. You've got to have your own wallet. I love the way you phrased it. It's not: you can be your own bank. You ARE your own bank, so you better deal with that reality. And that is more than a lot of normal people can handle. And so what I tell people who are —

Jesse Hirsh:
I was going to quickly say it. when he said that, which was brilliant — Adam — it made me think. Well, why is everyone their own internet service provider? Whicch then made me think they all are because they're providing wifi to their home, but they don't realize they're their own internet service provider, which is why their wifi is so unsecure and dysfunctional. Anyway.

Adam B. Levine:
Well and the risks are less too. I mean, that's the thing. It's not that you don't want to be your own bank, it's that you don't want to be your own bank because it's hard, right? Because it's hard, and the stakes are high, and the cost for screwing up even once is substantial. But keep going Mark.

Mark Jeftovic:

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Well, on that point, what I tell people that I've met who were inside the crypto space, like immersed in it, and I could especially talk about the Ethereum name service guys; is yes. It's secure. Yes, it's brilliant. Yes it's technologically magnificent. Nobody wants it and nobody cares, because what people want are PayPal, right? What people want are Facebook. And it's vexing, but it's the reality. So how do you overcome that? Another phrase that comes up here is institutionalized lethargy. To overcome that, to say, you know —

I know you're going to jump in Jesse, but just — you have to almost cultivate new habits of mind in people that you have to take more personal responsibility than you've been inculcated into taking in your life in order to make these technologies work. And when I get optimistic, I get excited about what that means for humanity. And when I get pessimistic, I get deflated and think: No, no one's going to make that leap. Not enough people are going to make that leap. So we're going to be stuck with Facebook and smart toasters.

Jesse Hirsh:
See, I think you got false frame and if you pivot it slightly, it'd be a little more optimistic. People don't want Facebook, they want what Facebook gives them. And there's no reason why other people couldn't give them that Facebook. It's not that they don't want to take responsibility, it's that they can't take responsibility. It's that maybe, responsibility is not particularly the issue, because it's a pretty irresponsible social media environment to begin with. And I think that goes back to Adam's point about the value proposition of decentralized or blockchain technology, is it hasn't been accessible. comprehensive. It hasn't been something other people can understand, so they can wrap their head around.

Mark Jeftovic:
I'll jump in very quickly. Adam, if you don't mind, it's like — and I don't mean to plug Easy, but it's like in a very core level, the value proposition of Easy DNS in 1998 was take control of your own identity online by using your own email address and trying to explain to people the extra abstraction of instead of having adam@hotmail.com and jesse@rogers.com, you have adambllevine.com and jessehirsch.ca. And then when your ISP goes down, you can just log into your control panel and change where the

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email goes, and you don't have to tell all your contacts your new email address. And then I could see eyes glaze over, right? And the only time people —

Jesse Hirsh:
That, in of itself, requires them to have a level of literacy they don't have.

Mark Jeftovic:
 And so what —

Jesse Hirsh:
It's not your job to do that because you can't raise the society's level of literacy.

Mark Jeftovic:
And then —

Jesse Hirsh:
Versus what's interesting about social media is we've all seen someone lose their job. We've all seen the catastrophe, verus email. We don't see those catastrophes because they happen privately.

Mark Jeftovic:
Well, I was going to say what happened one day was somebody forgot to renew passport.com at Microsoft and Hotmail went down one day. and suddenly I'm on CFRB radio that morning with —I can't remember the guy's name — he's retired now. And he says: my friend Jim Carol tells me that if I had my own domain name with easy DNS, instead of this, I'd still be getting my email right now. Finally, the light bulb goes

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on across the Toronto area and the country, but it took a catastrophe. These are the lessons that people don't learn until they experience it. And the problem with Bitcoin is almost the same problem. I don't mean to be too geeky, with DNS sec on the domain name side is like the solution so technically complicated that you have a higher statistical probability of inflicting damage on yourself with the solution than you did being uninformed and uneducated using the problematic platform. And how do you overcome that?

Adam B. Levine:
So there's a lot there. Let me tell you why I got interested in Bitcoin in the first place. So after the financial crisis in 2008, 2009, I realized I didn't understand money. And the more I came to understand money, the more kind of depressed I got about it because it is obviously just a broken system and like I'm a smart guy and I had no idea my education completely left all of that out. And what I liked about Bitcoin was that where previous projects had tried to fix money, they had never succeeded because they were not allowed to succeed. Because the idea of competition and monopolized areas is anathema. You can't do it. It's not allowed. And so money is one of the biggest monopolies. It's a regional monopoly, but it's a monopoly that you really can't escape. and Bitcoin, by nature of its sort of virgin birth, doesn't have the problems that any prior project had.

And so it was never a question about whether Bitcoin would compete or not. It was always a question about whether the competition would matter. And for a long time, I thought it was enough that it just existed. And there wasn't much of a response, but in the last couple of years, we saw kind of the rise of stable coins as far as a prominent dollar replacement goes, which then led to Facebook – Zuckerberg — going down the rabbit hole with Libra, which is basically Facebook's stable coin, along with their corporate oligarchy. So you've got your oligarchic money there, if it ever does launch, which probably will in some sort of crippled form.

But then that triggered China to start creating their own digital currency. Central Bank digital currency is what they call them. And then that triggered the US to start doing it. And then that trigger — and it actually — China triggered everybody to start doing it. Japan is working on it. The US is working on it. Bank of England just announced that their new system is going to be compatible with distributed ledger technology. And so

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now the game, none of that stuff happened before Bitcoin was six or seven years old. And then it kind of all happened in the last two years that that has become a thing. And now it's not a question of when, it's not a question of whether countries around the world are gonna launch their own distributed ledger currency equivalents. The question is who's going to be first, and how fast is the rest of the world going to follow? And what does that do as far as changing things go? because Bitcoin and cryptocurrency and distributed ledger technology is both the kind of monetary unit, and it's also the settlement system.

And the US has in large part retained a lot of power by not just being the issuer of the currency that's used around the world as sort of the best dirty shirt or the cleanest dirty shirt, but also through sort of the domination of the Swift Bank interbank transfer system. and the Swift interbank transfer system, basically if you want to send dollars from one bank to another, then you do that via the US government effectively. The US government then can stop you from doing things. And the US government has found it very useful and very valuable to enact their will by control of that system. And so what that's done of course is that caused so long as everybody can use Swift. Swift is remarkably useful for everybody.
And there's huge value network effect in using it. But when the US government threw North Korea off, nobody cares. Nobody does business with North Korea, North Korea isn't interested in doing business, but when they throw a run off, that's a whole different story. Iran's a major producer and they have partners who want to do business with them. So those partners don't say: Okay, well, the US says we can't do it so we're not going to do it anymore. Instead they build their own system. And they find their own work arounds. And then the US exerts more power through the system, causing more people to need an alternative, which then drives them to the alternative that was created by people who they were trying to effectively sink and make economic nomads, basically.

And now we're to the point where those types of systems actually could, within the next five years, present real competition for the Swift system. And that competition wouldn't exist if the monopoly hadn't abused his power, but the monopoly has to abuse its power. That's kind of what monopolies do unless you're Valve, which is a weird company. It's steam, but I'm sure that — give it another 20 years and they'd be abusing the platform in some way too. I think that it's just kind of inevitable. So I think that,

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Jesse Hirsh:
Or with Valve, we just don't know how they're abusing the platform.

Adam B. Levine:
Very true. Black –

Jesse Hirsh:
Maybe you give them credit, they just got away with it.

Adam B. Levine:
Yeah, that could be. That could definitely be true. But in general, my perception is good about those, but it's bad about kind of most of the monopolies, because most of the monopolies act in ways that are kind of obviously in their own interest into the detriment of the users.

So I think that that example with Bitcoin, by the nature of there being an alternative, that unstoppable change kind of cascades through the system and it takes some time, but really what the question we should be asking is: How does the first major player in each one of these use cases start using the technology? Because at the point that that happens, then the race is on. And it's not about whether the change will happen, the change will happen. It's about how fast will it happen and how valuable really is it as an addition in that use case relative to the friction that it introduces.

Jesse Hirsh:
I mean I always felt that the opportunity, I mean this from a sinister perspective but also from a utilitarian perspective, that the real opportunity for a state-based digital currency would be as a bridge between company script or virtual currencies. Because increasingly, we are developing a literacy of our digital property of our digital assets. Most of these are in game because that's where most people have built up digital assets. Video games have been there for many decades, and there are lots of people who have those asset, want to transfer those assets, but then you start factoring in frequent flyer points and other types of loyalty marketing schemes, which thanks to the pandemic, one's frequent flyer points are now at risk of devaluing quite rapidly. So

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I think increasing motivation and literacy, to want to transfer these types of funds. That's what always excited me about Bitcoin was not as a currency, but as a currency of currencies,

That if Bitcoin became like a network of networks of currencies, that's where all the alt coins side coins, you have value and have potential. And that's where I think the the state based digital currencies have a lot of potential,. is to have the power of the state act as that bridge. That trusted authority. And the state's interest would be that they want to get access to people's digital assets. They want to know how much digital assets you've amassed. There's whole new opportunity to tax, to understand and control a population. If you understand what they're doing and all of these things, digital environments and digital playgrounds and digital,m whatever, that's one area I've always seen as viable. But I'm curious what your thought is because you alluded with the Facebook Libra and how, to your argument, that what really tipped the Chinese hands that they were like: Well, Facebook's doing this, we'd better get our act together.

To what extent can a corporation whether Facebook, whether it's 10ten, whether Bike, whether Dance, whether they're any of them could get ahead and have a viable digital currency even to blockchain based currency that is more viable, more widely adopted, more relevant than anything that a government could do, or that a network like Bitcoin could do in that — Facebook has a lot of resources, but also has a lot of psychology because Facebook has apps installed on all these devices around the world that could start becoming mining apps instantly. If Facebook incentivize people with credits, like there's all sorts of nefarious stuff that Facebook could do to appropriate a lot of the ideas pioneered by the blockchain community to dominate and be that global standard? To what extent to see that? And I don't mean Facebook in particular, I mean, any company. And to what extent does the broader the people like yourself in the crypto community, to what extent is this a concern or to the people you are talking about?

Adam B. Levine:
So that's a good question. I see a lot of potential problems. So I mean, the thing of it. So all of this is good. As far as I'm concerned, all of the action that we're seeing now is a good, natural part of the process because basically, different parts of the world are proving to themselves why only cryptocurrency is actually viable in this particular type of use case. Because if you're talking about it at the corporate level, well, Facebook's attempt to do Libra changed pretty dramatically over the course of the first

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nine months that it was proposed and it's still not even out yet. And it changed dramatically because governments around the world were like, ah, yeah, no. And Facebook is a company. And so they have to beat jurisdiction somewhere. I mean, maybe Zuck is rich enough that he can go buy a small country or something and then domicile there. But he has to be willing to basically be outcast by the rest of the world, right? Iif that's the case, maybe instead of like a moon base or something, because governments aren't allowed to own property on the moon. So like on one side, there's that. From a company perspective –

Jesse Hirsh:
Quickly pushing back, after Donald Trump wins re-election thanks to Facebook, I could see the United States becoming a puppet of Facebook, where –

Adam B. Levine:
Well like I said, I think that's true on the company side, right? So any company that tries to do this is going to run to the problem, and it's not even about crypto. PayPal tried to do this with PayPal. If you look at what PayPal actually wanted to be when it grew up, they wanted to be Bitcoin. They wanted to basically be this worker in borderless money that could bridge the gap between all these different countries, and it wasn't allowed to do it for the same reasons. I think that's true of any company that we're talking about. And I think that it, by nature, destroys any potential to do something better than governments could do. Because governments aren't just going to allow it.

Facebook was dangerous in that way, because they came out with the idea that their currency wouldn't just be like a floating value. It would actually be a basket of currencies that they could then adjust. And it's the adjustment and the mix of that that gives them incredible power. So now you take it to the CBDC side, right? What are the countries doing? How are they going to do this? They want it for the technology, but it's very kind of intranet, not internet sort of way. Like they want it because they don't want someone else to introduce it and then compete with them. And they want some of the benefits, but a lot of the stuff that they could do with it is totally anathema to what they would want to do with that. Like you're never going to see — at least I don't think it would be great if we did, but you're never going to see a government that takes the kind of role of monetary issuance out of their own power, because necessarily in a survival situation, they're going to break all the rules.

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So, it's a system that doesn't allow them to break all the rules, well then it's not particularly useful to them. So their systems are inherently going to have that sort of weakness built in, because they can't build it in any way that doesn't allow that. And you can see a more recent example of this with Zimbabwe entering hyperinflation for, I believe the fifth time last month, and Zimbabwe is a country where 85% of the transactions happen on mobile money apps that are run by private companies. And the first thing that they did was the central bank shut down all of those and said that if you're going to cash out, you have to cash out through the banking system, which will pay you in hyper inflating currency, and you have no other option. So again, like that's an extreme example, but it's just what happens.

Governments and companies both have kind of this survival drive that prevents them from creating anything that actually performs the function of cryptocurrency. And if the reason why you're using cryptocurrencies is because you're trying to get outside of those things that inevitably lead to good results for governments, because the governments keep people trapped inside of a hyper inflating currency, and then they can get out of their debts because they can print the currency, but that's not a good option for the people. The people aren't happy with that. And if you give them any sort of other alternative, they're going to take it. And that's the thing about cryptocurrency; is that it doesn't have a company behind it that can focus on psychology and marketing and all of that stuff, but at the same time, it also doesn't have the liabilities of a company project that wouldn't be allowed to do anything that's actually going to solve the problem or a country.

That's not actually going to solve the problem because it creates problems for them down the line. So that's where, again, like the thing that they're doing is they're surfacing that these are ideas that exist. These are technologies that are powerful in those ways. And the assumption, at least for many in the cryptocurrency side, is that once we get through that period, then where you wind up is at least some substantial and growing proportion of people realizing that actually there is an alternative out there that is outside the control of governments that doesn't rely on companies deciding to do the right thing on a day to day basis. And that's Bitcoin.

Jesse Hirsh:

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So quick question, sort of following up on that — and I asked this more in the sense that I've got hints of this, but I have absolutely no clue. Where does Switzerland play in all of this? Because obviously, Switzerland has always been a bit of a swing above their weight class in the banking system globally. And I just see so many crypto, so many different elements of the crypto ecosystem based out of Switzerland. And you just made, I think, a very compelling argument that whether we like it or not, governments and nation-states are really being active at least in an obstructionist perspective when it comes to playing a role in crypto. So what about the government of Switzerland? What are they up to and are they playing to a different tune? Or are they just early adopters in the sense that they're just trying to wrap their heads around what's going on? So there's three things there.

The first is that Switzerland largely — so Charles Hoskinson — I don't know if you remember him Mark, but yeah.

Mark Jeftovic:
I do. Yeah. I've met him again ayear ago I think in Toronto here. So yeah. Yeah.

Adam B. Levine:
Charles is an interesting guy, but one of the things that I think we can firmly credit him with is spending a lot of time in Switzerland during the kind of run up to Ethereum's crowdsale launch and helping to build a set of laws that could be enacted. And Switzerland, I'm not an expert on it at all, but I believe it's a fairly decentralized government. So I don't know that they can convince sort of the federal government, but at least within a geographic area, that they should create a framework for people to create these structures. So on the one hand, there's that. There's a structure where Ethereum did it. And just again, as I said, everybody wants to be the next Ethereum. So they're all like: Oh, we'll go to Switzerland because that's what Ethereum did. And they did create a set of rules there that are, I think, highly relevant.

Another side of it is that Switzerland — So the US has — so let's take New York. New York passed the bit license about five years ago. In that time, there had been 25 bit licenses that have been actually issued. So 25 companies have the legal right to do

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cryptocurrency stuff in New York. I would say — and I was talking with Jonathan Monahan a couple of weeks ago about this, that something like 60%, 70% of the ideas that have made it into startups and have funded originated in New York. And those people left New York. Many of them for Switzerland in order to enact them. So it was a good choice to maintain sort of the end, extend the monopoly that Wall Street had which very much New York benefits from, but the medium long term strategy was not great.

Switzerland, on the other hand, used to be the financial secrecy capital of the world. And then a couple of years ago, I don't know, I don't remember how many years ago, but that's no longer true. And it's no longer true again because the US influenced sort of the decision making, and made it so that if Switzerland wanted to remain part of the financial world, as governed by the US dollar, then they had to stop that. And so what this does, interestingly, is that it creates the ability for them to do it again. But instead of it being a Swiss project, it's a protocol project. That everybody can use and nobody can stop. And it doesn't matter who the government tries to kick out a swift or not, because they're not in control. So I think it's kind of all of those things, if that makes sense.

Jesse Hirsh:
 Interesting.

Mark Jeftovic:
In multiple times through this talk, the catch phrase that I use a lot, and I think I'm almost forming an axiom out of it, is that monopolies incentivize their own disruption, right? So you have the monopoly, and like you said, monopolies do what monopolies have got to do. And then of course, as a result, people say: Well, you can't can't have that, or we can't abide by that. Something else has to happen to sort of release that pressure valve. I mean, I think if Bitcoin hadn't been invented 10 years ago, It would have had to certainly have been invented, since just because the level of financial repression has gone ratcheted even higher. We blew through this hour in record time. So I don't know if there's any –

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Jesse Hirsh:
Will you come on again, Adam? Because —

Mark Jeftovic:
I think we'd love to have you back on again.

Adam B. Levine:
Sure. Yeah.

Jesse Hirsh:
I mean, I appreciate that you have a certain critical distance from the kind of blockchain ecosystem, yet at the same time, an intimacy with it; and that's refreshing. Because usually, you just get the intimacy. Usually, you just get people who are so far into it that, they're there, they're incoherent, and it's hard to understand; Versus I felt you really helped situate what was going on with technical framing, but in a nontechnical political way that I felt was really helpful in terms of situating all that activity in the kind of ongoing crisis that we tend to explore here on the AxisofEasy.

Mark Jeftovic:
I got to tell you, so quickly, before we go back in 2013, I'm looking for a podcast. I just want to find —I just want — I'm hearing about Bitcoin. I want to just find some podcasts about Bitcoin, and all of the other — there wasn't a lot, but it's just people talking about price. Price, price, price, price, price, going to go to the moon. It was like a penny stock show or something. And I finally find this show called Let's Talk Bitcoin. Adam, Stephanie, Andreas; and they didn't mention price probably for five years. And what I

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liked about the show was you only talked about price when you were talking about it in the context of speculative manias or bubbles bursting, and what happens to the backdrop of the technology of a bubble bursts or whatever; but most of the shows would be like: Okay, let's talk Bitcoin episode, whatever. And the Bitcoin price today is… and there was none of that. There was none of that. So it was always the ecosystem, the ramifications, the landscape. Yeah. And that's why I was an instant convert. And as a guy who never dove into the space, I always felt very well informed of this space, because I listened to Let's Talk Bitcoin. And still do. So, thanks for coming on.

And do you want to just quickly rhyme off the URLs and the CoinDesk stuff and so people know how to –

Adam B. Levine:
Sure. Yeah. So you can find the Let's Talk Bitcoin show at ltbshow.com these days. I'm releasing episodes every now and then. Right now, I'm going through actually a little bit of a trademark confusion, because I sold the network a couple of years ago, and man, just creating trouble for myself. So I'm the editor not editor in chief, I'm the podcast editor over at CoinDesk, so I'm building out a podcast network for them. Honestly, outside of my show, the show that I would really recommend to people who are interested not just in kind of the crypto stuff, but the crypto in the context of kind of the macro situation, I discovered this guy named Nathaniel Whitmore.
He goes by @nlw on Twitter, and I've been producing a show for him called The Breakdown. It's a daily show, seven days a week. And each episode is 20 minutes long if it's an analysis episode, or like 60 minutes long if it's an interview, but it's an amazing show and he's an amazing guy. And when I'm like, what do I think about all of this stuff? He's the guy who I'm listening to these days. So strongly recommend that. Outside of that, you can send me an email, adam@ltbshow.com. I love getting emails. Thank you for having me on. I'm happy to come back whenever.

Mark Jeftovic:
Great.

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Jesse Hirsh:
Thanks Adam.

Adam B. Levine:
Thanks guys.

[closing theme]