



## **AxisofEasy Salon #20:**

### **Brenna Smith: Where does Bitcoin fit after Nation States embrace digital currencies?**

Mark Jeftovic, Jesse Hirsh, and with guest Brenna Smith

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#### **Mark Jeftovic:**

So Jesse was saying before you got on, there's almost a political component to using Jitsi instead of Zoom.

#### **Brenna Smith:**

Yes.

**[opening credits]**

#### **Mark Jeftovic:**

So I'll do a quick intro.

This is the AxisofEasy Salon. I am Mark Jeftovic in the West Side of Toronto. Up there on our left is Jessie Hirsh from the Ottawa Valley, and our special guest this week is Brenna Smith. She's an investigator of Bitcoin blockchain, illicit uses thereof. She's an author at Bellingcat and has her own newsletter called CryptOsint, and we'll get the URLs for those at the end of the show.

And thanks for coming on, Brenna.

#### **Brenna Smith:**

Yeah, thank you so much for having me.

#### **Jesse Hirsh:**

Well, we asked you on partly because I'm a big fan of your newsletter. I read it quite religiously, and one of the things we do here on this podcast is we sort of look at the

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intersection of technology and politics. While heavy on the technology, the emphasis is on the politics, looking at the way in which the state is changing, the way in which power of governments and corporations is changing; sort of trying to anticipate the way in which social media will be regulated, the way cryptocurrency could be regulated. For the most of our episodes, they kind of stayed away from cryptocurrency, and we've really dealt more on the artificial intelligence, the social media, the kind of misinformation and propaganda stuff.

Then, a few episodes ago, we had Adam B. Levine on, who sort of gave us a good overview of Bitcoin blockchain. One of the key insights we got from him was the gap between technology and reality. That there's a lot of people in the blockchain or cryptocurrency phase who have great ideas for apps, companies, systems, but very few actually make it to the real world.

#### **Mark Jeftovic:**

We just lost her.

And she's back.

#### **Brenna Smith:**

Sorry about that.

#### **Mark Jeftovic:**

How much of that did you get?

#### **Brenna Smith:**

I got that you had Adam on, and then it cut out after that.

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#### **Jesse Hirsh:**

Yeah.

#### **Mark Jeftovic:**

Okay.

#### **Jesse Hirsh:**

Yeah. So we're just saying that the big insight from Adam was the kind of the disconnect between theory and practice in the cryptocurrency world. There's lots of people with great crazy ideas, but if you make it into reality, very few startups actually get to a point of maturity. And I think we kind of wanted to talk to you today was the state-based stuff, so everything from the rise of central bank digital currency – the way in which Facebook Libra is kind of almost a state-based currency, or at least threatened states initially and forced states to kind of get their act together, but also some of the contentious relationships between states in the use of cryptocurrency.

I raised that in terms of broad brushstrokes, but the primary reason we wanted you to have on as a guest was to help us understand this a little deeper, both in terms of the landscape of what should we be paying attention to when it comes to the world of cryptocurrency states and regulation; but what are you looking into? What is the stuff that catches your curiosity? And kind of what motivates you in terms of your newsletter to cover the topics you do? I say this partly because I've personally been a big fan of open source intelligence and the concept of open source Intelligence in terms of how anybody, any citizen, any reader, anyone on the internet, can become part of large research efforts and be curious in their mind.

That's really what we do here at the AxisofEasy, under the auspice that we like to take it easy to do so, so it centivizes people to get into it. So with that as a broad overview or intro, why don't we start with: What are you most curious about right now? What is the general subject or particular subject that you've been reading about lately or that you think is something that people have to know about?

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#### **Brenna Smith:**

Yeah, thank you so much for having me. Let me know if my connection is wonky. I can move rooms. Today's my first day in a new home office, and I am learning from calls this morning that this actually might not be the best internet connection in the world. So, sorry about that.

#### **Mark Jeftovic:**

Where are you coming in from?

#### **Brenna Smith:**

I'm from the Bay area.

#### **Mark Jeftovic:**

Okay.

#### **Brenna Smith:**

Yeah. So West Coast San Francisco area.

#### **Mark Jeftovic:**

Well you sound pretty good. Jesse is sounding wonky as usual, but he lives in an area of Canada where communications are delivered by carrier pigeon, and dog sled are the primary modes of communication – in the Ottawa Valley.

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#### **Brenna Smith:**

Got it. But yeah, thank you for all the kind words, Jesse. I'm thrilled to hear that you like the newsletter so much. I'm working on doing some interesting new stuff on it. Right now I've moved it from weekly to monthly which I'm hoping will actually be a good move because I can do more deeper investigative work on a monthly basis.

What I found is the newsletter was becoming more being like me being a news aggregator of other people's work instead of producing my own research which is great, but I work a full time job outside of this, and I have other responsibilities, and I just realized that what I wanted the newsletter to be was original research and it had kind of devolved away from that. So I'm trying to figure out a happy medium of still getting the biggest topics that I'm paying attention to, and the best articles I can find out there without compromising new research that could be sending to people or finding.

The reason I started the newsletter, or the thing that fascinates me the most about this space – I mean, to be quite honest, I'm pretty agnostic to the technology. I know a lot of people who are in the crypto news space or crypto space in general because they're really technical. They fell in love with the technology, they're fascinated by it, and they're really interested by it which is super legitimate. But that is not my initial passion. I don't even know if I could say I have a passion for it. What I'm most interested in is how people are reacting and using it. That's what fascinated me the most. And it's not so much crypto as much as the community around crypto, and how that's been evolving, and how there's these extremes of terrorist groups and white supremacists using crypto.

People in Venezuela and Argentina preserving the value of their personal funds through cryptocurrency and how you can just see this just one technology, both the extreme dangers of it and also the extreme freedom, and great things that can do for people. That dichotomy is really fascinating to me. I think it is really unique to this technology internet. There's not really something else that you could see as a tool that has such extreme great uses and not so great uses. So, when I do this research, I definitely try to look at it either: What's the most interesting recent way I found people using crypto, or what at a macro level or trends that are going on over people using it.

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So I predominantly am most interested in nation states oftentimes and how they're using it. I've been following China's recent blockchain developments. The technicalities over how to frame their burgeoning digital currency is kind of controversial because it is definitely not going to be something that you could open source and look at online easily. It's not going to be on a pure blockchain at all. It's going to be completely government controlled. But the fact that this world power's so interested in crypto in a reaction to this giant tech company Facebook coming about with Libra, that is what kind of started with China coming forward with all of its digital currency efforts. That relationship was fascinating to me. Just to see how both is kind of showing how a company like Facebook is almost like a nation-state in its own right, if it's going to be soliciting that type of response from a full country.

But also, we're at the beginning of seeing this technology go into a glimpse into the future of how money and the economy is going to be coming more and more online. That a giant country with billions of people like China is looking to phase out physical cash all together. One, and to your point, there's an interesting chain reaction where Facebook takes it seriously, so then China take it seriously, and then everyone else starts taking it seriously, because China's taking it seriously. That creates almost a peer pressure effect among states. In this case, to keep up with a company, but then anticipate what China with all of its resources and economy might be doing as well exactly. And that's fascinating.

And oh, sorry.

#### **Mark Jeftovic:**

Hopefully a brief interjection. One of the things you said that Facebook was almost acting or having the gravitational effect of a nation-state with what it did with Libra is a common recurring theme here. We talk about the end of the nation-state. Jesse coined the term the network state.

#### **Jesse Hirsh:**

I didn't.

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#### **Mark Jeftovic:**

Okay, you picked up on that phrase. There's this sort of arc of thought where we think history has gone from the power structures of societies being organized, or around churches that gave way to the nation state; and now the nation state is giving way, and we don't know what it's giving way to. And we ruminate that we really hope it's not Facebook, Google, or China; and we hope it's something else. But I was going to ask if you can expand on something you said, or clarify, because you mentioned something about a relationship between Facebook's Libra and China. Did you mean relationship in a sense of one's actions impelled the others or is there an actual technology supplier relationship between Facebook's Libra and China? I just haven't been following it enough. The way Google supplies search engine technology to China with dragonfly, is there a similar kind of relationship with Facebook? Or did you just meant it in more sort of like this set this in motion kind of thing?

#### **Brenna Smith:**

I meant it's like a cause and effect.

#### **Mark Jeftovic:**

Okay. Alright.

#### **Brenna Smith:**

Yeah, I mean, everything I've read online and everything I know online is no; like if anything, Libra and China's digital currency are like rivals in the space right now and currently fighting with each other on it. I think that –

#### **Mark Jeftovic:**

It's season 2 of Mr. Robot or season 3 of Mr. Robot whose an evil coin or is it — Anyhow, I don't know if you're familiar with that. You may not be familiar with that series.

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#### **Brenna Smith:**

No, I am. I had friends in college who are obsessed with it, so I've been meaning to watch it.

But how I look at the Libra-China relationship is that China have been working on a digital currency quietly for a bit and had been interested in — for lack of better terms — blockchain technology, which again is kind of controversial for China to say that they're interested in blockchain technology because the aspects of something that makes it blockchain technology, which is that it's censorship resistant, it's something anybody could access, blah, blah, blah. Everybody has of this open source information about it. That is not what China is after. At all. Government blockchain products that China produces will not look like that. They're a giant country in which most of the people don't use cash. So it made sense to try to make a transition from having a physical fiat currency to a digital Yuan. Logically, that makes sense. But there's also big geopolitical implications for it, which is as the online world becomes more and more online — for lack of better terms — the first country that can really dominate that space monetarily could have a lot of leverage in theory. That's the theory and hopes.

Facebook was creating its own digital currency of sorts. When it publicly announced it, all the sudden, that had China come forward and be like: Oh, wait, we're working on this too, here's our plan and that type of stuff. And so, they kind of been rivals or butting heads since. Having Mark Zuckerberg in congress, when congress had him come and testify about the implications of Libra, they were both kind of pinning each other as the bad guy in this — don't even know what to call it — like tiff battle or or whatever it is. But it's definitely not a symbiotic relationship, and they're not in cahoots or anything like that.

#### **Jesse Hirsh:**

But the point about infrastructure, I think, is important. That there is, I think, a general belief that whoever builds a system, especially a system that's interoperable and easy to use, there isn't necessarily a need to build a second system. And I think that was the initial fear of Facebook. That if Facebook took the concept of Bitcoin and the concept of blockchain and made a corporate version that was sanitized and a little more assailable for the general marketplace, they could literally create a global financial system that competes with the banks, competes with nation-states. And so

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part of what I'm hearing – and to your description of China's response, is that that's the opportunity they see. That if China could create the global digital infrastructure for easy payments for each transactions, for sending money around the world instantly and securely and seamlessly, that has a chance to dislodge the US dollar as kind of the the the currency of record or the currency of the global financial system.

Do you have a sense of what other governments are doing now that China has sort of stated its ambitions or at least set its own goals?

#### **Brenna Smith:**

Yeah. Now, every central bank for every country in the entire world — not every, but a lot – have since come forward in the following months being like: Oh, we're looking into creating a digital currency now, or a centrally backed digital currency or whatever. So it set up a ripple effect for sure of people taking people lesson. Not people as a nation state, sorry, haven't had coffee yet — but it will set off this ripple effect of having governments have to look at crypto or the potential for having a digital currency specifically, which again when you get into the weeds of it, and when you talk to really nitty gritty crypto people, there are people who would say: Well, a state backed currency isn't really a crypto currency. There's there's a lot of manutia in that. It can get complex, but the fact of the matter is that this has set off the ripple effect of digital currencies becoming a potential reality for a ton of countries.

And I think what I predict will happen is once China's digital Yuan releases or whatever, in the following weeks or months, we're gonna see this onslaught of other countries coming forward with their prototypes or whatever of digital currency to see what's gonna happen there. It's definitely like a mini space race in some ways; it's how I look at it. I think that the reason why people are so interested in this is because other people are interested in this. I think that when in 2000, in the early — I guess I don't even know what to call it — like in 2009, 2010, 2011, when this technology was newer, countries were not really paying any mind unless it for a national security threat of like: Oh are criminals going to be using this? And now it's becoming more and more mainstream as the months go by and it's standing a legitimate chance of becoming part of mainstream everyday use. But there's nuance to it, because digital currencies that the US government would issue, the Chinese government would issue, is not in its pure form of cryptocurrency, right? They're not going to have this completely — I mean, not to try to equate the US government to an authoritarian state because that's

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not that's not what I'm trying to do; but what I'm trying to say is when there is a central agency entity issuing a token or any sort of monetary value, that first off takes away the decentralized nature of how crypto is distributed amongst like a network of people. So, if there's only one country, one entity, one main person doing that, that's a big difference in crypto.

And the other thing is the question of will there'll be a public ledger of all these transactions. And that's not probably going to be the case for any country that releases a digital currency of its own. They're not going to give access to behind the scenes of where money is going in and out for the entire country.

#### **Jesse Hirsh:**

and I think — Sorry, I think you're raising a really fascinating topic, which is I'm curious to have you speculate on what you think that Venn diagram is where on the one hand, you have a pure cryptocurrency, and on the other hand, you have a central digital currency.

What are they in common? And to what extent is the central digital bank, the state-based one, a farce? To what extent is it pale in comparison? Or am I wrong to think that it would be inherently inferior to a network-based or a distributed currency? Is that a bias on my part, or are these nation-states missing something when it comes to leveraging the potential of this technology?

#### **Mark Jeftovic:**

Can I interject something really quickly? I think following on Jesse's point that I never call the government ideas around this a cryptocurrency. I always call them digital currencies for exactly the reasons we're talking about here. And the big distinction that I always promulgated was that in a government issued digital currency, you will not have your own private keys. And that's what defines a cryptocurrency. You have your private keys, and that's part of what makes it decentralized.

You brought up another great point that I hadn't considered, which is the blockchain aspect of it. That's the other thing that makes the cryptocurrencies unique and special.

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What generated a lot of excitement around was that transparency of the blockchain and governments today. If we know anything, transparency is kind of anathema to them. So I would say –

#### **Jesse Hirsh:**

Although let's be clear, because transparency in public is one thing, but transparency between government departments might be something that I think in and of itself, could be revolutionary in government, especially authoritarian government, if the silos within government could talk to each other because they're sharing the blockchain. So I think that's why I'm curious where this Venn diagram overlap because there's lots of potential for it to overlap at different places.

#### **Brenna Smith:**

Yeah. Yeah, I mean, I think this is something that I ponder and I don't know if I have — and I think it depends on who you talk to. I think that there have been people who disagree with my take on it. And also, it's kind of like looking into a crystal ball. We don't really know how it's gonna play out. But I think that your perspective of it being a digitally backed currency issue from a government being inferior to crypto is definitely fair. It's just depending on what what aspects you're looking at, or what your goal is as a user or as a developer with the currency. I think we have to remember the motivations of these governments when they're working with this technology. So if I'm a country or a nation state, what I'm most interested in is not necessarily censorship resistant aspects of crypto. It's not necessarily any of the decentralized aspects of it either. But what is appealing to me is it's already a built in framework of how to store stuff online in a massive way where it might not be decentralized outside of government, but it could be decentralized within government.

And I know for a fact the case in China, that's a big reason why they're trying to cherry pick different aspects of blockchain technology, which is that their government enterprise is sprawling; it is disorganized, and it is bureaucratic. It's also very effective and powerful in other ways too, but it's something that blockchain offers an opportunity to help organize public records to help streamline different storage entities or that type

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of stuff and to be able to keep track of not only currency, but it also have larger use cases for general information in general, or general information storage, record storage, that type of stuff in a pretty secure fashion. I mean, because there's not the decentralized aspect of it, because technically one entity does not have control of the entire "network", that a lot of crypto or cryptography purists would say that compromises the censorship resistance or the security of a network fully. But for an entity that doesn't want that information to get out and that wants to be the only one that controls it, that's a really compelling aspect of blockchain technology. And I think that that's also kind of the issue with this in mind; is that when people who know a lot about blockchain, who know a lot about crypto, or even now more than the average person, will look at these use cases they'll be like: This isn't crypto, this isn't a cryptocurrency, or this isn't a blockchain use case at all. This is like one or two aspects of it. It seems all very odd and kind of like a glorified database. Maybe like we've seen enough ICO scams that they're not backed at all, that type of stuff.

But how I looked at it is that blockchain technology through Bitcoin for example, or whatever has made a convincing enough case. It's like a framework that could be useful and apply to these larger states, but they're going to be cherry picking what they use from it. They're not nerds like us who are really interested in the finer details and learning the aspects of what makes something a crypto or a blockchain. They don't care about that. They want to take whatever will be most useful to them, their enterprises or whatnot, and apply that.

#### **Jesse Hirsh:**

Well. And I think that's a brilliant point in terms of we take for granted that innovation doesn't always work the way you want it to be. That if you're an artist, your audience is not going to interpret your art the way you want it. And I think while there are purists in the crypto community who want their baby, who want their child to grow up as they desire, if a sugar daddy like China comes and offers the kind of money and resources to take their ideas in a new direction –

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#### **Mark Jeftovic:**

Not just China.

Sorry, I jumped in.

#### **Jesse Hirsh:**

Go ahead.

#### **Mark Jeftovic:**

That's why I think Facebook's announcement sent shockwaves everywhere, because they already had this global infrastructure where they could cherry pick — to Brenna's point, what you're talking about – they could cherry pick the things that make it frictionless and liquid, and it's right there in your account. And they could like get rid of the stuff that the Bitcoin and the crypto purists like – and the thing about Bitcoin and Ethereum especially. My work with the Ethereum name service Working Group, I was like: Can you guys maybe make it even more complicated to register a domain name because I don't think it's complicated enough and I can't even figure it out. And I mean, what people really want, the jaded business guy in me realizes they want PayPal for Bitcoin. And to get PayPal for Bitcoin, you have to take out all of these anti censorship privacy. Things that make Bitcoin, Bitcoin. And what you're left with is if not China's digital one, then Facebook's Libra or something like it. And that's why to your point Jesse, that's why it's got VHS instead of beta.

#### **Jesse Hirsh:**

But here's where I'm cautiously optimistic as someone who has never been a Bitcoin blockchain purist. I've always seen myself as curious, as fascinated by it. What I always felt that there was a politics missing from the economics of Bitcoin that China does. China says: We have politics, we have an ideology, we have a way in which we want to the Communist Party and the Politburo that we want to run things. So we're going to take from this technology, the stuff that matches our politics that matches our ideology, and there's a part of me inspired by that. Because now, the opportunities for

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a democratic society to do the same, for a democratic society to at all technology this day, maybe we will keep the censorship resistant. But we're also going to make it accessible so that you don't need to have gigabytes of space to be able to download the ledger still become part of it.

And I think that's where, you know, Facebook gave us the corporate version, China gave us the authoritarian version. So now we need the democratic version. Right now, we need the Barcelona or the Amsterdam or the Canada or the whatever fictitious Rojava in western Syria, whenever fictitious democratic republic to go: Yes, we want to.

Because to Brenna's point about bureaucracy, I also thought it was brilliant. China has a sprawling bureaucracy that they probably don't even understand it so sprawling, and so then to us, too. Distributed technology as a way to link up that sprawling bureaucracy to its to itself provides another interesting opportunity that a democratic society.

Here's an example: The Tibetan government in exile. The Tibetan government in exile is this fascinating self-governing diaspora of Tibetans outside of Tibet. And while based in Dharamsala, India, they are spread out all over the world. Now, this type of distributed currency political system combined would be very valuable and relevant to such a network state. So, that's where I'm a little disturbed by Facebook and China's efforts, and actually sort of inspired by the idea that the blockchain orthodox can't control the technology. But it's dead because it's open source. It can evolve with culture and society and newfound ways. That's partly why I'm interested in who else is on board, and what other countries? What other ideas what other companies are thinking about the ways in which they can use these currencies?

### **Brenna Smith:**

Yeah. And I think that what you're saying is also just it's already present in the space.

Actually, the best case study to look at is Venezuela. Venezuela technically launched its own digital currency. It technically was the first. It was — can I swear on the show? Is that not allowed?

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#### **Mark Jeftovic:**

We invite it. Go ahead

#### **Brenna Smith:**

The Petro, Venezuela's digital currency was a shit show. It doesn't work, and it's a mess. But crypto is huge in Venezuela, because on the Ethereum or Bitcoin or whatever, you can preserve the value of your money there more than you could if you just left it in the economy to go where it's just going to be deflating and deflating and deflating.

And also, in Venezuela, there's other aspects where there's a lot of electricity there. So electricity is really cheap there. So mining crypto is actually really more doable than you would think, and profitable for somebody who needs money now to feed their family, etc. So there's this burgeoning ecosystem where you see this this extreme authoritarian state trying to control crypto and trying to have one type of this technology that people use. And then people using Bitcoin, Ethereum, different open sourced globally accessible tokens to help themselves. And it's like a radical act in some ways. And that's why I would not be surprised at all if we start seeing these more formal conglomerates of creations of tokens or coins in a similar manner if human rights groups or stuff like that decided to try to create that token to or crypto to advocate for people around the world or that type of stuff. that's definitely I think a probability in the future in some way. But the other thing I think about is why not just use Bitcoin? Why not use the purest form possible if you're somebody who does not want to have to trust any one's central identity with your money, if you just want to be able to make sure that it is in its purest form? Crypto, in some ways, can be traceable, but the money that you're sending to various people over the Bitcoin blockchain or the Ethereum blockchain, that that's not going to be something that most likely can be intercepted by a government or another body, or that type of stuff. And when you're somebody in dire situations like many Venezuelans are, that's invaluable.

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#### **Jesse Hirsh:**

Well, and that raises an interesting question or dynamic that when the Venezuelan government introduces this system, thinking that it'll give them the upper hand, it actually ends up giving greater agency and potential autonomy to the people that they were trying to deny that to. And it makes me wonder on a larger kind of meta scale, is Bitcoin the ultimate beneficiary here? As Facebook, as China, as other companies and countries weighed further into this technology, the byproduct is they're promoting, they're raising awareness of the broader genre to the public.

Does that then increase more a sort of a route and look at the bottom and go: Well, why would I go with these posers when I could go with the real deal? Is there a broader dynamic of whether Bitcoin or Ethereum is kind of the cool kids' Bitcoin? Is there a dynamic in which these are being reinforced by all this broader activity at the state or corporate level?

#### **Mark Jeftovic:**

Can I jump in for one second? I mean, so I was going to ask: Where is Bitcoin's role in all this, as we were leading up to this in the in the last couple – we've been covering that. And what I realize as one of the guys that pays more attention to economics and finance here; Eventually, people in economics and finance — it's not necessarily spoken in polite company, but the reality is, the US dollar is not going to be the world reserve currency forever. And the big question in the air is what comes next?

Gold purists say it'll be gold, and I think they're wrong; and crypto people think it'll be Bitcoin, and I think they'll be wrong. I think it will be some kind of basket or hybrid with government created digital assets and currencies. It's just kind of almost seems faded. But – I'm going somewhere with this – among all the Austrian economist purists, etc, they look at all these fiat currencies. And they say: Yeah, this is all great, I'm going to use it to fill up my car with gas and buy groceries, but the one true money is gold. And they sort of measure everything against gold, and they do charts of the Dow against gold.

And I think the same thing could happen with digital and cryptocurrencies where these governments like Venezuela, great example, they come up with the Petro. The last

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time I checked the Petro website, it wasn't even working anymore, but then the second last time, it was working. The last time I checked it was a few days ago.

Then the Venezuelans just say: This is not an effective currency for us. It's more economically viable for them to feed their family to just mine Monero or Litecoin or Ethereum, or whatever. And we will have the same dynamic where people will say: Okay, there's corporate and government digital currencies and hybrids of the two, and the gold standard to which all of this will be pinned or compared with the Bitcoin, I think, and any other pure cryptocurrencies that stand the test of time. I think Ethereum will, I think Monero will, I think Litecoin will, and there's probably a couple of others that some people listening might be upset that I'm not mentioning them, but –

#### **Jesse Hirsh:**

well, Dogecoin for sure.

#### **Mark Jeftovic:**

Doge for absolute sure. Yeah.

#### **Brenna Smith:**

Yeah, I think that's an excellent point. I agree that I don't think that Bitcoin is going to be this globally ubiquitous currency that we will be paying for coffee with in 10 years. But I do think that if there is a digital currency, I think that's a really good point about how we consider when we're looking at any sort of like fiat currency. Now, we compare it to gold, or we used to compare it to gold. And I think that that's exactly what's going to happen with Bitcoin, because even now, if anybody creates a new currency or a new token or whatever, the metric is Bitcoin. Now, even the dollar – not even gold – it's Bitcoin to compare it to. I think that's a really astute point. I definitely think that that's more likely than not going to be the case. And I think the reality too is it's going to be some sort of hybrid of pure aspects of this technology that people love and then aspects of this technology that is not part of the native type. I'm not making any sense, or I haven't had coffee, but –

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#### **Mark Jeftovic:**

No, I know what you mean. I think, personally, and I don't mean to assume what you're saying, but I don't think governments are ever going to get religion in terms of transparency, in terms of censorship in terms of personal freedom. It's just not how they're hardwired. So they will take what they can use, they will leave the rest. And so, what we've been saying earlier on is what you're left with isn't really a cryptocurrency. It's a digital currency.

I think what Bitcoin has done, that there's no putting the genie back in the bottle. It has opened an era. A new era of competitive platform – not even competitive currencies – so that again, in the Venezuelan case, they came up with the Petro and it tanked because it couldn't outcompete Bitcoin. But to Facebook's point, I've always said: Imagine if Libra got off the ground and became entrenched. People's Facebook account would be more relevant to their day-to-day lives than their government-issued passport in many places because they would be getting paid in Libra.

#### **Brenna Smith:**

Yeah.

#### **Jesse Hirsh:**

That's true already.

#### **Mark Jeftovic:**

Yeah.

#### **Jesse Hirsh:**

Unfortunately.

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#### **Mark Jeftovic:**

I know.

#### **Jesse Hirsh:**

We're running out of time, and we are standing between Brenna and her coffee. So we will wrap soon, but I kind of feel it's important to tease out one last insight that I felt both of you were touching upon, which is the open source aspect of all that. That Bitcoin is open source, that cryptocurrencies are open source, and there is an iterative development. There is an innovation at work there that's entirely what's enabling these companies and countries to do what they're doing, because they can stand on the shoulders of giants when it comes to open source stuff. So if we sort of step back and look at the larger picture, I sort of have two questions for both, quite frankly, in response to that.

Number one, does this mean that there'll be more shit coins? Or will there be a consolidation? Will we look back at the early days of cryptocurrency with all of these coins as being the early days when there were lots of railroads because anyone could run rails, but inevitably there was consolidation, and they were reduced to the tiny few. Same that happened with telephone companies and internet companies, and so on and so forth.

The second question is about open source. We've alluded to this, but I kind of want to press this a little with both of you. We talked about how governments are not going to be transparent, right? How part of their cherry picking is they want some of the resilience of the technology, not the transparency. So what about open source? As these countries start using open source tools, especially as part of their digital currencies and their digital infrastructure, will that – whether deliberately or accidentally – flow back into the open source world? Will some of the advancements made by governments investing in working on this technology, kind of cross pollinate back into the repositories in general code? Because it strikes me that governments are benefiting from all of these open source efforts. Real open source efforts benefit from government developments. There is a part of me that thinks, yes, inevitably, that there's no way to prevent that, but I'm curious what you guys think both in terms of will there be a plurality of currencies? Because anyone can create a currency. And will the world of open source be strengthened and empowered by more governments,

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appropriating open source tools, even if they're not doing so with the full spirit and ethos of open source as a whole?

#### **Mark Jeftovic:**

if I may jump in and answer first – and then Brenna, you can take us home out of this, because my answer is short.

To number one, I think the proliferation of shit coins is like penny stocks. So there may be areas in time when there are more or less, but they're always there. And there's always going to be players saying – perhaps genuinely motivated. We think we have something unique and we can make a go of this. Or it's a joke like Dogecoin or – Wownero is my favorite. I love Wownero. Or outright scams, people just creating Ponzis.

I don't have an answer to the second one. So that's why I can kick it over to Brenna, because I haven't really thought about it enough.

#### **Brenna Smith:**

Yeah, I agree with Mark's take on the first one. I think that there will be an aspect of consolidation where we, in like 2017 or so, there was this big boom of if you had a fake ICO scam, you could be really successful with it. And I think the days of being able to scam people with that are dwindling somewhat, but that doesn't mean it's going to just completely die out and the people are just not going to. I mean, now we're seeing crypto scams perpetuating, like the big Twitter hack that happened a month or so ago and different stuff like that. I think there will always be evolutions of people using crypto in scammy ways, whether that is because they are creating their own tokens or because they are utilizing existing technologies.

I think the answer to Jesse's first question is yes and no, there will be some sort of consolidation where the main digital currencies that are usable will probably be a handful, but that won't stop the larger ecosystem from still perpetuating, like Mark said, penny stocks and different scams, or even using the consolidated handful to perpetrate stamps. That's just not going to go away. I don't see that going away.

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To the second point, also, like Mark said, I haven't thought about it a lot either. But my mindset is that to us, I think that we think crypto is this big news topic that everybody's talking about, that everybody pays attention to if you're interested in technology, but I don't actually think that's necessarily the case globally or for the average Joe.

And so what I think could happen is that the more and more of these “mainstream” digital currency initiatives happen, more and more people are going to begin to learn and understand about digital currencies in general. But then, some people will then trickle into understanding: Well, what's the cryptocurrency then? How is this technology going?

I think for me, my mindset in some ways with crypto is that like the more regular people that can get access or have some sort of inkling or prompt to learn more about it, the more that that could inspire new developments. But I don't know. And I also don't know if that is even what would happen, because if open source developers see that one digital token is really useful, or I think if somebody sees it, somebody can create a technology that they didn't think they could before.

If they could create an aspect of a digital token that people didn't think was possible before or whatever, if people know something's possible, then they know that there's a way to do it, and they'll figure it out eventually. And that it's the same open source developers as well. So if they see some nation, or national digital or digital token becoming really advanced in some aspect, then they know it's possible you advanced in that aspect and they can figure it out. And that way too, I think that imitation is the highest form of flattery, and if people know what they can imitate, then that always leads to innovation as well.

#### **Jesse Hirsh:**

Well, and I think that's actually – it's funny you raised that because I think that speaks to the paradox that kind of face it.

On the one hand, I think that their resurgence as a global power is because they reverse engineered everyone else's technology. And now that they're at the front of the pack and they're developing their own technology, they should assume everyone's going to just write back. Everyone's going to reverse engineer anything that they admit.

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To your point, once we know it's possible that someone else is going to figure out how to reproduce it, or how to reverse engineer it, or how to make it possible. So I think that gives me at least a glimmer of hope that there is still an opportunity to think about the way this technology works from democratic means, from the kind of grassroots means in contrast to the authoritarian in contrast to the top down, because a recurring theme of this podcast is our collective paranoia that some authoritarian regime is rising, about to takeover. Where I always see the silver lining that I think Brenna alluded to earlier indirectly, is most dictatorships are incompetent, right?

#### **Jesse Hirsh:**

Most authoritarian powers are overwhelmingly bureaucratic and corrupt. They often don't work, the right hand doesn't know what the left hand is doing. And that's where I think we have to remember that there is no future, there is no fate. It's our curiosity, I think, that influence what we're able to do with the tools and technology that we have. So with that, thank you Brenna very much for coming on as a guest on the show. I learned a lot. I thought this was a fascinating discussion that really gets into the idea of the relationship between technology and politics. The relationship between technology and governments is it's while fascinating, it's still really quite complicated and worth pursuing.

So I think all three of us, as researchers independently, it was fantastic that we could come together and have this conversation. Mark, any last thoughts or comments?

#### **Mark Jeftovic:**

I was just gonna echo what you said, and Brenna, if you want to tell people how to get onto your newsletter and where to access your material, feel free.

#### **Brenna Smith:**

Thank you so much for having me. The quickest and easiest way to find me would be on Twitter. My handle is Brenna – B-R-E-N-N-A double underscore Smith, S-M-I-T-H.

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The Brenna with one underscore has still not given up their username, but they have been inactive for years.

#### **Mark Jeftovic:**

I hate that.

#### **Brenna Smith:**

I know. I know.

So I have a weird double underscore for my name, and then I have a link in my bio to sign up for the newsletter.

#### **Mark Jeftovic:**

Okay.

#### **Jesse Hirsh:**

Right on. Thank you very much.

#### **Mark Jeftovic:**

All right. Thanks.

#### **Brenna Smith:**

Thank you so much.

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**Mark Jeftovic:**

Okay. Thanks. And then I think starting next week we might have Charles back on the show to get the band back together. So, we'll see you all next week.

And that was the AxisofEasy Salon Number 20.

**[closing credits]**

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