

Dollar Collapse - Rubino, Lepard, Jeftovic

John Rubino [03:08]:

Welcome to the DollarCollapse.com podcast. I'm John Rubino, and with me today are Mark Jeftovic, publisher of The Crypto Capitalist newsletter; and Lawrence Lepard, managing partner with Equity Management Associates. Welcome, guys.

Lawrence Lepard [03:24]:

Welcome. Thanks, John, for having me on. I appreciate it.

John Rubino [03:27]:

Oh, yeah.

Mark Jeftovic [03:28]:

This is exciting. Because what I like about doing this kind of a show is --- Dollar Collapse, traditionally, it's like a gold bug board. And we've been getting involved lately bringing sort of Crypto - like introducing the concept of Crypto. And Lawrence, you're one of the guys that I see all over Crypto podcasts.

Lawrence Lepard [03:51]:

I love them both. I love them both.

Mark Jeftovic [03:54]:

And you love them both, and so, it's like okay -

Lawrence Lepard [03:56]:

First of all, drop Crypto - Bitcoin.

Mark Jeftovic [03:58]:

Bitcoin, okay.

Lawrence Lepard [04:00]:

Crypto includes Dogecoin which I think, sadly, some of the hype around some of the more dodgy Crypto has damaged the one what I consider to be true signaling Crypto, which is Bitcoin. But no, I've never lost my love for gold and Dollar Collapse and John and the whole --- it's what brought us this far, and it's still got a huge and important role to play going forward. And so, I think we're all on the same team - the gold guys and Crypto guys. The people on the other team are the fiat people, right? They think that we should believe their lies and live in their world. And we're going to rock their world, I hope.

John Rubino [04:41]:

The idea that Cryptos and precious metals are basically the same team - I think is really important. And I think there's a process going on where each side is educating the other in the basic story.

Lawrence Lepard [04:54]:

It does.

John Rubino [04:55]:

Because you know, to be a Crypto guy, you have to understand fiat currencies and their flaws, and why that system is going to fail. And that necessarily leads you to other real assets like gold and silver.

Lawrence Lepard [05:08]:

Yeah.

[John Rubino](#) [05:09]:

And vice versa. For gold and silver, once you've got the precious metal story down and the fiat currency story down, you have an inherent approval – I guess – of free-market money that is independent of government manipulation, which is what Cryptos are. So, I think this is one big team.

[Lawrence Lepard](#) [05:28]:

Absolutely.

[John Rubino](#) [05:30]:

And the arguments that are going on right now are sort of like family arguments over thanksgiving dinner or something. I think everybody is basically part of the same family now. On the sound money side.

[Lawrence Lepard](#) [05:43]:

Yeah. Sound money is really the issue. And what I love about it – as John knows – I mean, us gold guys, we've been fighting this battle for a long time, and we're beat up, and we're weary, and it's been hard, and they've been manipulating it. It's been a tough game to be playing at.

And frankly, I'm really glad to have all these young Bitcoin hornets coming after the other side. I mean, I think Safe's book was a really seminal event in educating an entire group of young people about the benefits of Austrian economics and the Austrian school of thought on sound money.

And so, it's just been a wonderful thing to me to watch Crypto emerge. And it's like, okay, we're not only fighting with one set of weapons; we got a new set of weapons. Of course, the Bitcoin people say their weapons are guns and we're fighting with spears and arrows or whatever. We're all fighting. That's the one thing we've got in common, right?

Mark Jeftovic [06:34]:

I mean for me, I've always said that it comes down to optionality. I think gold gives you certain optionality that nothing else gives you. As does Crypto – a different set of optionality. So I just want to walk around with a toolbox full of options. And I figure if I'm gonna relinquish one or the other – they're both anti-fiat assets – then, I'm walking around with half a toolbox; I'm trying to try to fix everything with a screwdriver, and I'm saying like: *wrenches are for suckers* or vice versa. And I want them both.

Lawrence Lepard [07:10]:

I think that's really well said. The Crypto guys are --- look, I believe that Bitcoin actually wins ultimately, longer term. I like to say it's inevitable, but it's not imminent. And I think an error a lot of Bitcoin people make is they think it's imminent, and it's not. It's going to take a lot of time for the Bitcoin standard to emerge. Maybe it's shorter than I believe, but I think it's going to take a lot of time.

Mark Jeftovic [07:39]:

Well, I think any gold bug could tell you that because I first read that exact statement in a Douglas Casey international speculator maybe 30 years ago. He said: *“Just because something is inevitable, doesn't make it imminent.”* And that phrase stuck with me ever since. Any gold bug can tell you that now.

Lawrence Lepard [08:02]:

Yeah.

Mark Jeftovic [08:05]:

Practically got cobwebs coming off them as they're leaning on their desk waiting for it to happen.

[Lawrence Lepard](#) [08:09]:

Well, that's right. I mean, it's been frustrating, but the the cracks in the system are large and getting larger. It took them, I don't know, three years to print 3 trillion in the GFC? And what, they would do it in six months or a year this time around? And the next one will be bigger, right? The next one will be 8 trillion or 10 trillion, or who knows what? I mean, the system requires a continual flow of new money and new credit to service the the obligations created by the old money and the old credit. And they have to choose. They have to either inflate it or the whole system dies.

[John Rubino](#) [08:49]:

So it's what's going on right now out there? Another Taper Tantrum? That is going to play out the way the last few have? Or is this one different in some fundamental way?

[Lawrence Lepard](#) [09:00]:

Well, if that's for me, John, it's hard to tell. I mean, I think that yes, I think that is what will ultimately happen. They continually put in work-arounds behind the scenes. There's a guy on Twitter named FedGuy12 who was inside the Fed, who talks about the behind-the-scenes things they've done to prevent another Taper Tantrum.

And so, I honestly thought that the market would be down heavily today and heavily next week, that the stock market can't handle Powell's hawkishness, but maybe it can for a while. Maybe they've got a work-around. We really don't know everything they're doing. We do know that the Exchange Stabilization Fund intervenes in these markets.

I mean, one of the problems we're talking about before we came on air is that price discovery kind of left the building a while ago. Honest price discovery based on free markets left the building, and as a result of that, it makes it difficult for all of us playing in the sandbox to know exactly when things are going to happen – exactly what's going to happen. And so, I think there's a lot of uncertainty. I know which side of the bet I want to be on, I'm very confident that

we will win the bet, but I can't say exactly how quickly. And I think it's very important to understand there will be a fair amount of volatility; and therefore, one of the pieces of advice I give everyone who's playing on this bet is don't get overleveraged because you don't want to get blown out of holding the sound stuff.

Mark Jeftovic [10:35]:

Yeah. Go ahead, John, you're about to say something.

John Rubino [10:38]:

Okay. Well, if we're using past Taper Tantrums as a as a guide, the Fed tries to tighten, stocks freak out, the Fed panics and capitulates, and then everything takes off again. So in past Taper Tantrums, there has been a number.

In other words, how far stocks have to fall before the Fed gives up and reverse its course? And so, that's really --- people are gonna try to trade this. The number is the thing you want to know. How far does the NASDAQ have to fall? And I don't know... if either of you guys have a sense of what that would be, I'd like to hear it. Because I would really like to get in at the very bottom and ride this thing back up.

Lawrence Lepard [11:21]:

Go ahead, Mark. I've got a number, but I want to hear Mark's first.

Mark Jeftovic [11:24]:

So I don't have a number because I actually did what I think is a little bit of game theory. And I think no matter what happens - and I actually put out a post by this title last week that actually went a little viral; said: All Fed Policy-Tracks Still Lead to Bitcoin. And by proxy, anti-fiat. So I think if they're serious about raising rates and going higher - lashing themselves to the mast, as Volcker said in his autobiography back from another era - if they're serious about that, and I don't think that that's possible but let's say they are, they're going to destroy the bond market.

And so, some of that fund flow will go into anti-fiat. It will go into hard assets like gold and Bitcoin.

If they back off – so the Taper Tantrum forces them back down – I don't have a number. I don't even know if they're going to get a raise out. I mean maybe they will, maybe they'll get one raise out, maybe they'll get two out. But if that happens and then they back off and then they reverse course and pivot, then again, that forces capital back --- that takes it out of the currency and it forces it back into and impels it back towards anti-fiat like precious metals and Bitcoin.

And then there was a third option that I put on the table. Maybe they know they're trapped and they think that the easier, softer way out of this is through a CBDC, which they don't --- when I read their paper that they put out a few days ago, what really struck me the most about that was how far behind the curve they are on actually implementing it. But let's hand wave that aside and say they're going to try a CBDC to completely centrally control the economy. Again, you're gonna have capital flight out of the banking system into anti-fiat, like gold and Bitcoin and real estate.

So, I don't have a number. I just think that all scenarios lead to it at some point. It's that inevitability, but not imminence.

[Lawrence Lepard \[13:35\]:](#)

So to answer your question. My belief is it's 20% to 30% lower than today's prices, and we're already kind of down 10%. So, I think that would be larger than most people would expect. I think there are a lot of people in the sound money community think it's gonna blink immediately.

My belief is that they're doing the political calculus and they're saying: People who own stocks – there are a lot of those folks. But working people who are getting fried by inflation – there are an awful lot of those folks. There's election in November, and they need to make a serious dent in inflation. And if wealthy people stocks take a 20% hit now --- of course, we all know everybody has a play in the stock market. If the stock market goes down far enough and fast enough, it's gonna lead to business slowing down, and the wealth effect, and a downturn. But I

don't think they're worried about that right now. I think this inflation stuff scared the shit out of them. I think it really did. And so, I think, in a clueless kind of way, they're going to drive right over the cliff. It could be as low as 15% below where we are now if it happens quickly.

I think one thing people should keep in the back of their mind is that a third Fed mandate has emerged – and I took this idea from Luke Gromen – and that is that the mandate of making the markets orderly is an important thing that they're going to do. So, it could even be 10% below where we are today, but it's gonna happen when things get disorderly. That if we saw a really rapid 10% drop and a really rapid spike in yields – very much like the Repo Blowout so to speak – it could happen that fast. And that could happen within weeks. We just don't know.

I kind of feel like this stock market with these over valuations, it doesn't like what they're doing right now. And it's it's only a matter of time. I mean, we really only had a month of probably been a fair number of margin calls; people haven't gotten their January statements. I think people are going to get the January statements. Some people don't watch this stuff every day like we do, and they're going to say: *“Hey, hang on a second, I'm down?”* and *“What's that all about? That doesn't happen.”* And we'll have to see what what February brings.

One of the brokers I use is Fidelity. On a couple of those big down days we had recently, I had a reason where I needed to call them. I can usually pick up the phone and call them and get on in two minutes. And I think I sat on the phone on both of those days – on a couple of calls I made – for 15 minutes before I could get somebody on the phone. So clearly, some people are noticing what's happening in the markets.

[Mark Jeftovic \[16:21\]:](#)

Well, I think the inflation thing is probably the big difference this time around. Where in the past there has always been inflation, but it was narrowly focused. It was in stocks, bonds, and real estate. Now it's broad-based, so everybody's noticing it.

[Lawrence Lepard \[16:35\]:](#)

Right.

John Rubino [16:36]:

Which means the Fed feels compelled to raise interest rates a few more times. Because they've got this other thing that they're worried about.

Lawrence Lepard [16:42]:

Right.

John Rubino [16:43]:

And that risks them. Like you like you said, Lawrence, knocking the stock market down way further. Then maybe, it would have happened otherwise. Because a lot of these tech stocks are wildly overvalued. You can see a lot of these things go down by 50% and not still kind of be richly valued.

Lawrence Lepard [17:01]:

Right.

John Rubino [17:02]:

So yeah. There's the real potential for a serious drop in the stock market in the not too distant future, and that would probably cause the Fed to overreact in the other direction.

Lawrence Lepard [17:13]:

Well, that's the thing, right? I feel like they're driving a clown car; they got these guardrails of inflation and deflation, and they drive it into one of them. And then: "*Uh-oh no no no no that's way too deflationary*" then go the other way: "*Oh, that's way too inflationary*".

I thought it was funny when Powell came out and said: "*Well, maybe inflation is not transitory.*"

- I mean, it was wrong when he said it was transitory. Obviously, it wasn't; it got to be quite

large. Who knows, maybe right now, it actually is going to cool off a little bit – and he's overreacting and they're always kind of behind what's really going on.

The thing to keep in mind though is markets are reflexive. And if this market goes down 20% – It could go down 40%. In fact, it's more likely to go down 40% having gone down 20 than it is just kind of sitting at a relatively high level down 10 – That is, I think, their greatest fear. Is that they lose control of the whole narrative that they've got.

There was a great tweet by Simon McCaleb – it's on Twitter this morning, I retweeted it – which just kind of said: *The Fed today is very much like the Politburo in Russia in the 1980s. They say lots of things, none of us believe anything that they say, and it's all pretty much untrue.* And my comment to that was: *Right. And how did it end for the Politburo? Nine years later, it was all over.* And so I feel like the Fed is in the process of completely blowing up credibility. A few more swings back and forth and sound money assets are going to be multiples of where they are now. And there's going to be a crisis. How they deal with that, that's all to be discussed. Currency Reset...they may try CBDCs – who knows? They'll try lots of stupid things, I'm sure.

[John Rubino \[19:04\]:](#)

Mark, what would a stock market crash due to Crypto space?

[Mark Jeftovic \[19:09\]:](#)

I was about to ask Lawrence that.

[Lawrence Lepard \[19:12\]:](#)

I don't know.

[Mark Jeftovic \[19:12\]:](#)

I mean at what point do you think this correlation breaks? Because I think, ultimately, the correlation breaks, right? Because ultimately, people say like: *Look, this system is fundamentally broken, and what I'm doing is I'm opting out of this system and I'm trying to preserve some*

wealth. And that would break the correlation. Because right now, everything is correlated, right? Even in 2008, gold went down along with everything else even though a guy like me was waiting for it to go up – it did. It did a V-shaped recovery and it went up much further and faster than the rest of the markets, but it's still dropped with everything else. Because if the floor falls out of the markets and all you have is solid stuff like gold and Bitcoin, then you may have to sell it just to meet margin calls or meet liquidity. So I think, at some point, there is a break in correlation. I think I just talked over Lawrence; you're about to say something.

[Lawrence Lepard \[20:09\]:](#)

No, I thought you were done. I'm sorry. So my view is that the Bitcoin price was somewhat driven by the excess liquidity. There are two groups of players in the Bitcoin space. There are the people who think it's inequity and it's got, you know, and that's what they're buying – and that's what I call the Number-Go-Up Crew. They're like: *"Hey, this number is going up, and it's great. And I just want to buy it when it's running and sell it when it's not."* And, you know, we've lost a few of those; it has come down significantly. And then there's the Sound Money Crew. And I think the Sound Money Crew, they're the people who buy it and huddle it and never sell. And it's been moving from the Number-Go-Up Crew hands into the Sound Money Crew hands.

And my view is that when that break comes, as Mark has correctly pointed out, all things are correlated to one and there'll be a liquidity crunch and everybody sells what they have to sell or can sell in that event. So I think they'll all go down. Of course, then the Fed will come in over the top with something similar to what happened in March of 2020 where he imitated Mario Draghi and said: *"We'll do whatever it takes."* Meaning we're going to print until our eyes bleed. And they'll all go mooning much, much higher.

So the Bitcoin price, I think, reflects some balance of the Number-Go-Up Crew and the Sound Money Crew. And that's partly why it's so volatile. And it makes it hard. I mean, my view is --- I tell my clients: Ignore the price, dollar-cost average, you need to own some of it. You don't need to have 100% of your money there unless you like roller coaster rides. But if you got zero there, you're missing the optionality, which Mark so correctly pointed out, is what you've got in both of these assets.

To me, this is just digital sound money and analog sound money. And sound money – we're in a fourth turning, in my opinion – and sound money is the defining issue, right? We've had a centrally controlled pull-up Bureau style money system pricing for 20 or 30 years, and it's been broken. And it's getting more and more broken more and more rapidly. The cycles are getting shorter. And so, if there ever were a no-brainer trade, in my opinion, it's to be in sound money assets in today. I think the sound money investors are going to end up with all the marbles, which to me is a beautiful thing because some of the fiat people are not necessarily such great people.

[Mark Jeftovic \[22:40\]:](#)

I think for that to happen though, given the nature of the fiat people and the centralized sort of structure, that entire structure --- which is why I like the decentralization revolution so much. Because it's actually just sort of circumventing that structure entirely. Because those people are not going to go down. They're not going to go gently into that good night. They're not going to say: *"Oh, the sound money guys were right, and we were wrong. And now they're all trillionaires and we're paupers."* No. That's not how it's gonna work. They're gonna go down kicking and screaming, throwing up all kinds of capital controls and walls, which is why I think the big struggle of the future --- and here's a question for you. I think the big struggle of the future is going to be CBDCs versus Bitcoin, right? That's going to be like almost a type of monetary apartheid. So I ask myself this every day, and I think it out through, and I'll ask you. Why don't they just ban Bitcoin? And so my short answer is they can't, but I'll ask you. We've got this executive order coming next month. What if they just come out and say it's over?

[Lawrence Lepard \[23:53\]:](#)

John, you want to take that one or you want me to try it?

[John Rubino \[23:55\]:](#)

No. You, Lawrence. I'm just gonna listen respectfully when we talk.

Lawrence Lepard [23:59]:

Okay. So I think the horse is out of the barn. I mean, I think that you've got --- even Gary Gensler, who taught a Bitcoin course at MIT is saying: *"I'm not opposed to Bitcoin. I understand what it is. I understand there's a role for it; I just want to control it."*

Mark Jeftovic [24:15]:

Yeah.

Lawrence Lepard [24:15]:

I think it's too late for them to ban Bitcoin. I think if they do, it would obviously be in a negative in terms of adaption in the United States, but I don't think it would kill it. I think it's a bigger idea than just the United States, and it might drive the price down quite some time. But it sits there and it exists, and every 10 minutes, a new block gets formed. So I don't think they can kill it. I mean, China has banned Bitcoin and yet, there are Chinese people who still use it. So certainly, it's in the back of their mind.

I think they're going to try to do what you describe, which is try for a CBDC, but I don't think that works either. My view is - and this is to be expected, and it's not a terrible thing - my view is what they're gonna do - it's not all good either - they're going to want to regulate it, they want to get their arms around it, they want to tax it, they want to know how much it got. So I think what they're going to do is they're going to say: *Okay, this is used for nefarious purposes, blah blah blah blah*. All right. You want to operate a Bitcoin exchange in the United States - Coinbase? You're going to report all your customers and how much they hold.

Mark Jeftovic [25:22]:

Yep.

Lawrence Lepard [25:23]:

You're going to record all their transactions – *and we're not letting this thing go untaxed*. I think that's coming. As bad as that is, one could also argue that when they get a regulatory framework like that around it, it might make it to the point at which more institutions go: “*Okay, the government's kind of regulating this. It's real, it's not shady.*” --

Mark Jeftovic [25:41]:

It's here to stay once that happens.

Lawrence Lepard [25:43]:

Right. -- “*It's here to stay, and gosh, we need to participate in this too.*”

Mark Jeftovic [25:47]:

Because no regulatory apparatus is going to regulate itself out of existence.

Lawrence Lepard [25:52]:

Exactly. So then, because it's regulated, there's an imprimatur of --- it's accepted. Now, none of us will like the regulation. And I think there will be many HODLers who will figure out ways around this and will have moved to safe custody their coins in places that the government can't find out. The government can really only get at you through the exchanges. One of the beautiful things of this asset is that: 12 words, and you can control a billion dollars.

Mark Jeftovic [26:24]:

Yeah.

Lawrence Lepard [26:26]:

They got to torture the words out of you, right? I mean, literally.

Mark Jeftovic [26:29]:

Yeah.

Lawrence Lepard [26:31]:

And yeah, okay, you might have to --- you'd be breaking the law; they say you're supposed to report your addresses, but they confiscated the gold in '33 too and lots of people didn't turn those in.

Mark Jeftovic [26:43]:

I was going to mention that. I was going talk about: I used to worry a lot about gold confiscation. Before Bitcoin, I was a huge gold bug - and I still am. And I'm like: Well, the system - what I just said everything about it - If gold really blows up and is the last thing standing, you're just going to confiscate it all. But then as I began to understand how the mechanics of that era really did work, very little gold actually got confiscated.

Lawrence Lepard [27:13]:

Correct.

Mark Jeftovic [27:14]:

And today, I think it's even less possible now to do that. I think maybe, if it were to come to that, governments might nationalize gold mines or something like that. Here in Canada, our finance minister just sold the last of our gold like four years ago. We've got zero. Our entire foreign reserves are US dollars. So that's...

Lawrence Lepard [27:38]:

Ridiculous.

[Mark Jiftovic \[27:39\]:](#)

...next level thinking here. But I think increasingly, more and more capital --- it's exactly like you say. There's going to be this regulatory apparatus on the on-ramps and the off-ramps. We're not going to like it; it's going to be there. None of us like taxes; we all pay our taxes. We all run businesses, make investments, and you just plan for taxes. We're going to do the same with Crypto. But beyond that, increasingly more capital is on a one way trip into like the Bitcoin DeFi decentralized exchanges. It's never coming back.

[Lawrence Lepard \[28:13\]:](#)

That's one of the things that we know. There's 5000, 6000 years of recorded human history where human beings will always choose the soundest form of money to protect their financial security. It's a fact. It's been proven. It's Gresham's Law proven over and over and over again. And that's why I'm so convinced that it's inevitable that these two assets will do extremely well.

I mean, to review the numbers - I've said this many times, I think it is important for people to understand - the \$450 trillion of fiat assets in the world - that's bond stocks and cash - 450 trillion. If you consider sound assets, sound money assets, to be: Gold stocks - 1 trillion; tradable gold -total gold 10 trillion - but tradable gold - 5 trillion; and Bitcoin - less than a trillion. You got \$7 trillion of sound money assets. You got \$450 trillion of fiat crap. What happens? What happens when the fiat crap goes: *Hey you know what, I'm getting debased, I need to go over there.* That 450 --- some piece of that 450 doesn't matter to me. I mean, if you look at the 1980s example, the gold was the only sound money asset at the time. It got to be about 30% of total worldwide financial assets. So you know, right now we're at 7 trillion on 450. I don't know what percentage that is, but it's small. If we went up to 30%, boy, the multiples of the prices on gold and Bitcoin would be substantial, right?

So, to me, it's a no-brainer trade. And some people see it. I mean, Paul Tudor Jones sees it, a lot of people see it. A lot of people don't. A lot of people don't understand that at the fundamental core problem that we have in the society, a lot of it is driven by unsound money. And so, my tagline on Twitter - and I think I borrowed it from somebody - is: *Fix the money, Fix the world.* You want to talk about draining the swamp? Fix the money.

Let me just say one other thing on the confiscation and on government actions. One of the things I think the government's going to come to realize is --- there are 370 million Americans. How many people are there in government? How enforceable are these laws? How happy are these Americans when their wealth is getting inflated away? The third bubble in 20+ years is bursting. Everybody in politics is a liar. We've been lied to about literally everything. Do you think people are going to obey the government when the government says: "*Hey, turn this stuff in*"? I don't think so. This isn't Australia. Half this country is heavily armed, so...

[Mark Jeftovic \[30:54\]:](#)

Well, speak for yourself. I live in Canada. So...socialist paradise. But...

[Lawrence Lepard \[31:00\]:](#)

Still, Canada is a different case. I don't know. I think there are a lot of freedom-minded people in Canada.

[Mark Jeftovic \[31:04\]:](#)

Yeah. Actually, there's a whole convoy headed to Ottawa right now -

[Lawrence Lepard \[31:08\]:](#)

Absolutely.

[Mark Jeftovic \[31:09\]:](#)

- that everyone is trying hard to ignore, but they're going.

[Lawrence Lepard \[31:11\]:](#)

That's fabulous, right? There are people up there with common sense. Lots of them.

Mark Jeftovic [31:16]:

Yeah. It's a lot more understated here. Like, when I talk to my neighbors and sort of normies and people like that. There's a lot of frustration.

Lawrence Lepard [31:25]:

Sure.

Mark Jeftovic [31:25]:

They're like: "*I can't watch the news anymore, it's like Pravda.*" So, all institutions have kind of bankrupted themselves in terms of credibility, including the media – or at least on the way to. John, were you about to say something?

John Rubino [31:40]:

Well, I was just going to ask if you guys perceive any way to combine – conceptually – gold and silver in a blockchain-based system, or --- in other words, can there be a combination of gold and Bitcoin or gold in the blockchain that creates a monetary product that could be the basis of a future monetary system?

Lawrence Lepard [32:10]:

Mark, you go first.

Mark Jeftovic [32:12]:

Well, there's a few out there. There are a few projects already going like Paxos and Kinesis; and cache.gold, I think, is the other one. And this goes back to --- when Bitcoin came along, this is what really sort of blew my mind because I was involved in the E-gold and the digital gold currency sort of movement of the early...when was that? Like 2000s – 2003, 2004.

Lawrence Lepard [32:41]:

Yep. I remember it well.

Mark Jeftovic [32:42]:

And so, that's how I accumulated a lot of my physical gold. I still run the same web-hosting domain company. We just hang out our shingle. We were the only domain registrar in the world to take

E-gold as payment. And then I would just redeem it out as fast as it came in and put it in a safety deposit box. It's funny. I go look at it every once in a while just to tally it against my spreadsheet, and I look at the card for when I sign in to look at my safety deposit boxes with the gold. 2008, 2020, it's like okay, financial system is melting down; let's go count the gold.

Anyway, so there was E-gold, there was PC Unix, there was e-Bullion. So now, they're taking this Bitcoin technology – this blockchain technology – and they're saying: *Okay, we can do exactly the same thing with actual gold backing.* I mentioned them earlier, we can put them in the show notes as well.

Lawrence Lepard [33:43]:

Yeah. My answer to the question is: I think it's unnecessary. Look, it's maybe necessary for gold in the sense that it would be nice to have some blockchain proof that gold was actually where it is. But the minute you do that, you kind of introduce a third party. One of the beautiful things about Bitcoin is there is no third party other than a network, right? With the Kinesis thing, yes the coins are tied to the metal, but whoever's running Kinesis is a third party that you got to trust.

Mark Jeftovic [34:14]:

Right.

[Lawrence Lepard \[34:15\]:](#)

That's part of what you've kind of avoided when you go to the whole Bitcoin network. Different question, though. The world needs a neutral reserve asset, right? That's part of what got us into this dilemma. The dollar being the neutral reserve asset, Triffin's dilemma, etc. etc.

Could you construct a neutral reserve asset that was part gold, part oil, part Bitcoin? And I think the answer is yes, you probably could. I think Luke Gromen has talked about how they are all energy-based products. It takes energy to mine gold, it takes energy to mine Bitcoin, it takes energy to pull oil out. Oil, of course, produces energy. So, money really is kind of just a form of energy. It's stored energy. It's stored human energy.

And so, when it becomes apparent that fiat doesn't work – and I think that will happen in our lifetimes, and probably within a 10-year window – then the world is going to have to choose a new neutral reserve asset. The obvious choice is gold – 5000 year-old. Bitcoin, the emerging one, which I hope we would choose because we could leapfrog Canada or China if we did it.

But there's also the possibility of doing something – it's kind of a hybrid. Like a bank, or like what Keynes was actually – he was evil in a lot of ways but he was smart enough to understand. He could see Triffin's dilemma coming, and he said you need a neutral reserve asset to settle things between countries. And so, you could create a hybrid of these three different possible choices for neutral reserve asset.

[John Rubino \[35:46\]:](#)

Okay. Yeah, just a couple more Bitcoin questions. There are things that I've been thinking about that I don't understand. And they've never been explained to me sufficiently so that I do understand it, but I bet you guys can do it.

It seems to me that the risk of any kind of a digital asset is that the system has to continue to run for those assets to be tradable, redeemable, and then therefore to have the value that we impute to. So, what would happen if there was some kind of a cyber-attack, let's say, that takes down the power grid and/or the internet for a long stretch of time? What does that do to your Bitcoin holdings?

Lawrence Lepard [36:37]:

Mark, you want to go, or you want me to?

Mark Jeftovic [36:38]:

Sure. Yeah. If, for one thing, the blockchain is extremely decentralized – like, there's some countries where it's a little more concentrated than others. The United States and Russia is number three, Kazakhstan is up there, used to be a lot --- used to be 62% of the hash power was in China. Now, you can almost look at that as an analog of what you're talking about.

Let's say an EMP hit China and all the hash power went away – it sort of did because the government came out and said: “*We're banning Bitcoin mining*”. So, 62% of the hash power went away. It didn't really affect anything. The price went down for a bit, the hash rate went down for a bit, and then it just kind of repaired itself around it and you would almost never know it looking on a one-year chart now. That anything had ever happened.

So, in a localized sense, if a chunk of the internet goes down...well like Lawrence said, you remember your 12 words or you have them stashed someplace. You just get to someplace else where there is a network, and you have access to your wealth. So anywhere there's a network, there's your wealth, right? Even if there's only one node left on earth running – although it could 51% itself.

But the point is, for this nightmare scenario that you're talking about, it would have to be the entire internet and the entire power grid across the entire world. And if that happens, the least of your problems is going to be your wealth in Bitcoin terms. That's the last thing on your mind.

John Rubino [38:16]:

Okay.

Lawrence Lepard [38:18]:

That was almost verbatim of what was going to be my answer. If it shuts down, it will rebuild itself. And I can't imagine a scenario where all electricity and all servers all over the world would

shut down for an extended period of time. It has to be either a nuclear event or an asteroid hitting the world.

Mark Jeftovic [38:38]:

Solar flare.

Lawrence Lepard [38:39]:

Yeah. And in those cases, we got bigger problems. We're all going to die anyway.

Mark Jeftovic [38:42]:

But there's even satellites with the blockchain on it now.

Lawrence Lepard [38:46]:

Right.

Mark Jeftovic [38:47]:

Right?

Lawrence Lepard [38:48]:

Right.

Mark Jeftovic [38:48]:

So, Planet of the Apes situation, they fire up a node in 200 years, and suddenly, you got a rich ape on your hands because he's got all the Bitcoin, but...

[Lawrence Lepard \[38:58\]:](#)

Yeah. In one country, absolutely. It's a big risk. It could happen. It could happen. But there are 15,000 nodes. And the mining of hash power, as Mark has pointed out, is widely distributed around the world. And the difficulty adjustment – this is something you're probably not familiar with, John, or a lot of people aren't familiar with – some of the brilliance of the way this whole thing was built. It's just kind of amazing.

The system is built to create a block of transactions every 10 minutes. And that's based on solving a mathematical problem. And whatever mining company or miner solves the problem in the most elegant way – quickest – wins the reward of getting additional coins. And that mining problem, that mathematical equation, there's a dial that you can turn on it that makes it harder or easier and that dial gets turned based on how quickly those blocks are getting created.

So, if computing power worldwide goes down as when China went down, the hash power really decreased. Well then suddenly, it took longer to make a block. Well, guess what? The network automatically saw that, and then turned the difficulty adjustment dial down so that it became much easier to create a block, and we went back to the 10-minute gap. So every 10 minutes, a block gets created. And the difficulty of creating that block is something driven by the number of servers that are on. The network, in a sense, self-adjusts to the power that's being fed into the network. So again, just so many brilliant pieces of the way the guys who invented this thing constructed it.

[Mark Jiftovic \[40:40\]:](#)

A game theory behind it is just nothing short of brilliant. Because like Lawrence was saying, the hash power came down, and the difficulty rate --- there's a little bit of a lag between when the difficulty rate comes down.

[Lawrence Lepard \[40:52\]:](#)

Yes.

[Mark Jeftovic \[40:53\]:](#)

So about two weeks. So, what happens? Well, that has suddenly created like an incentive for people outside of the blast radius, so to speak, to bring more hash power to bear on the network. Because that way, the rewards would go up because the difficulty level hasn't adjusted to the new difficulty and all the hash powers' gone away. So now, you can actually get a little more of the reward by increasing your local hash power. So then, that starts to bring the hash power back up again until the difficulty level comes down to meet it.

So, it's a lot like capitalism. The incentive structure is brilliant so that everybody's self-interest propels the system as a whole upward. So, a transaction doesn't take place unless two parties to it perceive that they're getting better value from the transaction. And so, that self-interest on both sides pushes everything forward.

Same thing happens in the blockchain, and the Tokenomics, and all of it. It's just sheer brilliance.

[John Rubino \[41:59\]:](#)

Good answers. Now, one other question along the same lines. Not too long ago, Google announced that they had developed a quantum computer. And the hype around quantum computers is that they will be so powerful that they can break any encryption. So, what does the advent of that kind of computing power, and that ability to break encryption that is implied in quantum computers, mean for digital assets in general? And Bitcoin in particular?

[Lawrence Lepard \[42:35\]:](#)

I view that as a real threat, actually. But I don't know. Just having quantum computers, and then having the ability to break the level of encryption that's been built into Bitcoin – those are two different things. In other words, I think we're at Quantum Computer Version 1.0, and it might take Quantum Computer Version 20.0 to have the power to break this encryption.

The people I've spoken to – and I've spoken to a core developer at MIT who was familiar with the subject – has said not to worry about it in kind of a 20 to 30-year timeframe. But look,

everything's up on the table, right? It could change – it could definitely change. It is something to keep an eye on. I certainly don't worry about it in a five-year time frame; I don't think they're anywhere close to being able to touch this encryption.

I can't remember --- they were telling me that it was like 10 to what power, but the level of difficulty in breaking the encryption right now, it's like billions of years of the best computers running to solve to break through it. So, I think it's technically not likely in the shorter run. I suppose it is always a threat in the longer run.

Mark Jeftovic [43:51]:

There are already teams and people working on quantum-resistant encryption as it is anyway. So it's that age-old arm race, right? Over here, someone's trying to build a better mousetrap; and over here, someone's trying to build a better mouse. I think as the world gets closer to quantum computing, there's going to be advances in quantum-resistant encryption. And then there's going to be this jockeying and this balance there. I put quantum computing in the same category as: asteroid mining is going to make gold worthless.

Lawrence Lepard [44:25]:

Yes.

Mark Jeftovic [44:26]:

Right? Because there's an asteroid out there that has enough gold in it to make everyone on earth a trillionaire. Yeah, that may be true, but let's land it and mine it without destroying the solar system. And then talk to me.

Lawrence Lepard [44:39]:

Yeah. Yeah. I think it falls into the category of unlikely near-term or medium-term risks in my book.

John Rubino [44:48]:

Okay. Now, how big of a deal is geopolitics to you guys? Are we going wake up some morning and find out that we're in a shooting war with Russia or China? And how does that figure into your investment strategies?

Lawrence Lepard [45:06]:

I'll go on that one. I think the answer is no; I'm an optimist. I think we're already at war. It's a soft war built on technology, built on sound money, built on a lot of things. And sadly, I think the US isn't playing its hand particularly well. I mean, we've got more resources, it's a great country, great population; and yet, we've let some other countries take advantage of us. I mean, China stole a lot of our technology. But they've got a lot of problems. They don't have nearly as big of a landmass, they don't have nearly as much food-growing capability, they don't have nearly as much water – freshwater. And so, I think we're fighting a kind of a low-level war with both China and Russia, but it's being played out behind the scenes.

And the reason I think it's unlikely to become a shooting war is --- I actually think the lesson of the last century was that shooting war just don't work. You don't really get anywhere. You end up with a lot of dead people. That's what the World War II showed us. And since then, we had a few small follow-on proxy wars, and they kind of showed us the same thing. Vietnam, Afghanistan -whatever. To me, everybody in the world now is about --- people want to gain financial dominance. They want to be rich. There's a lot of warfare going on there, right? *What's the right reserve currency? Who's got the best technology?* et cetera et cetera.

But I don't believe shooting wars are something that's going to be a part of our future. I think they're part of the past. I think that people realized that nobody wins. And so, with that, you can say I'm naive, but I don't think so. I actually think that's what the last century taught us.

And then with that, I think that the other thing that last century taught us is there is a discontinuity or diseconomies of scale. Henry Ford showed us that look, you have an assembly line, and this is great; we can build more cars faster, cheaper, blah, blah, blah. World War II is

mass killing, right? I mean, we have bombs and guns, and we learned how to kill 50 million people really quickly. And big organizations – I think they're not necessary. They're not as necessary. We reached peak economy of scale in a lot of organizations and a lot of things including governments.

And we are, in my opinion, entering into much more of an age of decentralization where people will live with like-minded people. And if they don't like the people that they are with, they go somewhere else. You already kind of see some of that in the United States. The notion that Texas and Florida could say bye bye to the union, right? And you see people congregating in states that are with like-minded people, right?

So, I don't see shooting wars. I think big centralized governments are going to fail. And frankly, I think that's a beautiful thing. They haven't really done a whole lot for us in the last 50 years, that's for sure.

[Mark Jeftovic \[48:12\]:](#)

I might not be as naturally optimistic as you but I'm trying to cultivate optimism – especially, actually – since the lockdown era started. And even there, I said to myself: If every lifetime you have to go through at least one or two cataclysmic events, --- so, my parents were --- there's a full generation miss; my parents are a lot older than me. My parents lived through World War II and everything that came after it. That was the cataclysmic event of their generation, and it left scars on them for their entire lives. If our cataclysmic event is COVID, it's actually not as cataclysmic --- I don't want to downplay it because it's been very earth shattering; but my point is, you don't have bombs falling out of the sky; and you have a lot of people like hissing at each other on Twitter. Okay, which one is actually worse in the long run?

And in that sense, maybe you're right. That humanity – we evolved beyond slavery; we are evolving beyond kinetic warfare – we're just kind of like the incentive structures, because the world is so intertwined and so inter-dominant that even though we're rivals with Russia, and rivals with China, and rivals with other countries, it's a soft rivalry because everyone's got so much skin in the game that it's like: We can't blow this up, right? We've got to keep the train on the tracks.

Lawrence Lepard [49:51]:

Yeah. What good does killing people do? But I'll take difference with you here. I'm actually more pessimistic. I think COVID is just terribly unfortunate, but I think it's a blip. I think the big cataclysmic event the three of us are going to live through is a full out collapse of the currency system.

Mark Jeftovic [50:09]:

Yeah.

Lawrence Lepard [50:10]:

And that's going to be bad. That's going to be a real bitch. I mean, imagine when currencies are worthless. Other alternatives will emerge, but imagine what it would have been like to have been in Weimar, Germany and to have a middle-class existence going on, and then suddenly, you're broke.

Mark Jeftovic [50:29]:

I could tell you a story about that.

Lawrence Lepard [50:32]:

Right. You probably can. My point is, that's a scarring experience. That's a major --- and I think that might be coming, which is terrible. But the good news is, if we don't kill a lot of people and we return to sound currency - and all the assets are still there, all the factories are still there, all the farms are still there, we reorganize around the sound currency - we go back to where we were, and people rebuild in a much better and probably more honorable way. Because if you look at the people who have all the money and have all the power, they've set the system up to just perpetuate that for themselves, which is quite unfair to the rest of us.

[Mark Jeftovic \[51:12\]:](#)

And do you think that they would, again, go gently into that good night? What is it going to look like when the punchbowl is taken away from the central planners? What does that look like? I'll go down kicking and screaming.

[Lawrence Lepard \[51:26\]:](#)

Yeah, but what are they going to do? And they're going to be broke – that's the other thing. Seriously. What happens? People who are in politics are there because of power. It gives them power and fun and everything else. What happens when the Bitcoin people, the richest people in the world, become the politicians? Right?

[Mark Jeftovic \[51:47\]:](#)

Bitcoin is already a constituency.

[Lawrence Lepard \[51:51\]:](#)

Well, that's right.

[Mark Jeftovic \[51:51\]:](#)

How many Bitcoin holders are there in America? Or in the West?

[Lawrence Lepard \[51:53\]:](#)

Right. That's my point. That's exactly my point. I mean, what happens when Austrian economists run the government? It's going to be a lot different, right? You think we're going to have a \$1 trillion military budget? I don't think so.

[John Rubino \[52:08\]:](#)

Well, that's kind of why I asked the geopolitics question because historically, when a government has made a huge mess out of their domestic economy, they look abroad for somebody to fight with as a way of distracting people from their own mismanagement. And

there's kind of a feel to that right now in the world, it seems to me. That everybody's looking around for some way to distract their voters before the next election.

Lawrence Lepard [52:35]:

Yeah.

Mark Jeftovic [52:35]:

Well, I think it's going to be – I jumped in, sorry – And this is where I do get a little pessimistic sometimes. I worry that the big catch-all for that is going to be climate hysteria. That they'll say: *Okay, remember what we did during COVID when we had that existential threat? Well, now it's everywhere, all the time. It's climate, so we've got to throw this power structure back on overdrive, we have to go back into a lockdown society – central bank digital currency to run a social credit system.*

I used to worry about that a lot. I worry about it less because I just don't think it's attainable; I don't think it's doable. I think so much credibility, institutional bankruptcy has occurred that I don't think it's possible to do that now.

Lawrence Lepard [53:27]:

That's the thing. I mean, they need our compliance. They need our compliance, and there are a lot of people in the United States that just are not compliant – and that group is growing consistently.

Mark Jeftovic [52:39]:

Yeah.

Lawrence Lepard [52:40]:

When they see all their savings wiped out, and the stock market collapse, the third bubble in 20 some odd years – and they're poor and they're angry – do you think they're going to listen to the government solution? I don't know. I know I'm not going to listen to government solution.

Mark Jeftovic [53:56]:

I think the key point there was the people, the non-compliance, is growing.

Lawrence Lepard [54:02]:

Yeah. Yes. Exactly. I mean, they've got evidence of it. I mean, who are you going to believe? The government or you're lying eyes? It's just...it's blatant. It's everywhere. John, look, I share your concern, particularly as regards to Taiwan and the Ukraine, but I think we're looking for the last problem, and I don't actually think that's where the problem is going to come from. I don't think it's going to be a war. I think the problem is going to come from a currency collapse. You wrote the book on that, right?

Mark Jeftovic [54:40]:

Literally.

Lawrence Lepard [54:41]:

You know that. Your site is all about that – Dollar Collapse. And trust me, in my view, that's going to be plenty. And that will be a scarring event for our generation. And our grandkids will say: *“Can you believe that these idiots let a small group of people set the price of money and control the fear? What the fuck were they thinking? They had to be out of their goddamn minds to do that. No wonder why the whole thing collapsed.”* That's what I think our grandkids are going to say. And then, they're going to say: *“Thank God granddad had the good sense to buy Bitcoin and gold because we're secure because of it.”* There's a big economic difference for those who had it and those who didn't, right? So, I don't know, that's how I envisioned it unfolding. I could be completely wrong. I've been wrong a lot, so I wouldn't be surprised if I'm wrong here, too.

John Rubino [55:36]:

Okay. Well, we're about 50 minutes in, so let's end on a prediction for each of you. Is the next 10 years: Weimar Germany, The Great Depression, or something completely different?

Lawrence Lepard [55:48]:

Go ahead, Mark.

Mark Jeftovic [55:50]:

I'm going to say kind of Weimar. I think it's going to be high inflation; possibly hyperinflation with a sort of layer of push --- like a last gasp of central authority. Trying to keep a lid on it all with CBDCs. That's kind of what I think is going to happen.

Lawrence Lepard [56:10]:

I'm kind of there. I think it's Weimar. And maybe before it goes to the currencies completely worthless, there's a reset of some kind wherein there's a Bretton Woods II or Bretton Woods III wherein they say: *Okay, we screwed this up, we know we screwed it up. We're going to a sound money currency. All the old money is worth ten-for-one reverse split.* So \$10 is worth one new dollar. The new dollar is backed by Bitcoin and it's backed by gold - whatever it is. So there's a reset. But I think that's within a 10-year window. Pretty certainly in my view.

Mark Jeftovic [56:49]:

I know we're wrapping up, but I have to ask you this. Do you really think the people who have the capacity or the ability to convene a Bretton Woods II or III or whatever, would actually reset to a sound money? Or wouldn't they just reset to some other bogus fiat construct so they could just run the whole playbook again for another 100 years - would be the perception?

Lawrence Lepard [57:14]:

Yeah, I agree with you. That's a risk, but I think that the voters are going to have a big say in it. And after they watched --- I mean, you're way down the inflation path. From where we are today, you've lost 60, 70, 80% of your purchasing power; you haven't gone to the final 100%.

Mark Jeftovic [57:37]:

Right.

Lawrence Lepard [57:38]:

But you're way down the --- effectively, the currency has failed. And I think that a leader will emerge - and this is the part where we got to count on the hero generation in the fourth turning model. I think a leader will emerge - my vote right now is for the mayor of Miami - Suarez, who's a bit coiner. A leader will emerge and will say: *Look, the problem here is that you guys had unsound currency - full stop. We're going to fix that, and here's how we do it.* And the millennials who have been educated, who own Bitcoin, who can't buy a house because the price the houses are getting away from their slow-growing salaries, they're all going to go: *Yeah, I'm voting for that guy. Abso-freaking-lutely.* And it'll be obvious. It'll be obvious. I mean yeah, they're going to try and obscure how all this happens - blame the system. They're going to point at a lot of other things, but people are going to know that when their currency becomes worthless, it didn't happen just as a coincidence. It happened because the government F'd it up, right?

Mark Jeftovic [58:42]:

Wouldn't blame Bitcoin, but yeah.

Lawrence Lepard [58:44]:

Yeah. Look, make no doubt that somewhere in this whole process, Mark, you and I are going to be enemies of the state; and John, you too. They're going to try to blame the failure of their system - *Look, we had a great system going on here until those evil golden Bitcoin guys came in*

and started talking about sound money to undermine our – I've already seen some of this. They're going to try and paint us with that brush, no doubt. But look, we don't control the levers of power, they do. And they're the ones who set the system up. So, if we let them get away with that, shame on us. You can say not all people are that smart, but I think fundamentally over time, the mass of people will get it. That's my belief.

John Rubino [59:35]:

All right. Well...Mark, Larry, this was fascinating. Thank you very much, and hopefully, we can do this again sometime.

Lawrence Lepard [59:43]:

Thanks, John. Anytime. I enjoyed it very much.

Mark Jeftovic [59:45]:

Where do the viewers find your stuff, Larry? You're on twitter...?

Lawrence Lepard [59:49]:

Yeah. So, I'm on twitter @LawrenceLepard, but I have a website. ema2 – Edward, Mark, Alpha, the number 2 – .com. I write a quarterly commentary, and there's a lot of stuff on there. Lots of charts, lots of information – it's all free. So, I'm happy to share that. My big thing is sound money. I believe very strongly on sound money. If you want to see how strongly, you can watch my stem-winder speech. Google New Orleans Gold Show Lepard Speech. I gave a real stem-winder speech on sound money.

Mark Jeftovic [1:00:17]:

Yeah. That was the Save The Money, Save The World speech. We'll put it in the show notes.

Lawrence Lepard [1:00:22]:

Yeah, I pounded the table.

Mark Jeftovic [1:00:23]:

Yeah.

John Rubino [1:00:27]:

All right. Well, great.

Lawrence Lepard [1:00:28]:

Thanks, John.

John Rubino [1:00:29]:

Thanks very much. Bye.

Mark Jeftovic [1:00:32]:

Thanks, Lawrence.

Lawrence Lepard [1:00:33]:

Thank you, guys. That was great stuff.