Pete Rizzo Interviews Trace Mayer about the Fourth Turning | March 17, 2025

Trace Mayer: We're in the fourth turning. We got $36 trillion of debt. We got a spending problem. This issue is being forced upon us. And what are we going to do about it? Like, how are we going to navigate it? And it seems that Bitcoin, for whatever reason, is part of that plan.

Pete Rizzo: Hey, everybody. This episode of Supply Shock is powered by Core. You're going to hear a lot more about them later in this episode. But first, a word from our sponsors. Core is the Bitcoin consumer chain. Stake your Bitcoin, explore Bitcoin DeFi, and earn rewards today. Visit stake.coredao.org/blockworks. You'll hear more about them later in the episode.

Pete Rizzo: Hey, everybody. Pete Rizzo, the Bitcoin historian here, broadcasting live at the Digital Asset Summit in New York. On today's episode of Supply Shock, we're bringing on someone with a long history in Bitcoin, longer than me, Trace Mayer, first recommended Bitcoin all the way back in 2011 when it was trading at $0.25. He's been with us through many a bull run, where he's been a supporter and advocate for liberty, freedom, and Bitcoin. Of course, the longstanding Bitcoin Knowledge Podcast, which you can still find interviews, and now the founder of Urim Capital. Trace, welcome to the podcast.

Trace Mayer: Yeah, thanks so much, Pete. Good to see you again.

Pete Rizzo: Yeah, so Trace, Bitcoin obviously changed from the early days when you were a pioneering podcaster to today. It's common for us to see our old friends in the White House. What's it like for you to watch what's going on with the strategic Bitcoin reserve and the US government and Donald Trump, an elected US politician, advocating for Bitcoin?

Trace Mayer: Yeah, I think this is incredibly exciting, part of just the history of humanity. I started my first blog was Run to Gold; that was January 2008. And so that's where I talked about monetary science, like monetary sovereignty, a lot of these issues. And also the outlet that I used to distribute some of the initial evangelism of Bitcoin. I targeted the libertarians and the gold bugs. You know, the libertarians are just the crazy ones. And then the gold bugs, they should understand the sound money. And so now that we're actually seeing the actualization of Bitcoin into this world reserve settlement currency good, it's really fulfilling its destiny. You know, the US is with President Trump, the US is acting like a superpower, which, you know, it hasn't necessarily acted like the last couple of decades, you know, but now it's really, you know, he's bringing back this kind of nationalism. It could morph into protectionism with the tariffs, like all these things. But, you know, if you have the freedom and the dignity of the individual that we protect under the Bill of Rights and stuff like that, then we can have that economic prosperity. I think that's one of the reasons that the US, you look at the US GDP versus European GDP over the last 20 years, and, you know, the US is they were roughly equal. And now US is twice Europe's. And so, you know, sound money is only going to help supercharge that type of policy of America first. And really, it's any country that wants to be first. Like you want your country to be first, like follow the example, have individual rights, have economic freedom, freedom of speech, you know, a lot of these core things that made America great, like they're being brought back to make America great again. And sound money is chief among all of those, in my opinion.

Pete Rizzo: Well, I'm curious from your perspective, obviously, you were an early evangelist with the libertarians who are politically averse, right? Maybe not people who are engaging with the political process. How do you feel now kind of watching kind of the Bitcoin community become so involved in politics and having used politics probably effectively to achieve the goals of the movement? Is that something that you expected? Do you feel conflicted about that? Or, you know, obviously there's risks, right? Now Bitcoin is partisan to many people.

Trace Mayer: 2008, like I went door to door for Ron Paul. So like, I'm a libertarian. So for me, there hasn't really been a change. I also look at things in a very pragmatic way. And so, you know, what are we able to acquire and what's the cost that we have to pay for that? You know, if we want to acquire monetary sovereignty, for example, like how do we do that? How do we move that boundary a little bit? And we've actually moved it a lot of it with Bitcoin. What do I mean by that? We have digital scarcity now, 21 million. Like that has fundamentally changed the planet by being able to get the tech out there. And then, you know, because the cypherpunks, they write the code, they put the tech out there, but it's the political will that will keep the tech out there. And so, you know, being able to engage in the political process, like, that's just part of the human condition, you know, and we shouldn't expect everybody to agree with us. And then, you know, when we're in an environment like we are today, when we're in a fourth turning, you know, we had the Constitutional Revolution, we had the Civil War, we had World War II, now we have what we're in, and we're going through this great gate in history, and Trump's leading us through it. You know, the seeds of this fourth turning, they got sown in the previous fourth turnings. So we're looking at World War II, we're looking at Bretton Woods, we're looking at the IMF, we're looking...

Pete Rizzo: This is the undoing of the black war.

Trace Mayer: Yeah, this is... Well, yeah, all those things are changing. And the previous one, the Civil War, I mean, you had Samuel Chase as the Treasury Secretary issuing greenbacks, and Lincoln puts them on the Supreme Court the next year, and on the Supreme Court, he votes the greenbacks unconstitutional. You know, so you look at, like, the centralization of the federal banking system under Lincoln, you look at, you know, a few years before that, you had Andrew Jackson, and, you know, he's going up against the Second Bank of the United States, and he calls them a den of vipers, and they try to assassinate him. You know, the revolvers get stuffed into his abdomen, the triggers get pulled, they misfire, so protected by divine providence, just like Trump in his ear. You know, I mean, it's just wild, like, the stories, right? But the Civil War, what was the previous fourth turning to that? It was the Constitutional Revolution. And what was one of the critical issues? It was the Continental Dollar and creditors, well, debtors paying the creditors without mercy with this worthless paper and enshrining sound money into the Constitution, gold and silver, Article I, Section 10, Clause 1.

And so, you know, there was a founding father, and he made a comment that through a long chain of cause and effect, God punishes nations for their national sins. And so, you know, when we don't resolve an issue like slavery in that fourth turning, it bubbles under the surface until it explodes in the next fourth turning, like with the Civil War. And so, you know, we're just, you know, humanity is just going through our cycles.

Pete Rizzo: We're living on our past monetary sins.

Trace Mayer: Well, what are our, you know, Franklin Roosevelt made gold illegal in 1933. The legislature did this, like, piled on. Ron Paul got it re-legalized, but, you know, we had Nixon closing the gold window in ‘71, defaulting on the gold delivery to Charles de Gaulle in the 60s. Ron Paul gets it re-legalized in '74. And we have several gold clause cases in between that time. But that really caused, like, this demonetization of gold. But then we also had City v. Dover, which squarely framed the issue of what is a dollar and kind of the sound money issue. And the U.S. Supreme Court refused to hear the case largely because it's a political question. So we have all three branches of government abdicating their duty under the U.S. Constitution to enforce a sound money system, because it's a political question, because we've gone down this road for so long. Right. And now here we are. We're in the fourth turning. We got $36 trillion of debt. We got a spending problem. We got, like, this issue is being forced upon us. And what are we going to do about it? Like, how are we going to navigate it? And, you know, Trump and Treasury Secretary Bessent, like, they have a plan for it. And Secretary of Commerce Lutnick, they have a plan for it. And it seems that Bitcoin, for whatever reason, is part of that plan.

Pete Rizzo: Let's talk about that plan. Michael Saylor is going to be at Digital Asset Summit talking tomorrow. He's calling on the government to buy 5 million Bitcoin. He wants the US government to own 25% of the supply of the Bitcoin network. Is that something that you align with? You see value in that plan. You want the US government to own 5 million Bitcoin.

Trace Mayer: How are they going to buy them?

Pete Rizzo: From the market, right?

Trace Mayer: Oh, sure. Yeah, because when they make the announcement, everybody's just going to sell it to them, right?

Pete Rizzo: Yeah.

Trace Mayer: This is part of the issue of digital scarcity. And just human nature, we see it so much in Bitcoin, just these wild runs up and these massive crashes down. And part of that's because the monetary policy is fixed, right? So we don't get to modulate the effects of the human action with the supply of the underlying asset that we're using.

Pete Rizzo: So you think the US government couldn't even buy 5 million Bitcoin if it wanted to?

Trace Mayer: They would have a hard time. Like 5 million coins? I mean, how many coins got added into the ETFs and Michael Saylor in 2024?

Pete Rizzo: I think we're at 1.3 million.

Trace Mayer: Yeah, and price moved like, what, 30K to about 80K?

Pete Rizzo: Right.

Trace Mayer: In that process, up to 109K. You know, I mean, if the government wants to acquire it, governments operate on totally different timescales than individuals do. Like individuals, we operate on days and years, right? Like days and weeks. Governments, they act on years and decades. So like, okay, 5 million coins, acquire it over, you know, like a 10 or 15 year period. You know, similar to the Lummis bill, something like that. You know, I have a donor advised fund with Fidelity, and I can donate Bitcoin to it, and I get to write it off at the fair market value of the coin, regardless of what my basis is. You know, so introduce something like, man, maybe you don't have to pay capital gains tax on Bitcoin or crypto gains if you pay your taxes with them. You know, that might be a way to induce more, like, supply to come out.

Pete Rizzo: So you're doing smart government programs.

Trace Mayer: Well, you could do things like that instead of just going into the market and smash buying like a $5 million market order, right? I mean, what's the plan to buy 5 million of these coins or to acquire?

Pete Rizzo: I think under the Lummis bill, right, it is to revalue our gold holdings, you know, use some of those proceeds to start acquiring Bitcoin, a certain amount each year. But that would change the market structure, right? You'd have people taking advantage of that.

Trace Mayer: Yeah, the market structure would change tremendously. I mean, we already got, what, 400,000 HODLers of last resort in the army. And people are buying and acquiring every day and sticking them into this long-term holdings. But when we look at gold, I mean, what's the average duration of HODL of the gold UTXOs? I mean, you've got families in India that probably have held the same gold down through the families for generations. I mean, I got a gold coin I bought like 20 years ago, right? So that UTXO is 20 years old. So when we're talking about like Bitcoin HODL waves and we're talking about like length of, we seem to think like 155 days is like a long-term holder. And it's like, well, how about like 1,500 days? You know?

Pete Rizzo: What do you think about, so I think what's driving some of the strategic Bitcoin reserve stuff is this idea that America can benefit from Bitcoin. And potentially it'll be things like paying off the national debt, right? This is something that Michael Saylor and others are talking about. Do you think that Bitcoin could be used to pay off something like the national debt? Is that an attractive idea?

Trace Mayer: So this gets pretty complicated, right? And I think a good analogy is search engine optimization. If you type in, the first result gets like 55% of the clicks. For the search traffic. Like the second result gets, I don't know, 25% of the clicks. I've been in the industry for a while, so I don't know all the percentages, but I think the principle holds true. And the third one gets like 10% of the clicks. And then all the other ones, even back to like page 1,000, they get the remaining like 5% of the clicks. So if you're a superpower like the US is, and if you have the world reserve currency like the US does, why would you want to get rid of the world reserve currency status any sooner than you have to? Like you should drag that out as long as you can to have that seniorage where you're basically able to like tax sovereign countries without any representation from them. I mean, that's a tremendous like power to have.

Pete Rizzo: We're the only country in the world that has it.

Trace Mayer: And the US has it, right? So like what's the number one search result? What's the number two search result? Well, gold is very much the center of the financial system. You know, orders of magnitude larger market cap than Bitcoin. The daily emission, several multiples, you know, multiple. I mean, it's probably like it could be 10x.

Pete Rizzo: Are you saying it's too early for Bitcoin to be a geopolitical asset?

Trace Mayer: Oh, it's already a geopolitical asset. But what's the size or the scale of it? And why would it be in the interest of the US to accelerate that any faster than it needs to? Because then it might be paying a cost that's higher than what it otherwise needs to pay. And so, you know, when we're looking at those clicks for world reserve settlement asset, like we have gold, we have dollars. And then what do we have next? We might have like yuan or euros, but we have Bitcoin. Like Bitcoin's probably in the top five. Well, I mean, it's probably in the top five as like a geopolitical treasury reserve asset. As an equity based one, I mean, there's gold and Bitcoin. Like, I mean, you can sort of put oil in there, but oil doesn't really carry this large monetary premium on it or anything, right?

Pete Rizzo: It's got to be burned.

Trace Mayer: Yeah, I mean, you're using it, you're burning it, you have to store it. The cost to store is so much higher. Even real estate, you're not. Yes, there's some monetary premium attached to this stuff, but like it's not a reserve settlement asset like Bitcoin is. Bitcoin is just such pristine collateral. And so like in this process, if you're the world's superpower, well, keep the world reserve settlement currency, drain all the other nations of their physical bullion, and the thing that could potentially challenge gold, like dominate that, too. So have it integrated into your financial system, have it seated onto the balance sheets of your companies, have your individual citizens owning and holding it, like have policy that's like encouraging the financial innovation. And that way you dominate all three of the top search results. And then extend your dollar with the stable coins to infringe on the other superpowers like monetary sovereignty. And that's what we've seen. Like the EU bureaucrats are like, oh, we don't like these stable coins. They're infringing on EU monetary sovereignty. And it's like, well, you know, when we have freedom and we have choices, like you have to be a lot more competitive. So EU, maybe you need to be more competitive. Maybe you need more freedom of speech. Maybe you need better regulation. Maybe you need these ideas that have made America such a superpower. And if you don't have those ideas, maybe you just get to be poor. Because that's what happens when you don't have like fundamentally sound rules, rule of law in your society, because that interferes with human action and the ability to allocate resources in this kind of profitable way. That's the true cost of like bureaucracy and socialism is that you just destroy a bunch of capital because you have no ability to perform economic calculation, which those who are living in a free society, they're able to do that because of the profit and loss system. So if you're allocating resources and capital in a society, not through profit and loss, but through some other system like EU bureaucracy, you're going to destroy a bunch of wealth and then you're going to be poor. And then guess what? You're not going to have weapons and tanks and stuff to deal with someone who wants to like take some of your territory.

Pete Rizzo: Let's zoom out a little bit. Obviously, that was pretty zoomed out. But we were talking a little bit backstage about this idea that there is economic warfare right now between the superpowers.

Trace Mayer: Always has been.

Pete Rizzo: Between the US and China, particularly, and that the new administration really does, I think, see stable coins as an opportunity. And maybe this opportunity conflicts with maybe the freedom values that we have as Bitcoiners. How do you see the US stablecoin play and how do you see the US dynamic with China in that context?

Trace Mayer: I mean, China's the big threat. I mean, Russia runs around starting brush fires here and there, but China's the big threat.

Pete Rizzo: From like a human liberty standpoint.

Trace Mayer: Yeah, human liberty, size, hundreds of millions of people. Russia's already in demographic decline. This is probably their last hurrah. They already were severely weakened in World War II. You know, 20 million Russians to soften up the Germans so that the Americans could finish them off. We only lost 400,000 in World War II. The US. You know, 50 Russians died for every American that died, like fighting that Axis power. So, you know, Russia's just kind of hobbled in terms of this like demographic decline. And this is pretty much their last hurrah of being able to do anything in Ukraine. And it seems to be coming to a close. But China, you know, like Mao had, it was a, you know, it was a gift to the state to have a bunch of kids. And so they, you know, every woman should have 10 children. And so they just had this population explosion. And now they have to figure out what to do with them all. Because they're no longer the cheap labor source. You've got Vietnam, you've got Indonesia. They have to reach for their society. But, you know, they're very, Xi Jinping is very much operating on, you know, this kind of communist mindset, which means that there's destruction of capital and wealth. And there's only one way to change the political system in China. It's very bloody. And so, you know, being able to keep the domestic population subjugated and under control. I mean, we're seeing it right with the social credit scores and the, like the QR codes in the cities and like the, like you don't get

Pete Rizzo: ..surveillance cameras.

Trace Mayer: Oh yeah, they are cracking down big time on freedom of movement and freedom of the press always has been cracked down on. Economic like liberty, social credit score. I mean, all this stuff is like very much cracking. So you have to wonder like what's the true kind of economic and therefore potential military strength that could come out of China. And then what do they want to do? And, you know, they're got this barge to invade Taiwan. Like, so are we going to kind of retreat from Taiwan? Just like we, US retreated from Afghanistan and just like it's kind of retreating from Ukraine. And what's the return on investment for the US if it does get involved with Taiwan? Like, why do we care about Taiwan? I mean, maybe it's like AI, supercomputer chips or whatever, but they already built a factory in Arizona and they turned out like the most complicated Apple chip out of the superconductor factory. So, you know, if we're re-shoring a lot of our productive capacity, especially in the high tech, high field areas, like why would we want to spend blood and treasure to save Taiwan? Like what's the real ROI on that? And so I think this is part of all the calculus, right? Like China's in this demographic decline, but that just incentivizes them to mobilize for war. And the Chinese embassy responded like, oh, if they want tariff wars and we can have real wars, too. And it's like, why do we need to have a real war with China? China's already kind of in this decline. So, and it's much more about like the US needs to be expanding its ideological underpinnings. You know, China's made such inroads in Argentina, Africa, Brazil.

Pete Rizzo: By using the ones to export that financial power.

Trace Mayer: Yeah, they're exporting the financial power, but really, and why are they doing it? Because they deserted that desertification like all of their farmland. They got hundreds of millions of people and they don't know how to feed them. And so they got to go to South America and like, you know, walk up agriculture assets basically in order to make sure that they get fed. So, I mean, like China doesn't want a war. Like you just blockade them and don't let food get in there. And like, they're gonna have a big problem real fast.

Pete Rizzo: But I guess maybe it's true that, so the United States sees stable coins as a way to increase its power in the world.

Trace Mayer: Yeah, yeah, yeah. So the stable coin, like you started issuing out this US dollar stable coin and all of a sudden you're opening up the dollar to use cases that, you know...

Pete Rizzo: new markets, new people using it. New treasury demand.

Trace Mayer: Yeah, it's being used in Africa. It's being used in South America. Like people are sending it peer to peer. You know, this is, this all helps extend the dollar.

Pete Rizzo: But a lot of Bitcoiners are really concerned about this, right? They see what's happening in the US and they think, oh, this is not CBDCs, but the private-public sector partnership that's going to create this next wave of stablecoins maybe has some human rights privacy negatives that we don't want to see.

Trace Mayer: Okay. And that's a valid concern and I feel for it. I'd very much like to see solutions built in this area. And Bitcoiners, we've had tremendous financial gains as a result of Bitcoin. So what are we building as a solution to this? I mean, my grandma had a saying, you can want in one hand and you can spit in the other and see which one fills up first. So you can whine and cry and everything about CBDCs coming down the pipeline or currency transaction reports on $200 limits versus $10,000 limits. I mean, talk about a massive batch of financial surveillance. But okay, whine and cry about it, but what are you going to do about it? Are you going to build something? Because Bitcoiners don't really have an excuse now. You have the financial resources. If you want to see the world be a different place, get to work and build the solution. That's how you make the world a different place. You don't make the world a different place by sitting behind your keyboard and tweeting about stuff and not actualizing something into existence. ADVERTISEMENT : The only thing better than stacking sats is staking them. With Core's self-custodial Bitcoin staking, you can earn yield on your BTC without ever giving up custody, no new trust assumptions, no counterparties, and no slashing risk. Steal your keys, steal your coins, now your yield. Here's how it works: 1. Lock your Bitcoin on the Bitcoin network. 2. Help elect a Core validator and start earning Core rewards. 3. Passively, securely, and without risk to your principal. And with dual staking, you can boost rewards by staking Core tokens alongside your Bitcoin. Institutions can also tap into Bitcoin at scale with top custodians. Don't let your Bitcoin sit idle, put it to work. Visit stake.core.dao/blockworks to start staking today. ADVERTISEMENT : For the past decade,

Pete Rizzo: Let's talk about that a little bit because the Bitcoin community has become a bit more passive technologically, maybe a bit more kind of aligned with using the politics to achieve its gains. How do you look at the technology movement and Bitcoin and its capabilities? Obviously, Lightning is working now. There was the fork wars in which we kind of fought to kind of build this technology. But additional layers on Bitcoin maybe aren't getting the attention that they used to, additional Bitcoin upgrades. Do you think that ossification process is a negative for Bitcoin?

Trace Mayer: Like ossification of the base layer?

Pete Rizzo: Ossification of the base layer.

Trace Mayer: Or this slowing down of monetary innovation and pushing forward the game?

Pete Rizzo: I think there's a relation between both of those things, right? As we saw with Lightning, there needed to be upgrades in order for Lightning to actually be enacted.

Trace Mayer: Yeah, I mean, we've got like Taproot and Katari out there. I mean, there's lots of, you know, I think these are, one of the reasons a lot of these solutions haven't been built yet is because they're hard problems to solve. You know, it takes a lot of thinking. And even if you think and you come up with a good solution, like it doesn't mean it's going to get any market adoption. Because how much do people really value monetary sovereignty? You know, that's a question that's out there.

Pete Rizzo: I think like bringing back to the conversation about the global landscape, right? There's a, I think a wing of the Bitcoin community, maybe this is prevalent in like your Jack Dorseys, your kind of Africa Bitcoin conference that want to see Bitcoin become a peer-to-peer medium of exchange in the developing world. And I see stable coins as a new battlefront in this competition where the US government on one hand is stockpiling bitcoin, but on the other hand has a direct interest in increasing the demand for its debt through stablecoin.

Trace Mayer: If you're the superpower, you want all three of those search results.

Pete Rizzo: You're on the evil genius plan, right?

Trace Mayer: Well, no. I mean, it's like when you're talking about statecraft, I mean, statecraft can get really messy. When we look at this fourth turning and where we're at kind of relative in the timeline to where we were in 1938, 1939 before the real hostilities broke out. So are we going to be navigating this fourth turning in a larger scale bloody mess? And you look at the constitutional revolution, the Civil War was a whole lot bigger. World War II was a whole lot bigger than that. The trend in this case is not your friend because each of these fourth turnings have gotten increasingly larger in scale and the nature of war has changed. In World War I, everybody thought they were going to be fighting on cavalry and instead it was in trenches with machine guns and biological weapons like mustard gas. So the whole nature of war changes and evolves and gets applied differently in these fourth turnings. How are we seeing these types of warfare playing out in this fourth turning? Well, we've got biological weapons being developed with gain of function and released on domestic populations globally. We have drones that are changing the nature of warfare in Ukraine. Who knows what types of wonder weapons we have? I mean, Russia rained down that, I forget even the name of it, but I mean, it was like just a catastrophic type weapon.

Pete Rizzo: How does the Bitcoin community become more active? If this is the context in which we are building on Bitcoin, how do we become more active? Because it sounded like you were a bit frustrated maybe with not seeing there being more built.

Trace Mayer: It's up to everybody. It's not frustration. The point is if you have the resources now, why are you whining about something instead of making the solution? If you don't like the stablecoin issue or whatever, are you building an alternative?

Pete Rizzo: Isn't Bitcoin the alternative?

Trace Mayer: Well, I think it can be an alternative. We're going from this largely centralized, almost socialized unit of exchange, the dollar, where our latest innovation was like the debit card or something.

Pete Rizzo: The ATM maybe.

Trace Mayer: Because of financial repression and it's just been so hard to innovate in this space to now the Trump administration having a Cambrian explosion of kind of Wild West where he launches his own token the day before he gets inaugurated and people complain about that. And it's like, the more options we have, the better. We just got out of having one option.

Pete Rizzo: So you think the Trump coin is better than the dollar?

Trace Mayer: I think an environment where you can have 32 million altcoins is better than an environment where you can only have one government-issued transferable asset where the Satoshi Action Fund, one of the kind of planks of legislation they have is getting rid of the money transmission laws by if you're trading altcoins back and forth. You trade Dogecoin for Litecoin, you don't fall under money transmission license laws. I think that's a great thing, because money transmission license laws are terrible. And then the state ones rope you into the FinCEN requirements and everything. And now you're having to do all this AML and KYC and blah, blah, blah, blah, blah. And that just is such a financial repression that it's hard to innovate anything. Right? And so that's the argument is I think it's better to have 320 million altcoins than be stuck in a system where you can't innovate and there's severe amounts of repression that carry criminal penalties when you do try to do something.

Pete Rizzo: Well, we're obviously at a crypto conference. There's a lot of people trying to innovate within altcoins.

Trace Mayer: We got a Ripple sign over there.

Pete Rizzo: We got Ripple signs over here. You've been in the space for a long time, same as myself. How do you view the cryptocurrency ecosystem beyond Bitcoin now? Has that changed? Do you think it is aspiring to anything larger at this point? Do you think that there is anything going on there that interests you? Yeah, but you've been interested in other alternative cryptocurrencies, before there was privacy.

Trace Mayer: Yeah, there's all types of... I mean, we've all... I mean, I invested in gold money in 2008, and we had five patents. James Turk had five patents in the mid-'90s for creating a digital gold currency. So there was gold in the vault, and then we created like... And it was held in trust through like a Jersey structure, and then the database could create a gold ounce, and then that could get sent around as like a payment. So we had, like this innovation of trying to bring sound money into the Internet age, into the information age with, like a digital gold currency. But then Bitcoin comes out, and we're able to transfer value over a communications channel, whether it's a radio or a fiber optic line, being able to turn digital scarcity and have this like solving this like Byzantine generals problem. Like this is... We've made a... Like that's an entire step function gain in terms of our ability to evolve monetarily as a species. And so like, yeah, we need to... Like one of the analogies I use is, you know, Columbus discovered the trade winds to America. If we're going to map on sound money, like London is kind of like gold. New York is like Bitcoin. But then we have a whole continent. You know, maybe Chicago is like Ethereum, and the wild, wild west is like St. Louis is like Monero. And then we have all these little tiny towns and villages that are like made up of 12 people. Maybe that's like one of these 32 million altcoins that just gets, like created super easy on Solana or whatever, right? But the point is that we have a new continent to explore. We don't necessarily know what the map looks like. We get to create new technology. Like we have no idea if there's a San Francisco on the map. We have no idea if there's... Like we don't know how big the continent is. We don't know where it is because, you know, just like Columbus discovered the trade winds, Satoshi discovered this like consensus mechanism for solving the Byzantine generals problem. And so now we're over here. And of course, like, you know, like my 10th grade grandfather came over on the Mayflower, you know, in 1620. In 1860, more or less, there were 800 people in San Francisco. New York had been doing the New York thing for almost 250 years. Like we had tons of people living there, tons of economic activity. All the economic building out the continent was flowing back through New York. We'd gone through the revolution. So we now had a rule of law, like in independence, you know, but San Francisco was 800 people.

Pete Rizzo: So it sounds like you do see that even though maybe nothing yet has come from the crypto ecosystem that you're particularly enthusiastic about, something, you don't disallow that something could be created out of the attack.

Trace Mayer: Yeah, I mean, I was in Bogota, one of our Bitcoin events there, and I went to dinner. We had Nick Szabo, Adam Back, and Peter Todd and myself. So the four of us were sitting there and we're just-

Pete Rizzo: Quite a table.

Trace Mayer: Yeah, we're just shooting the bull, right? And, you know, we're kind of talking about this monetary history, you know, because Adam Back played a big role, like proof of work and DigiCash and Nick Szabo and, you know, kind of this idea of monetary evolution and the history behind all of that and Peter Todd and the game theory. And Peter was kind of making this point about like we just have the thing. And Nick is like, no, this is like an iterative evolutionary process. And there's a graphic that kind of shows all of the stepping stones that had to be discovered to get Bitcoin. You know, like asymmetric encryption, public-private key. Yeah, it's like 40 years of history, you know, of discoveries, of scientific discoveries and innovations. Like, you know, if you've read software, like, you know, I'm a fourth-generation pilot. You know, when they came out with the airplane, when the Wright brothers came out with the airplane, why didn't they build it out of carbon fiber? Obviously, carbon fiber is superior to aluminum and it's superior to cloth. So why didn't the Wright brothers build their airplane out of carbon fiber? Like, they're just stupid. No, like, there's an entire evolution that has to take place in order to, you know, improve on your condition. You know, we see it in every form of our technology. I mean, gunpowder, like, got discovered and it took them a while to figure out that they could actually use it for war and then for cannons and all that type of stuff.

Pete Rizzo: I've had the privilege of kind of getting a lot of emails from old-time Bitcoiners, maybe like yourself, from the 2009-11 era. We're trying to stay private. They're trying to figure out what to do with their, you know, immense gains. And I think one impression that I get from them is this idea that they really can't believe how much wealth they've accrued for what they did.

Trace Mayer: But what we did was serious work. You know, like, Greg Maxwell, for example, put money into a client trust account because he didn't know whether he was going to get swooped in on, lawyer trust account, would get swooped in on and prosecuted for writing the software. Like, when Roger Ver, I was talking to him and like, oh, I'll invest in BitPay. You know, I wanted to invest in BitPay with him. And so we were in the seed round and I think Founders Fund, Peter Thiel, invested too. But, you know, we didn't know how that would play out because are they money transmission business or do they fall under the payment processing exemption? Well, anyone who owns all or part of a money transmission business, so you could own one share as a totally passive investor, could face five years in jail. You know, so like the early Bitcoiners who worked on the code and also funded the companies, like, you know, in a lot of ways, they stormed like Omaha Beach.

Pete Rizzo: They took the risk.

Trace Mayer: They took the risk running into the machine gun fire. Right. Because like, I mean, there are a lot of like you look at how they dealt with the Liberty Dollar guy.

Pete Rizzo: And Charlie Shrem even.

Trace Mayer: Well, Charlie Shrem was like you could argue that his was kind of a knowing and willful bad action, you know, with BTC King. And I was actually in the courtroom when he pled guilty. I was like in the federal courtroom watching it. And I went to I was in the Silk Road courtroom for like, you know, the three-week trial. I was watching the whole thing. And so, you know, but so the early Bitcoiners, they took risks and some of them took more risks than others. You know, I mean, if you're storming the beach and running into the machine gun fire, like, do you want to not wear any protection or shield or...

Pete Rizzo: Well, I think my second question was, you know, I think it's hard for them to see that there will be more appreciation in the Bitcoin network. So I got this interesting email from one guy who he called himself half half billion on Reddit. You know, he had, you know, 10 to 15,000 coins and he's looking to divest away from Bitcoin. Right. Because he in his mind, he doesn't see, you know, he doesn't understand, I think, how he could possibly accrue more value. Right. To be a multibillionaire, to be a trillionaire, maybe just being a small participant in a Reddit forum kind of online early on. How do you think about the continued appreciation of Bitcoin from your vantage point where you've seen it appreciate from $0.25 to $80,000?

Trace Mayer: During this time frame, gold has been the asset with the highest stock to flow ratio. Right. And Bitcoin started much lower. Now Bitcoin's got a higher stock to flow ratio. So at least the way I look at it is like who, who owns and controls and holds the UTXOs of the hardest money on the planet? You know, with gold, it might have been central banks or maybe it's these old money families like Rothschilds or whatever. Right. Like we don't know exactly who holds all that gold, but they they held those UTXOs. And that was the hardest asset on the planet. And what's the golden rule? He who has the gold makes the rules. Like it's a pretty simple one. Right. And now we have a new asset that has the heart that with a substantial amount of volume and liquidity and adoption, you know, and Ethereum is not even close to, you know, Bitcoin in terms of the depth and the liquid depth and all the things. Right. So Bitcoin is very unique in this regard in our digital currency space. But it's now got pure proof of work and the highest stock-to-flow of any of the liquid assets on the planet. So if you're a gold duke or a gold prince or a gold king, you know, like dolphins, whales, whatever the other thing is, if you're now in that position with the new hardest money on the planet, like why would you want to give up your seat?

Pete Rizzo: I think they have a trouble imagining Bitcoin at a million or $10 million a coin. Like how do you feel about that when you think about, oh, Michael Saylor's $450 million per coin? You know, you had the option to buy some of these coins at 25 cents. You know, that means for a dollar you could have bought 200 million.

Trace Mayer: I think you might be missing the point. The point is gold has been around as a form of currency on the planet for at least 2,500 years when the Lydians started coining it and probably even before then. Like how many empires have risen and fallen in that time? And how many governments and how many nation states? Like we're talking about what's your share of the hardest asset on the planet and who holds those UTXOs? And then by extension, what's the philosophical or the moral character of the holders of that hardest asset? And so, you know, one of the reasons I went after the gold bugs and the libertarians is, you know, it'd be way better to have libertarians holding all the gold than, you know, the people who are wrecking all this trouble with war. You know, because he who has the gold makes the rules, right? Like so, you know, if we got this half billion person on Reddit, like, you know, figure out a way to begin monetizing your Bitcoin without having to sell any. You know, maybe your overnight repos or maybe you're selling some covered calls or, you know, there's ways to like in a very prudent manner be able to monetize some of that. And then now you've got income streams. And like Michael Saylor was talking about, it's a nuclear reactor. You know, you get an infinite amount of vol every day. Like every day you get more vol, it's infinitely renewable. And every day you get more theta. So that becomes an infinitely renewable resource that you can monetize. And you can take that income stream and you can begin to have very positive effects in the world. If you're willing to do more than like just sit on your butt and like tweet, you know, I mean, like you have to actually build stuff. Or you, you know, you could have a 501c3 for health freedom or religious freedom or monetary sovereignty, or you could be funding like Bitcoin core development. You could be doing it off of earnings from the corpus. And maybe you do it only with 10% of the earnings off the corpus and you buy more Bitcoin with the other 90%. And, you know, you're just there. I think there's a lot that we can do. And like we've kind of won in some ways, you know, we've won a small battle. We've gotten onto the beach. We've taken digital scarcity. But the real battle and the rest of the war, like still has, we still need to play it out. And we know where it's going to go. It's going to go towards, you know, this sound money and this change in the economics of violence on the planet. And, but that's going to, you know, that's going to play out over years and decades, length of governments, right?

Pete Rizzo: It sounds like you're saying that Bitcoiners, especially the old guard, they have a responsibility now, now that they have accrued wealth in Bitcoin.

Trace Mayer: If the responsibility is there, it would be a moral responsibility. So it's kind of like, you know, in law school, we'd have these hypotheticals. If you're walking down the pier and you see someone drowning in the water, do you have a responsibility to like save them? And no, you don't. You might have a moral responsibility to save them, but you don't have like a legal responsibility to save them. So, you know, like, but like what do we find, you know, our love is our life itself. What we really desire, you know, that's going to inform our thinking and consequently our actions. The love, the desire that we have is going to impel an action, but the thought or the wisdom is going to give that action its quality. And so when you have a lot more of these resources, you have a lot more of an ability to cause actions to happen. And then if you bring the wisdom to the actions, like you can now be so much more of a positive effect on the world -- or negative effect on the world. You know, money in a lot of ways is a very neutral asset. Like, you know, it just gives you power to do something. And so, you know, maybe that's part of the question for some of these people that have accrued a significant amount of wealth because, you know, they stormed the beach. For whatever reason, they were part of the first guard. Like my grandpa, 1941, he was drafted for the duration of the war plus six months. So he didn't get to come home.

Pete Rizzo: Maybe their question is, you know, what's left to achieve, right? What is this war? If this has been the D-Day of the war, what's the war?

Trace Mayer: Well, the digital scarcity, you know, monetary sovereignty is part of the war. But we've got a whole bunch of stuff around that: ● Right to mine. ● Right to run a full node. ● Right to like, you know, in Wyoming, one of the laws that got passed a couple years ago came out of my catalyst. You shall not be able to compel the disclosure of a private key in any judicial, criminal, civil or administrative action. So like that's law in Wyoming and in Utah, by the way, because Utah, like copied it and ported it over. But that's a law now. So, you know, if we like our private keys, like why aren't we building defensive bulwarks around all of this stuff with legal code? You know, we've built it with technological code, both software and hardware with, like hardware wallets and hierarchical deterministic keys that, you know, we innovated at Armory and we innovated cold storage at Armory so that we could have these technological abilities to protect our private keys. And then it's like, okay, we got that. Now I want legal protections around the private keys.

Pete Rizzo: You think the legal political sphere, this is the next battleground for Bitcoin for you.

Trace Mayer: Well, it's not about, like Bitcoin is merely one of the tools that we're able to use in the battleground of liberty and freedom and, you know, these other kind of libertarian ideals. The very best of the political thought that came out of Europe, like John Locke and individual rights and all these things like, you know, that really has allowed America to be this flame of freedom in the long history of darkness on this planet. Like, you know, if we want to continue that tradition onward, like, and we have resources to do it, I mean, who else is going to do it, right? Like, I mean, if you're in Europe right now, like in France or in the UK, like my grandpa is not coming to save you like he did last time. You're going to have to save yourself. And so, you know, and there's nowhere to really run, you know, like I understand Roger Ver sentiment, you know, renouncing US citizenship and running away somewhere. Like I understand the sentiment, but there's not really anywhere to run on the planet. And so if you're thinking long term, you know, if you're thinking like, what type of a world are we going to be leaving to children or grandchildren or great-grandchildren? Are we going to be leaving a very monetarily repressed world where we have digital ID and social credit scores and central bank digital currencies and like this kind of digital tyranny? Or are we going to be leaving like a world that's got much more like freedom and respect for the individual? And, you know, in a lot of ways we've been able to free ride off of the sacrifice other people have made. Like my fifth great-grandfather was in Washington's army. My grandfathers who stormed the beaches at Normandy and were at Battle of the Bulge, like we get to free ride off of their sacrifices and the people who didn't come back. But now it's our generation's turn to go through a fourth turning. You know, and some of us are kids in middle school and high school and others of us are baby boomers and everything in between. And it's like, how are you going to get involved in the fight? If you've ever watched the Patton movie from 1970, you know, he's giving the speech and he's like to rally the troops to go into battle. And he's like, you know, when you're telling your grandkids about the story, like do you want to be in the middle of the fight or do we want to be shoveling horse manure in Louisiana? You know, so if you've got half a billion dollars like this guy, you're able to maybe you take 10% of that and you figure out how to lend it in an overnight repo to someone with a good counterparty that you like the counterparty risk. I mean, now that's 50 million bucks. Maybe you're able to make.

Pete Rizzo: So it sounds like your message is get in the fight.

Trace Mayer: Well, hey, if you're going through this like midlife crisis, existential crisis, trying to figure out what you're doing with you life, like why you're on this planet, like what purpose you're trying to accomplish, like our love is our life itself. If you're not finding that fulfillment and that joy and that happiness in your life, like you really have to look inside and you have to, like work on that relationship with yourself and figure out, like, what do you really desire. What do you really want to do and accomplish with your life? Like, you want to chase Mario coins, you just want to get more Bitcoins for the sake of that? I mean, like, we're in New York, there are a lot of people, they run on that hamster wheel their whole life and become very unfulfilled.

Pete Rizzo: The fight ongoing on this conference. Trace, thanks for being here. Thanks for being on the podcast. Folks at home, this has been a Supply Shock. This has been at Digital Asset Summit, coming at you live. We'll be back in July with Permissionless, another conference bringing the Bitcoin fight through the ages to the present. Thanks for sticking with us.

Trace Mayer: Thanks so much, Pete.