🔨**Robert Breedlove** @Breedlove22

6 Feb 19 · 15 tweets · Breedlove22/status/1093237843181359104

Tr

1/15 A thread in favor of monetary maximalism (reasons why people converge on one money) and #Bitcoin:

2/15 To maximize their exchange optionality across time, people rationally seek to store value created by their work in the monetary medium most resistant to dilution. Money such as this is commonly called hard or sound money.

3/15 Therefore, the hardest money available, distinguished by the highest stock-to-flow ratio, is naturally selected for in the marketplace as it provides users enduring peace of mind in respect to economic matters.

· 'Stock' is the existing supply of monetary units

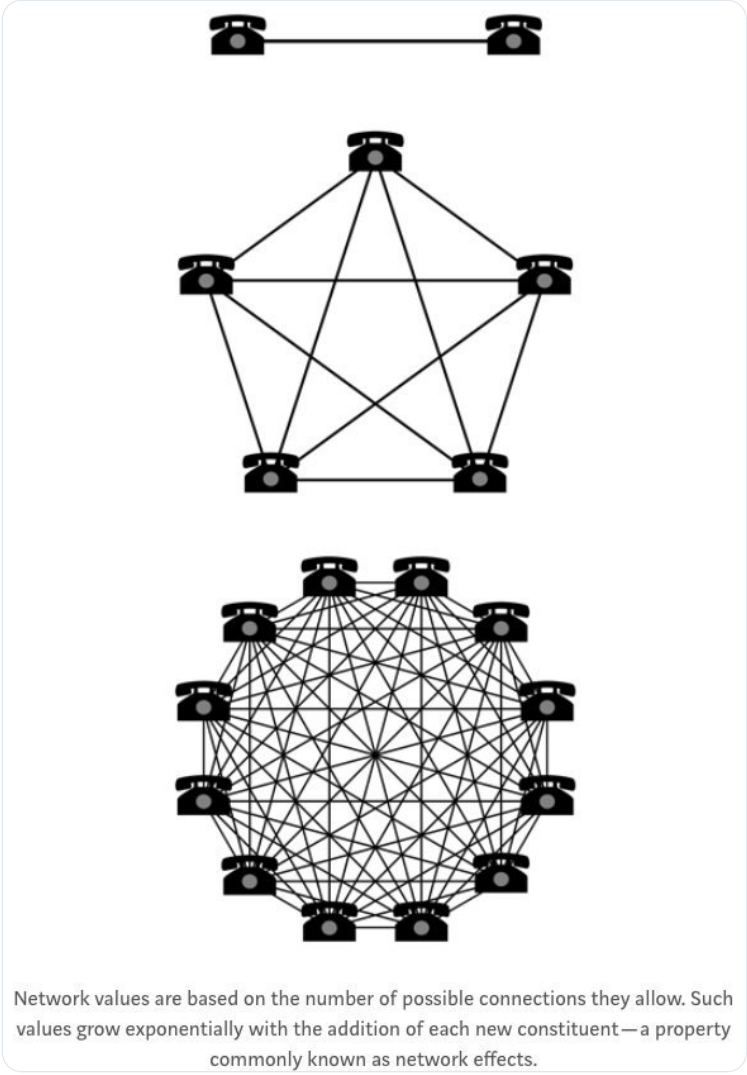
· 'Flow' is the newly created supply over a specified time period, usually one year

· Dividing the stock of a monetary good by its flow equals its stock-to-flow ratio

· The higher the stock-to-flow ratio, the greater the hardness (or soundness) of money

4/15 As an aside; notice how well #Bitcoin price follows its stock-to-flow ratio over the past 9 years:

5/15 As a value system which connects people across space and time, money is an ancient social network exhibiting network effects where more connections mean exponentially more exchange optionality:



6/15 This power law dynamic coalesces around a single monetary good as new investment flows into the largest and most liquid monetary networks.

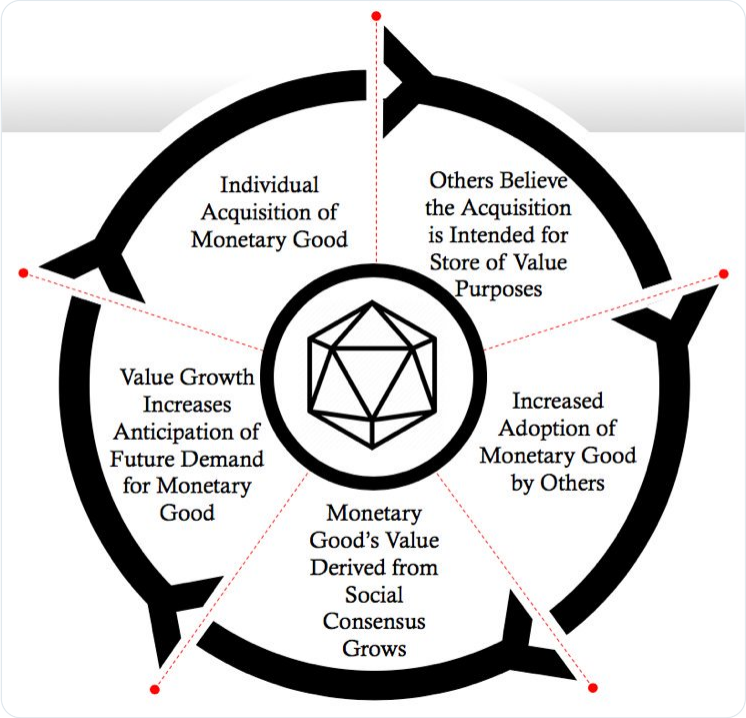
7/15 As an aside; the multi-sided network effects of #Bitcoin fortify its market dominant position. A successful disruptor would be required to simultaneously introduce a superior value proposition for all four of #Bitcoin's network constituents, otherwise nobody moves.

- Consumers who pay with Bitcoin
- Merchants who accept Bitcoin
- Nodes that maintain the distributed ledger
- Developers and entrepreneurs who are building onto and on top of Bitcoin

8/15 When an individual acquires a monetary good for what others perceive as store of value purposes, it encourages those others to acquire the monetary good for the same purpose, as their appraisal of its monetary value is partly influenced by your acquisition.

9/15 This, in turn, increases the price and expected future demand of this monetary

good, which again increases demand in a self-reinforcing positive feedback loop. The reflexive energy of this loop can only be disrupted by contact with another centered on a harder money:



10/15 Money is a technology intended to resolve the universal and three-dimensional non-coincidence of wants problem inherent to human exchange and the evolutionary success of a competing monetary good is determined by how well it resolves each dimension of this problem:

· Non-coincidence in Scales—imagine trying to trade pencils for a house, you cannot acquire fractions of a house and the owner of the house may not need such a large amount of pencils

· Non-coincidence of Locations—imagine trying to trade a coal mine in one place for a factory in another location, unless by coincidence you are seeking a factory in that exact location and the counterparty you are dealing with is seeking a coal mine in that precise place, the deal will not be completed since factories and coal mines are not movable

· Non-coincidence in Time Frames—imagine trying to accumulate enough oranges to trade for a truck, since the oranges are perishable they would likely rot before the deal could be completed

11/15 Evolutionary success of a competing monetary good is defined by its salability across scales, space and time; if a single monetary good can resolve all three dimensions of the non-coincidence of wants problem, then it will totally outcompete and dominate its trade network:

· Salability across Scales—a good that is easily subdivided into smaller units or grouped together in larger units, which allows the user to trade it in whatever quantity desired

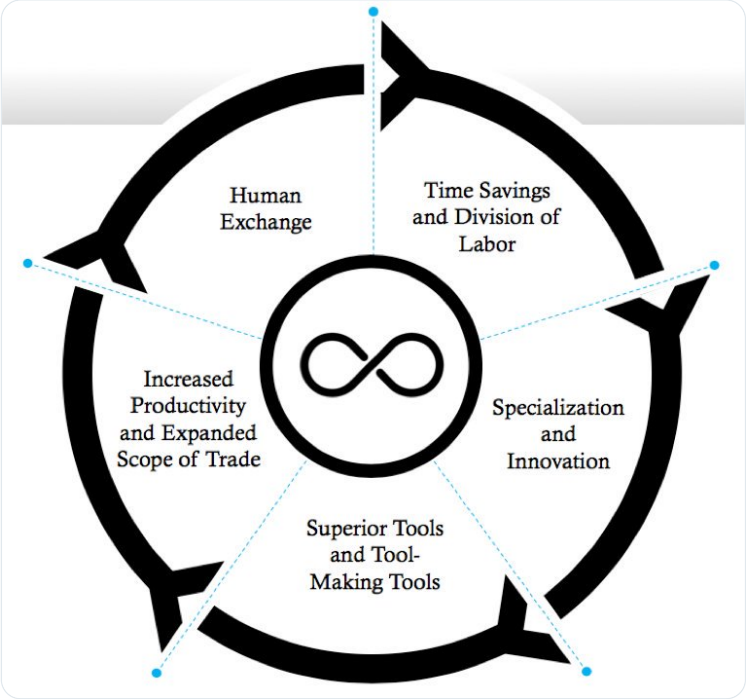
· Salability across Space—a good that is easily transported or transmitted over distances

· Salability across Time—a good that can reliably hold its value into the future by being resistant to rot, corrosion, counterfeit, unpredictable increases in supply and other debasements of value

12/15 Value expression is a single standardized unit of account makes prices, the nerve signals of the global economy, reliable and therefore optimizes the dissemination of market knowledge among constituents within an economy to optimize their decision making.

13/15 Consistency of value expression leads to clarification of opportunity costs, efficient allocation of human time towards production efforts and minimization of the cognition costs related to economic planning.

14/15 Exchange facilitated by multiple monies partially reignites the non-coincidence of wants problem as global trade requires translation into and out of multiple localized currencies. A singular global money is an ideal money to promote free trade and economic prosperity.



15/15 Quintessentially: human exchange is a global phenomenon and money is its vital lubricant. Therefore, the ideal monetary medium a singular, immutable ocean of liquidity. The moral of the story? Buy #Bitcoin

...