Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

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TheCryptoCapitalist.com

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me once again on today's program is returning guest, Mr. Mark Jeftovic. Mark is the new publisher at dollarcollapse.com. He is also the publisher of "The Bitcoin Capitalist". You can learn more at thebitcoincapitalist.com/RLAradio. And Mark, welcome back to the program.

Mark Jeftovic:

Hey, Dennis. It's always great to be here.

Dennis Tubbergen:

Mark, a lot going on worldwide when you start talking about fiat currencies, and I'll use this to segue into Bitcoin, but in August the brick summit was held. There was some pundits, some analysts who were anticipating that they would roll out a gold backed currency, which did not happen. Now you have a talk of that, you have China actually now executing international oil trades using digital yuan. It seems like the whole world of currency is changing extremely rapidly. What's your take on all this?

Mark Jeftovic:

Yeah, this is the dedollarization theme or meme or whatever you want to call it. And it's something that a lot of us, like contrarians and financial commentators, especially sound money advocates have been saying was going to come for a long time. It's been a long time coming, but I for one, and maybe I'm not alone, am surprised at how much it's accelerated in the last year. When I first started writing about dedollarization as an inevitability, I was thinking in 5, 10, 20 year increments, and then suddenly it's happening real time right in front of our eyes.

It doesn't mean the US dollar is going away or it's not going to be usable anywhere. It's got a long way to go for that, but it's suddenly not crazy talk to talk about the end of the US dollar as the world reserve currency. That's very much openly discussed as a matter of not if anymore, but just when and the whole dedollarization dynamic is really happening. And I think two things caused that. One was the US government was seizing foreign states' reserve assets. Regardless of what you think of those states or why they did it still sent a message to everybody saying, we don't have full control of our foreign reserve assets if they're US dollars. And then the other one is just the massive, massive debt expansion that's just accelerating even now, 600 billion in under a month. The last full trillion took 33 days. And so this is just beginning to go parabolic and that's what's driving this narrative, I think.

Dennis Tubbergen:

I know, Mark, this is a dangerous question to ask, but I think it was Earnest Hemingway's said, "You go bankrupt two ways, gradually than suddenly." It just seemed to me as you were talking that you have this whole scenario where the dollar has just over the last 20 years lost gradually its share of international transactions as far as international trade is concerned. And now that seems to really be accelerating. Is that an applicable quote to what we're seeing here?

Mark Jeftovic:

Yeah, that's one of my favorite quotes of all time. And it really does apply here because these tectonic shifts that are so monumental and historic, they play out over not decades but generations. If you look at the curve and the trajectory of the purchasing power of the US dollar that had over a hundred years of stability, it was even mildly deflationary like purchasing power increased on the US dollar up until, call it from the end of the Civil War after the hyperinflations worked their way out to 1914 or 1913 when the Federal Reserve was enacted. It's like a horizontal straight-line curve. And then as soon as the Federal Reserve is created, it starts this downward trajectory over a hundred and whatever it is years now, 120 years, 110 years. And that's gradually, gradually, gradually. And then now we seem to be going into this suddenly phase and the suddenly phase in that context can be five years, it can be a decade, but it feels really fast as it's unfolding right now.

Dennis Tubbergen:

John, when you look at what central banks around the world are doing, and I find it ironic that they're doing this given that they're in charge of monetary policy, they're essentially in charge of issuing fiat currencies. And yet central banks around the world have, almost without exception, been accumulating gold in 2023 at a very fast pace. Seems to me that if they really like fiat currencies, they'd just be stacking up more of that.

Mark Jeftovic:

Yeah, that's interesting, isn't it? You really have to pay attention to what central banks do and not what they say. Although my own country, Canada is the exception. We sold the last of our gold reserves in I think 2016. We sold them down to zero and we're the fourth-largest gold producing nation in the world, and we have absolutely no gold in our central bank. It's kind of a travesty, but everywhere else, I wrote a piece on this on dollar collapse just a couple of weeks ago. All the other central banks are at record levels of accumulation of gold. And mainly they're like China, they're Russia, they're emerging markets. You don't see a lot of, well, even the Bank of England bought some gold actually this year. That was a little surprising to me.

Dennis Tubbergen:

When you look at hedging your bet, we're really saying that you don't want to have all your assets in the same currency basket. Talk a little bit about gold versus silver versus Bitcoin versus maybe other currencies around the world. What should someone who aspires to a comfortable, stress-free, retirement be looking at as far as currency diversification in Mark Jeftovic's opinion?

Mark Jeftovic:

I like options. Optionality is my holy grail of precious commodities. And so things like Bitcoin and gold and silver give you different flavors of optionality. And I've always been a Bitcoin and precious metals person. I've never been a Bitcoin or precious metals. I've always thought that's kind of a nonsensical argument or a misguided argument. You want both for different reasons. Bitcoin, digital bearer asset that is completely immune to capital controls. You can zap a billion dollars around the world in the blink of an eye, costs you a couple of pennies to do it.

Gold, I mean good as gold, right? 5,000 years of storing value and being just unassailable in terms of purchasing power and silver. I mean, silver could be more mispriced than gold is, and I like things like junk silver and even silver bars because if you're in a complete, all bets are off scenario and I need to get on a bus or hire a truck to move me around, I don't want to have to chop a gold bar in half to pay for it. I'd rather just hand the guy a little bit of silver or some junk silver and just have something on hand to pay for the day-to-day sundries of life. I think silver is great for that. Not to mention that it has that appreciation potential when the market finally wakes up to what's going on here.

Dennis Tubbergen:

Mark, talk to me a little bit about the argument for Bitcoin. And I want put that question to you in the context of all these central banks around the world are also pursuing digital currencies. They obviously don't like Bitcoin, they don't like Ethereum, they don't like other non-sovereign digital currencies. How do you see all this shaking out?

Mark Jeftovic:

That's a great question. You're right. Everybody under the sun is pursuing a central bank digital currency, CBDC. I'm actually working on a new book, a new ebook on that, which I'm going to, if you're on the bomb thrower mailing list at bombthrower.com, you'll get that for free when it drops. And I think that what will happen is a kind of a monetary apartheid. If your economic sustenance is reliant on the state, you're going to have a CBDC imposed on you, and you are going to have to play by those rules economically. And I think CBDC is whether they're designed that way or they morph that way, I think they're going to eventually become a kind of social credit.

I think it's going to be tied to your carbon footprint and you're basically going to live a gamified life off your phone being told when you can eat meat, when you can travel, when you can get on a plane. And that's because if you're dependent on UBI or stimis or whatever it is coming out of the government, you're not going to have much of a choice. Now against that, there's going to be a whole class of sovereign wealth, sovereign individuals, people who have their wealth outside of the banking system, whether you're owning income producing businesses, real estate, and of course gold, silver, Bitcoin.

I don't think CBDCs are going to negate Bitcoin. A lot of people say they won't allow Bitcoin to survive when CBDCs come out. It's not an option. It's too late for that. We're well beyond that point, I write at length about it. I couldn't fit it all into 12 minutes, but that's why I call it a situation like monetary apartheid. You're going to have people with real wealth, real assets who are using things like Bitcoin and then people who are completely like the welfare class, which will be much larger, will be using CBDCs.

And one quick correction I'll throw in. The central banks don't hate Ethereum. In fact, I think Ethereum is positioning itself well, actually it's not Ethereum, it's a reality. Ethereum is actually positioning itself to be a base layer for central banks CBDCs and so is Ripple. There was a few cryptos out there which actually want to be part of the CBDC infrastructure. And Brazil, for example, is building theirs on a private fork of Ethereum. We already see this happening in some white papers. You have to make that distinction of between Bitcoin and Ethereum and the rest of the cryptos, Bitcoin is truly in a class unto itself, and we even see that in a regulatory posture in the US government.

Dennis Tubbergen:

Well, my guest today is Mr. Mark. Jeftovic. He is the publisher at dollarcollapse.com. He is also the publisher of “The Bitcoin Capitalist”. You can learn more at thebitcoincapitalist.com slash RLA radio. I'll return after these words with my special guest, Mr. Mark. Jeftovic, stay with us.

I'm Dennis Tubbergen and this is the Retirement Lifestyle Advocates Radio Program. I'm chatting today with Mr. Mark. Jeftovic. He is the publisher at dollarcollapse.com. He is also the publisher of “The Bitcoin Capitalist”. You can learn more at thebitcoincapitalist.com/RLARadio. And Mark, let's just talk a minute about the argument to own Bitcoin. I have long been an advocate of owning gold and silver. Bitcoin, to be completely candid, not so much. Tell me why I should own Bitcoin along with gold and silver.

Mark Jeftovic:

I think the major reason right now is that it's still very asymmetrical in the sense that when you look at the market caps between bonds and gold and Bitcoin, there's such a huge asymmetry there that you can allocate a very small portion of your portfolio to Bitcoin. And if I'm wrong and it goes to zero, it will really be immaterial to your overall results. But if I'm right, they will be very immaterial to your improved results. And I'm talking about a 1% allocation or a 2% allocation.

During the last cycle, what I call the maverick billionaire started moving in the Paul Tudor Jones and the Druckenmillers and the Sailors and the Musks started moving into Bitcoin. They were doing it with a one or 2% allocation. Some of them have since upped their allocation. But the point is anyone can take a 1% hit even if it goes to zero. But because bonds are almost 200 trillion of what is in my mind, dead money walking. They call it return free risk for a reason, right? The great bond supercycle is over because all the fiat currencies are racing to the bottom. Gold, $10 trillion, only half of it investible because the rest is in jewelry and stuff like that.

Bitcoin is half a trillion right now. Let's say there's a 20 or 30% bond exodus over the next 20 years. I don't think that's horribly unrealistic. That might be aggressive. Maybe it's a 10 or 15% exodus from bonds. If you put two or three or four percent of that moves into Bitcoin and the rest of it moves into gold or whatever, that's going to change the nature. It's going to change the order of magnitude of where Bitcoin is priced. It's going to reprice it a couple of digits higher. And that's why taking a very small allocation now, it's still early, it's still not too late, a lot of people look at it and say, it's sort of a double-edged sword.

They look at it and say, "It's backed by nothing, it's going to zero." And then they look at it and they say. "It's run from zero to whatever it is, today it's 34,000 US." And they say, "Well, I've missed the run. I've missed the move." I don't think so. I think it's still very early. And I think it's also clear to everybody that this stuff is here to stay. It's not going anywhere, especially now that it's been designated as a commodity by the CFTC. There is even a BIS paper that specifies tier one alternative reserve levels for banks to hold Bitcoin. And there's the spot ETFs coming and that's basically it is baked into the system. Now this stuff is here to stay.

Dennis Tubbergen:

So, Mark, take someone that says, "Okay, that makes sense, one percent. Maybe I'll do that." How does someone get exposure to Bitcoin in their portfolio? What's the best way to do it in your view?

Mark Jeftovic:

The very best way to do it is you buy Bitcoin on an exchange or somewhere and you move it into a self-custody cold wallet. If you're a family, if you're a fiduciary, like if you're a family office, a fiduciary or an institution, you work with a institutional custody partner to have proper multisignature custody of this Bitcoin. That's the best way to do it. The second-best way or the sort of ways that still get you that exposure, but you don't actually have that sort of bulletproof self-custody level, you can buy it in the spot ETFs. I mean, they don't have them in the States, but we've had them up here in Canada for years, which is kind of weird. I always thought that we were ahead of the states in the regulatory game that way. But a spot ETF as distinct from a futures ETF, which I wouldn't buy, I don't think that's a good way to garner exposure.

A spot ETF you can at least have the ability to redeem your Bitcoin into self-custody if you want to. The Bitcoin is there, somebody else is holding it for you. You have the option to take possession to redeem your shares into the actual Bitcoin. And then the third way is, and this is where the Bitcoin capitalist letter got its start, especially because there's no clear pathway to an ETF in the states when I started writing the newsletter, you can hold companies in the space as a proxy to Bitcoin, like publicly traded Bitcoin companies.

And so, we have a portfolio of, I think it's 10 names we don't trade. I'm actually closer to a value investor than a swing trader or anything like that. We have 10 names that we think are the best, highest quality Bitcoin companies in the space. And then you can hold those shares and get sort of proxy exposure that way as well. And they're still pretty cheap right now. I mean, they've had some great moves this year because Bitcoin, as I said, is still the number one performing asset this year. The Bitcoin stocks had some two and 300% moves off January, but they're still way below where they were when we were in a up only Bitcoin bull market. They are like 50, 60%

off of those levels now. And some of them are trading at better fundamental levels than they were when I first discovered and started writing about them.

Dennis Tubbergen:

Mark, for our listeners that say, "Hey, that makes sense because," there's a lot of people that want exposure to gold and silver. They buy miners, sometimes producing miners, sometimes juniors where they're exploring. Is there a parallel in crypto stocks and can you give maybe our listeners an example?

Mark Jeftovic:

For example, the same thing with the miners. When gold moves, the miners move even more. When Bitcoin moves, the miners move even more. I'd say a couple of bellwethers in the Bitcoin space, MicroStrategy and Marathon Digital, two company companies we have in the portfolio. If Bitcoin goes up 50%, they'll double. Now, the reverse of that is in a downmarket, those things will take a beating. But when you're in and the Bitcoin, this is also a kind of a long conversation, but Bitcoin bull markets tend to run in three year stretches because of the having cycle, which is hardcoded right into the protocol itself. When you're at the beginning of a three-year run like we are now, we're about halfway through, we're a few months away from the Bitcoin having, we're coming off of a down year. This is almost the perfect sweet spot to start loading up on some of these Bitcoin stocks.

Dennis Tubbergen:

I'm chatting today with Mr. Mark. Jeftovic. His website is thebitcoincapitalist.com. You can go to the bitcoincapitalist.com/rlaradio. Mark has some special deals for you there. He is also the publisher at dollarcollapse.com.

Mark, moving ahead, what's your forecast for the world economy? You mentioned in the first segment all this debt accumulation that's taking place on the balance sheet of the US government, but private sector's not far behind. There's a lot of evidence that about two thirds of the American population here is using debt and credit cards to make ends meet. That can continue forever. What do you see as the end game here?

Mark Jeftovic:

Well, I mean a lot of us in this space like yourself probably, and guys like John Rubino who I met through Dollar Collapse. We've been waiting for the mother of all Implosions for a long time, and there's Douglas Casey who has this great quote, it's one of my favorites. He says, "Just because something is inevitable doesn't make it imminent." And he said that maybe 30 years ago, we are headed for the mother of all economic implosions, and we may finally be approaching the imminent stage instead of the eventual stage. It goes back to the Hemingway quote, right? You went bankrupt two ways, gradually then suddenly. We could be pulling into the suddenly phase. The suddenly phase can last five to 10 years. There is no more room to kick the can. And we've even seen this with the fed hiking cycle this time out. They did the fastest hiking cycle in fed history, and they did it because inflation got out of control.

Inflation went from transient to, it's good for you to, we've got to do something before we have a revolution on our hands. But they're kind of trapped now because they can't keep raising because we're seeing what's happening to the debt and the bond markets. And if they lower, they can't raise and they can't lower and they can't stay where they are. They've really painted themselves into a corner, pretty well all the central banks have. And so, I think inevitably they're going to choose inflation. Everyone's going to choose inflation, and we're going to have a high inflation crescendo to all this that's just going to take all of the fiat currencies out of the picture at a different pace, different paces, and there's going to be this rush to hard assets. I call it a monetary regime change. That's what we're headed for. That's the endgame.

Dennis Tubbergen:

Well, my guest today has been Mr. Mark. Jeftovic. He is the publisher at dollarcollapse.com. He's also the publisher of "The Bitcoin Capitalist". You can learn more at thebitcoincapitalist.com/RLAradio. Mark, always a pleasure to catch up with you. Amazingly quick 24 minutes we just covered, but love to have you back down the road.

Mark Jeftovic:

Yeah, time always passes in a blink when you and I talk, I'll do it anytime you want.

Dennis Tubbergen:

Mark, thanks so much. Stay with us. We'll return after these words.