TFTC 405

**Marty:** [00:00:00] Alex, it's been a while. Happy to be here. I'm happy you're here. There's a lot going on in the world right now.

**Alex:** Yeah. Right now my mind is focused on how comfy your, your

**Marty:** chairs are. Oh, thank you. These are, uh, pre Nixon ripping us off the gold standard chairs. This is beautiful. This is the quality we could have if we bring back a sound money stand.

They're not fiat chairs.

**Alex:** These are not fiat chairs. Okay. It's okay to buy non fiat chairs with your Bitcoin.

**Marty:** You should sell your bi your chairs for Bitcoin. Actually, it's the other way around.

**Alex:** Okay. These ones are worth

**Marty:** today would say, ah, how's it feel to be back in Austin?

**Alex:** It's been great. It's, it was surprisingly cold.

Yeah. I, I've been coming to south by every year for, uh, seven or eight years and uh, it's always hot here, like uncomfortably hot. And this is the first year it's been like temperate and mild, which is probably nice for you guys. Right.

**Marty:** Yeah. I'm liking it. I got to wear a sweatshirt at the beef steak last night.

Yep. .

**Alex:** I wish I had brought a sweatshirt to the beef steak last night. I was cold. You should've let me know. It would've [00:01:00] brought you on. I know. Well, it, it, it, it was soon not a concern after the waves of delicious food and, and, uh, and beverage hit me, so we were fun. Well, the beef stick was

**Marty:** incredible. We also had a, an incredible pre-game to the beef steak, which was the hrf event.

Uhhuh right outside this

**Alex:** wall here. Yeah. We've been doing events with Bitcoin Commons for the last few years now. Um, typically what happens is the South by organizers, even though the largest creative festival, you know, on the planet arguably, or at least one of the bigger ones, they totally ignore Bitcoin.

Usually they have like a slew of alt coin programming, pay for play. You know, last year they had like the chain link guy give a keynote and stuff like that. Good timing on that one. But usually it's like Bitcoin's not on the radar, which I find it unfortunate because. You know, most of these people are pre pointers.

You know, they, they'd be, they'd be interested. A lot of them, not all of them are no pointers. So I was happy to submit a, uh, a proposal this year and they accepted it, which was [00:02:00] cool. And it was about fighting back against monetary colonialism. So we had Frida, Nabu, Ramma and Mag Wade here, uh, at, at South by, we had a huge line of people waiting to get in.

Uh, it was very full. We, we probably had a couple hundred people there. It was great. And we talked a lot about Bitcoin and empowerment and on ending colonialism and exploitation. And then we came over here for a little, little party after. Yeah. And the, uh,

**Marty:** are we allowed to talk about what was previewed here?

Yeah, yeah, yeah, yeah. So we had the, uh, nine minute video diving deep into, uh, the cfa, the, the way the French have sort of, financially colonized parts of Africa totally with their currency that they control, uh, in Paris and are able to debate people in Senegal and

**Alex:** other countries. Yeah, there's an animation team that I've been working with, uh, over the last year and a half and three months ago we started work on a, uh, video to explain this ecosystem system.

Uh, SIFA [00:03:00] is the way people on the street call the, the cfa, the colonial French frank currency that's used in 15 African countries today. Uh, ever since World War ii, um, 180 million people, uh, still use this thing, they call it the Sifa. And we wanted to do an animated video, um, because you can do, you can do a lot of kind of like, uh, historical explanation through animation that I find it's a little tougher to do in a sort of a doc, a live doc.

Yeah. You don't wanna do a

**Marty:** dramatization. They come

**Alex:** off cheesy. So we used my initial essay from two years ago as kind of. , uh, one, one of the grounding plot, uh, lines. And then we, we added a bunch of other stuff. And, um, parts of my, my check, your financial privilege book as well. And then also just extensive interviews with Farda, which is kind of the main character of that story.

And, um, we ended up, uh, they storyboarded it, they put it together, and we, we went through a bunch of edits and got a, um, you know, 10 minute video, uh, done [00:04:00] and, uh, released on Twitter and social media, YouTube yesterday. And I'm, I'm very proud of it. I think it hits hard. We're gonna be playing it tomorrow at the takeover when I interview Farda about this topic.

And if you wanna check it out, it's, it's pinned to the top of my Twitter profile at Gladstein right now. Um, but every detail was carefully considered, we'll put it that way. It's, it's hard to explain something like theif a because it's, it's, that's Dynamics are so hidden and there's so much. There, there's so much going on that we wanna, like shed light on all of it, and it's hard to do in two minutes or three minutes.

So we really wanted the full 10 minutes, you know? But, um, now we can, we can go deeper and deeper into, into those dynamics, uh, in a longer format here for sure.

**Marty:** Yeah. I mean, SIFA is just one example of this financial colonization that exists, and this is an example of one country doing it. But if, like we have the article you wrote for Bitcoin Magazine that dives [00:05:00] into other entities out there that aren't just one country, but represent, uh, a coalition of countries like the IMF and the World Bank.

**Alex:** Yeah, I mean, look, I, I think that Bitcoiners know that the IMF and world bankrupt to no good. I think that most people know the IMFs up to no good. Like most people, especially people in the global south, they're like, screw this. They protest against the IMF all the time. I think that a lot of people in the.

Think neutrally about the World Bank or, you know, maybe it's this thing that has downsides, but we really need it. You know, who else is gonna fund these projects? So there's just so much misinformation about these institutions, um, out there. And, you know, to be honest with you, I didn't, I didn't have a, like a detailed understanding of why they exist or why they work beyond kind of just like a surface level understanding of it.

Before last summer, I was really intrigued when I learned about how the CFA system worked and how the IMF was so integral in [00:06:00] maintaining it. Like when, for example, in 1994, the sifa was devalued by 50%, wiping out half the savings of all the people who used the thing, making everything way more expensive for them.

That was something the IMF was involved in. So that was like, that was like the Sifa dictators all like basically the 15 countries that used the SI a. Almost all of them are dictators and, and they, they'll basically like negotiate with the French and they'll, they'll like, you know, enact policy that's good for them, but, but terrible for everybody else, essentially living under them.

And the I MF was, was issuing this like dicta essentially that, that we recommend you devalue by half so that your exports become more competitive. Right. And I was like, Hmm. There's probably more to that. And what you, what what you what I, I think I wanna, I'm trying to paint through my essay called Structural Adjustment, which is coming out as a book in May before the Bitcoin conference.

Um, the book will be called Hidden Repression, how the Imfm World Bank Sell Exploitation As Development. And I'll [00:07:00] be giving a keynote at the Bitcoin conference in Miami about it. Um, but basically what, what I've, what I'm trying to argue in the book is that you had this process of, of timeless process of.

Stronger countries taking advantage of weaker countries or nations or empires or what, what have you. And and a lot of this was monetary going way, way back. And something you notice is that to sustain our way of life in the, what we would call, whether you wanna call us the core countries, the economic powers, what, what, whatever you wanna describe them as.

But in modern times, we're talking about the us, Germany, Japan, you want to go back, we're talking about British Empire, whoever was like the most dominant economic power or, or collection of dominant economic powers, they constitute what we call the, the core. And then there's the periphery, right? So what you, what you realize and observe is that the core, um, wants to reduce inflation at home and, and subsidize the way of life of people there.

And [00:08:00] that's pretty hard to do. So one thing that they. Due to overcome that is, is they get cheap inputs of labor and goods from what's called the periphery. Or you could say global north and global south, or developed world and developing world. You know, there's all kinds of different language we've used over the years, first world and third world.

The, the audience kind of gets what I mean. But, um, the point is that our way of life is inextricably linked, not just to the values that our country and our countries have been built on. Like, trust me, I'm a huge supporter of individual freedom and, you know, constitutions, liberal democracies, checks and balances, property rights, free speech.

Like I, I really love America for these things and I love western civilization for these things. Like, I don't want to come off as some sort of, um, communist or something. Like, that's what I believe in most fundamentally. The thing is we have to understand that we are successful not just because of these things.

Not just cuz we have free speech. Not just cuz [00:09:00] we have property rights. Not just cuz we have open capital markets. Not just because we allow commerce to flower a lot more than, than in a closed society. Not just because we have dissent and civil society and the ability to have things like Bitcoin commons.

That is a massive part of why we're successful. But another really large factor in why we're successful is that we steal things from poor countries. We steal time and we steal resources from poor countries, or we exploited at, at a, you know, at a big, big, big discount. And I think we should just be humble about that and then we can try and think about how to make a better world.

And, um, we don't have a counterfactual, like we don't have a world where that didn't happen. Um, unfortunately you talk about again, Germany, France, Britain, United States, Japan. We got to where we are today. In No, in no, you know, small way because of colonialism and, and resource colonialism. It's just part of the story.

Does that, does that resonate with you at [00:10:00] all? Yeah, it

**Marty:** totally does. And particularly my man, because I know we were talking about this last night, um, the exploitation of the Congolese for the war, um, and rare earth minerals. And it's one thing that frustrates me cause I completely agree. There's a lot of exploitation going around and being an American citizen and watching the trend of people pontificating about the green energy revolution and the need to stop climate change and what we've really done.

I think that's a bunch of LARPing and virtue signaling because people wanna feel good about believing that they're helping the world. But all of that progress that's been made mm-hmm. on those green energy fronts and. The cell phone, Revolut, the smartphone revolution has been made on the backs of Congolese slaves.

We

**Alex:** don't look at the human cost to our policies. And you know what, like putting aside the climate change stuff for the moment, like,

**Marty:** well, cuz it's, it's [00:11:00] completely hidden in another country. Like most people probably don't even recognize what's going on. Like, it's, it's, they do not see the consequences of that cost anywhere in their lives.

Well, I have

**Alex:** a chapter on this in my book, but like, uh, like the West stole enormous amounts of fossil fuels from the developing world to help it develop. And in fact, what's really interesting is when we lost control of the major sources of, of oil and petroleum, this was in the late sixties, seventies, so this is when colonialism proper ended and opec.

Became a thing like the countries that sat on top of the majority of the world's fossil fuels became independent. Now, I'm not endorsing their governments. Most of them are terrible dictatorships, but the geopolitics politics of it was that the west no longer controlled the production of, of, of oil in that sense anymore.

Like we no longer had swing production. Okay. Saudi Arabia did as, as head of opec. And guess what? When we lost that ability [00:12:00] to have control over, like cheaper than otherwise would be energy for our societies, guess what we had in the seventies? Massive inflation. So not many people look closely at the link between colonialism and then decolonization and inflation, and I think this is really important.

Um, one reason we had the Great Depression is linked to this as well. And, and this is something I've uncovered in some, some really interesting, um, history books that, that are not in the mainstream, but I, I think most of their. Feces are pretty strong. There's a book called Capital and Imperialism that does a good job of arguing this.

Even though I, like, I don't agree with the authors on a lot of their conclusions, I think this, this observation is true. We often talk about the debate of why did we have the great depression, um, at the end of the 1920s, early 1930s. You know, a lot of people think it's because we left the gold standard. A lot of people think that it's because we didn't leave it soon enough.

Whatever. There's a whole debate among Kenzie and, and Austrians about this, right? And, and other, other, other, other [00:13:00] people argue all different things. What's super clear to me after thinking more deeply about, you know, the world as a global system is that decolonization like made it so that the west, like our societies, we were getting cheap, like less and less and less cheap labor and goods.

because colonial colonialism was, was like in decline, let's say. So between the 1920s and 1960s, like, it, it, it, it went extinct essentially, more or less. There's a couple exceptions. Like, like Zimbabwe was, you know, Rhodesia or whatever till 1980. Mm-hmm. . But in general, what was happening is like our control over the resources of the world, remember like the, the, the, the global south or whatever you want to call it, the third world has the majority of the world's people and the majority of the world's resources, raw materials, we, in the, whatever you wanna call it, the core, the global north, we don't, we have a minority of the world's people and a minority of the world's resources.

So when control over that was taken from [00:14:00] us, quote unquote, what I really mean is like United States, Europe, Japan, whatever. Guess what? Our economy went down the drain. And, and I think that's a big part of it that we overlook. It's not just that there were issues in the monetary system, in the technology, the monetary system.

It's also that this like conveyor belt of cheap labor and resources like started to grind to a halt. And this is, uh, at the heart of the thesis of my, my upcoming book is that what I've noticed and what I'm trying to argue is that the IMF and World Bank took the role of what traditional imperialism used to do.

Like traditional, like old school, British imperialism was like going around the world. Army. Yeah. With an army, with boats, with guns, with slaves, and just like taking resources and cheap labor enslaving taking, using violence and, and getting cheap resources and goods to subsidize the way of life back home.

That was like old school imperialism. You want to go back to the Spanish? And silver in Bolivia, all of it, like the whole thing was just like [00:15:00] going somewhere else and taking that became like politically untenable and like basically unacceptable in the early to mid part of the, of the, of, of last century.

And as that slowed down, we saw enormous and economic disturbances. So, um, that in, in my opinion, has to be taken into account. We talk about the Great Depression and then the next big economic crisis came in the seventies. And that to me is really obviously linked to the fact that we no longer controlled energy like somebody else did.

And that meant we had massive inflation. Now, every time this happens, we choose to enact policies that benefit us and sacrifice the rest. Um, if you wanna look at the Dollar World today, and again for all its benefits, I'm just, you know, we want to be even-handed here and humble, but what we often don't think about is that the dollar world today is, is sustained by.

And at the expense of other people and other, other parts of the world. So like, let's just look at Volker. So Volker comes in to save us from inflation in the [00:16:00] seventies by raising interest rates to whatever, close to 20%. You know, that wasn't particularly , uh, pleasant for lower and middle class Americans in the eighties.

We had a huge recession, right? But like, you know, it wasn't a total disaster. But what most Americans didn't realize is that that caused what was what's known as the third world debt crisis, which was enormous amounts of starvation and death across the whole global south. In the eighties, um, these countries had been fated up with all this debt that we loaned them, and that was all dollar denominated.

And then all of a sudden, the dollar, the price, the cost of capital went way up. And they, they all basically starved and they could only be rescued, quote unquote, by more and more debt. So this is partly what explains why debt has gone exponential in the third world since, since since 71, since since the beginning of the fiat system.

but we, we are seeing this repeat history rhymes, right? So now we had this long era of zt, right? And coming out of it, Powell is gonna do his vulgar thing and we [00:17:00] got rates going from 0.3% fed funds to what is probably gonna be 5%. Mm-hmm. , like, there's probably gonna be another 25 point basis point hike on the table here probably.

So we're going, we're going from 0.3 to five, which, which is breaking stuff like in a very short amount of time. Yeah. Yeah. And like Americans are, are correct to be upset about that. Breaking things like breaking svb, breaking all these breaking banks, like people having a hard time. Um, what we are not seeing.

Is the devastation it's had on the rest of the world. I mean, in the last 18 months, we've seen all kinds of, uh, regimes get toppled, revolutions, hyperinflations, mass, starvations. I mean like, and it goes back to this timeless thing, unfortunately, which relates to the money system. We protect our economy by sacrificing others.

It's a very simple but brutal concept. So we wanna fight inflation at home. We don't like price inflation. It's annoying, it's [00:18:00] problematic in a democracy. The voters don't like it, et cetera, et cetera. Great. So we're gonna raise interest rates. We don't think about that externality. It's like a tragedy of commons type thing.

Like it's, it's a global system. So we raise the cost of capital here, everybody else goes down, and this is how it's always worked. In order to save us, we've always had to sacrifice them. And there's, you know, a, a. A specific tactic here. And, and that's essentially to prevent inflation here, we need wage deflation over there.

Like it's, again, it's a global system. So wage deflation was, was actually one of the main goals of imperialism. It was one of the main goals of colonialism and, and is one of the main goals of the I MF World Bank, like neoliberal model of the world today. Like what we need for our societies, for all the things that we love to do.

We need cheap shit and we need cheap labor. And you have to think about where does that cheap labor come from? [00:19:00] And that cheap labor comes often from a deflation of wages and a, and a and, and massive human rights violations. In fact, at South By, we had a booth here, the Human Rights Foundation, it, it's pretty awesome.

I'll show you some photos of it later. But it was like a clean white booth with two racks of t-shirts. One was on sale for 45 99, 1 was on sale for 4 99, 45 99. One was. Made in California, the f fi 4 99 1 was made in China. And basically what, what you saw was in the middle of the exhibit, a machine spitting out receipts and the rec, the receipts on the receipt was printed.

The true cost, who was paying. And it was all these like, uh, political prisoners from Xinjiang and, and all of the forced labor in China. So like when you're paying 4 99 Yeah, you're only paying 4 99. They're paying the other $40. Mm-hmm. with their life, you know, with their blood, sweat, tears, whatever. So someone's paying the true cost, you just don't see it.

And, and that's [00:20:00] something we need to think about. Like of course things get cheaper over time cuz of technological innovation, but when you see really big price disparities like that, you know that there's some sort of, some sort of oppression happening. And our entire system is based on this. Our entire system is based on policies that protect us over here.

while screwing them over over there. And, and we'll get into it here, but like a lot of this has to do with agricultural policy. A lot of this has to do with tariffs and subsidies on agricultural goods. A lot of this has to do with the US foreign policy objective, which, which from a realist perspective makes total sense that we want it to be energy and food sovereign and we wanted everybody else to be dependent on us for that.

Mm-hmm. . So this is totally baked into the petro dollar system. You want oil, you gotta buy it in dollars, you want fertilizer, you gotta buy it in dollars. Um, and you gotta get your food from us. So Africa, which is just for example, incredibly fertile [00:21:00] continent in an Adam Smith style, comparative vantage free market utopia should probably be feeding the world.

Africa imports 85% of its food. Yeah, it's insane. Which is a giant scandal. You were telling me this last night. I was, and, and um, that's because of west of World Bank I MF type policies that. Cokes. Leaders of these country always usually am undemocratic leaders, typically coaxes them to follow certain policies and incentivize certain industries that move the like energy of that nation away from feeding itself and developing itself to making shit for us.

So what you saw under the World Bank and and IMF policies, like in a generalized way over the last 50, 60 years was a moving away from industry and cons consumption, agriculture, cattle, rice, things actually people eat okay that they need, and a move towards exports for international markets. So the global south has been like [00:22:00] engineered to make stuff like coffee, cocoa, cotton, rubber, palm oil, um, and then of course any sort of extractive mineral that can be taken out of the ground and moved out without benefiting the locals.

So like these economies have been specialized to, to be focused on digging stuff outta their ground and growing stuff, shrimp, farming and aquaculture, and then, and then, and then giving it to somebody else. And the government takes a small part, but the international markets take most of it, like gold mining in Ghana.

I was shocked to learn when I was there with miles and, and, and, and, um, Mike Brock and, and Jack and a few other people earlier, a few months ago in Ghana, we, we learned about this like the gold trade there. Like recently, not, not like in history, like over the last 20, 30 years, something like 95, 90 8% of the profits of the gold that's stuck outta the ground in Ghana goes to someone else, not in Ghana.

It's, it's like, it's insane. [00:23:00] So, so these countries have all been like directed or engineered or shaped to produce stuff for us. And then the. That way. They need to be dependent on us for food and, and, and energy, but mainly food. So it, it's, it's just this really unfortunate, tragic, uh, outcome of, of the realist policy we have to be, to be the world power.

And, um, I think that we just don't think about these things enough. I certainly didn't, you know, you, you, you go out in a beautiful large city in America or Europe, Japan, one of these imperial powers, and you look around and again, like, yes, our values are so much of what makes us prosperous, but a lot of it is also the fact that we've just exploited.

And I think the more humble and open we can be towards that, I think the better we're gonna be positioned to make a better world where we can actually co-create and cooperate, um, forced cooperation instead of exploitation. [00:24:00] And I think that the Bitcoin standard is gonna be a big, big factor in this. Yeah.

Once you have a monetary system that doesn't have different classes, things are gonna be very different. Um, a lot of this nonsense is like not gonna be quite possible. Like if you think about the subsidies that American farmers get, which make it uncompetitive for Africans to make food for, for, for export and for them to eat.

Um, a lot of this has to do with money printing and, and you know, that sort of thing. Yeah. Which is only possible cuz it's offset by deflation elsewhere. Like, like the subsidies we, we create and the money we print for things like foreign wars, foreign resource wars, our own social safety nets here in America and Europe and, and subsidies for agriculture That's, that would normally bankrupt us and throw us in like a crazy inflationary spiral with, with the caveat that.

we get this like flow of cheap labor and resources from broad, I mean, as [00:25:00] listeners will understand, like I'm basically talking about globalization here. Mm-hmm. , um, and globalization in a textbook sounds like a great idea. Let's all be free markets, let's trade with each other. But because trade is not free market, it's, it's all centrally planned.

Um, that's not how it's worked out for people. So I know we have this like idea in, in, in a lot of the bitcoin communities of like localism and local communities and things like that. I think that's gonna be a good thing. I think, I think globalization, unfortunately, it, it just has been ne negative for so many of the world's people.

And, and, and we don't see that here. We're like, oh, it's great. Like Chinese people make this and people in Africa do this and, and we don't, we don't kind of see the cost. But on the other side of that, it's been. , it's been a really, really difficult fit. 50 years. It's been pretty terrible. Yeah. And, and it's, it's getting, we're going back to like the peak of how bad it was in the eighties for some of these folks.

And the, the true cost is, is never discussed, but, and no one's ever [00:26:00] counted it. And, you know, we count, we count victims of dictators and communism and that's why communism's bad is it? Cuz it kills a lot of people. But guess what? Recourse resource colonialism is also pretty bad. So, for example, me, there's a study in Mexico that for every 2% decline in gdp, the mortality rate goes up 1%.

Mm-hmm. , this is a typical country that, um, had a long experience with the imf, et cetera, like sort of a proxy for the global south, we'll say. I mean, and, and it's a richer global south country. So you could imagine for poor countries it's even worse. But the, these are countries that, um, in the seventies, eighties, nineties, I mean, they lost 10, 23% of their G D P at times over like long stretches.

So we're talking tens of millions of people dying. You know, Mexico, let's say there was a hundred million people there. There's more than that now. But um, you know, for every 2% decline in gdp, you're talking a million people dying prematurely, right? So if you start to zoom out and start to grasp this, you start to realize that like these structural adjustment [00:27:00] policies, which which we can detail a little bit, uh, that the IMF and World Bank have deployed, um, have probably led to tens of millions of deaths.

And we just don't ever see that. That's invisible. No one will ever go to jail for that. And that's a pretty depressing thing to think about. And there's not a whole lot we can do retrospectively. Like, one of the things that I try to say in my book, and I actually have, I dedicate my book to the victims of development and I say they may never get the justice they deserve, but they may get a way out.

That's like the dedication page on my book. Mm-hmm. . Of course I'm referring to Bitcoin, but like the, I don't know if they get any justice. I don't think they get any justice. It's terrible. But it's something that I, again, we should be humble about. I'm not trying to attack the American way of life here, or to be anti-American.

I think people get too hung up on that and they end up supporting dictators. Like a lot of [00:28:00] people, even in the Bitcoin community, are so anti-American that they end up supporting Putin and other dictators. This is very important to be morally clear about this. The enemy is tyranny. The way we advance is to improve America, not to like overthrow our system of government and bringing a king.

I think the better way would be to continue to decentralize and improve and continue to underline individual rights and to continue to improve in that area and to end the exploitation piece. That's how I think we get better. So I, I don't wanna, um, make it sound like I'm gonna. You know, go off and, and, and, and, and support all these kind of like, you know, anti-American socialists leaders, you know, over the decades who were like, screw the imf.

Like, we want to be, they're full of it too. Like that was never the answer. Like before Bitcoin there wasn't really what was, there wasn't a great answer to be honest. Like, like they got together at all these conferences over the decades, global South leaders and they would say, you know, down with the imf, like, but at the end of the day they were, most of them were all [00:29:00] dictators.

Yeah. And, and it was, um, hypocritical cuz most of them ended up taking the IMF money, to be honest. Anyway, I wanted to preface the conversation with that cuz I just feel like it's important for us to just ponder that here. Yeah, a little bit.

**Marty:** Completely agree. And I've had a few conversations over the years that really tie into this, and again, it's really under the context of.

the virtue signaling around environmentalism that leads to exploitation elsewhere. Two main examples are Kern County, California, where California has the potential and the ability to produce all the oil, most of the oil that it needs to run its economy. Uh, they drove out oil production within the state, yet the demand per barrel oil per year remains the same, if not continues to rise.

And so what happens? They don't provide oil for themselves, they export that to [00:30:00] Ecuador, or they're cutting down the Amazon rainforest and then putting it on diesel ships and riding it up the coast to the harbor of California, where the increased potential for oil spills in the ocean exists. And then another example, going back to Congo and the cobalt, it's been discovered in the last decade that up to Maine, we actually have large.

I believe it's cobalt and lithium. Oh, and then Quebec. Yeah, yeah, yeah. And then Quebec that we could tap into. Mm-hmm. yet we don't wanna zoning laws or something. Yeah. We don't wanna destroy the environment up there. We're gonna, we're gonna continue doing it in the Congo, so we're, we're not gonna,

**Alex:** I think the same overreactions gonna ha well, obviously we saw with nuclear mm-hmm.

obviously massive setback to human progress was this whole anti-nuclear stuff over the last 40 years. But also, I think we're gonna get this with the ocean mining stuff. Now, again, I wanna like see the data. I also don't wanna destroy the oceans, but generally speaking, given that there's all these precious metals sitting on the ocean floor, and these are like biological deserts down there, I'd [00:31:00] like to explore mining that instead of, instead of like having people be enslaved in the Congo.

Yeah. Like, you know, it, it is important to think about the human cost of our actions. So that's, that's kind of what, what we're getting at. Um, but anyway, so. The, the, the dynamic, uh, that I'm, I'm diving into in the, in the essay and in the book is something called Structural Adjustment. And the, the, the TLDR is that basically the way the world has worked since, since really the end of the sixties, I mean, in, in the, in, in, in, when we called, when we talk about development has been at the beginning when the Brett and Woods institutions were created, they really were created to fix Europe.

And Japan. Like, that's why the World Bank was created, was to fund infrastructure projects in like war torn Europe and Japan. And the IMF was created just in case one of these economies that were important to the coordinations, like failed, like it would get a bailout basically. But once those nations like got up on their feet and they started to recover late fifties, sixties, then that coincided with the, with again, the end of colonialism, like [00:32:00] 1960s known as the end of colonialism.

It's not, it's not perfect, but generally speaking, that's kind of when it ended and that's when you see the behavior of, of these institutions change and they start to become neo-colonial. And the way that works is they've. The weapon of the sword with the weapon of debt. So, um, instead of going in and just like taking and stealing and thieving, which is what they used to do in imperialism, um, you know, again, the Spanish conquest of the Americas, et cetera, um, that's been in placed with debt.

So what happens is, I'll give you an example. Um, France or Britain or US, will, will, will as a creditor of the World Bank, France, the uk, the us, Germany, Japan, are the five major creditors historically of the imf, the World Bank. The they'll, um, either to, you know, alone or together make a loan to a global south country.

So let's say Britain and Ghana. So let's say Britain gives 10 million to [00:33:00] Ghana. What happens when you look at it from a balance sheet point of view is that the 10 million. Exits. Britain goes to Ghana, and then Ghana spends it immediately on British companies to do all the work. So the 10 million flows right back to Britain.

So Britain's been paid back. The British system has been paid back. The capital went back to to, to Britain. Um, and now the Ghanaian taxpayers are still on the hook for, uh, p and i on the loan. And these loans over historically were very high interest. By the way. I mean, some of them back in, I mean, you were talking 3, 4, 5, 6, 7, 8, 9% higher.

It depended on the time. Of course there's been different interest rate regimes, but generally speaking, you gotta remember these aren't gifts. Like this is not a philanthropic, charitable thing like. or corporations that, that earn income, that make money. , the IMF comes and

**Marty:** says, Hey, we're gonna help you, but this is a risky endeavor for us, so we have to raise the cost of capital.

**Alex:** Well, sure. Well, they use the cancel on effect. They get access to [00:34:00] cheap dollars at lower interest rates at the core, and they sell it to poor countries at higher rates. That's like one of the ways they do business. But in the end, what ends up happening is you got a country like Ghana, it's, it's, it's already paid.

So it's, it's like paid back, uh, like, like Britain's been paid back. Okay? So Ghana's given 10 million, okay? Now it gives another 15 million over the course of the loan for p and i. So in this relationship, the west on the balance sheet has, has, is now 15 million richer. So this is what we call drain. So the colonial drain of which again, used to be enforced by swords, guns, whatever has been replaced by this like debt machine.

So over time what happened was, uh, again, At the beginning, the World Bank and imf, you know, basically did what they set out to do, which was the international lender last resort, and a development bank that's gonna pay for projects. The private capital didn't have the appetite for. They, they, they did that.

But what ended up, what ends up happening in the sixties and seventies is [00:35:00] that the drain starts to shift the other way. At first, you have all this resources going from the global north to the south. And then because of what happened in the seventies, in many ways, because of the, the increase in debt to the global south, due to the petro dollar system and many other things.

And then due to the interest rates rising, um, in 1982, the flow of funds ships permanently. So ever since 1982, the total flow of funds has been from the global south to the global north. So since 1982, the people in the global south have been subsidizing our way of life. And this is, this is, this was the magic of the neo-colonial trick that was played.

This is, this is exploitation sold to us as development. So ever since 82, this flow, which started as a trickle. It was in the hundreds of millions and then a billion, 2 billion. It was, it started in the low billions. Today, this flow is a torrent. It's in the trillions of dollars per year. So every year, if you look at the total flow of funds going [00:36:00] into the global south, we'll say remittances, investment, uh, gifts, development, support, um, illegal legal, all of it, like the whole flow for an average year in the last decade was something like a trillion dollars goes in from the north coming back two to 3 trillion.

Okay. So, and again, you know, that's a mar that might be marginal for the global, like the US has like a GDP of what, like north of 20 trillion or something like that. So maybe you wanna say that's marginal, but it it's very significant. Like if you It's material for those. Yeah. Like if you don't have that marginal, um, flow, uh, our society deteriorates.

Quite a bit. Now, there's one number I wanted to show you. Would you mind just, uh, hitting this for a second? This is, uh, the details of Perfect.[00:37:00]

**Marty:** We're doing control f looking for a particular word now.

**Alex:** Yeah. So, um, there have been many studies that look at this flow and they try to break it down in different ways. It's, of course very hard to come to an agreement on all the definitions, but there was one study done in 2015 where it said that, um, the flow coming from the south to the north was 10.1 billion tons of raw materials and 182 million person years of labor.

So that's 50% of all the goods in 28% of all the labor used by high income countries. . So that's the, the drain, right? So think about what our societies would be like with 50% less goods and 28% labor. Just start to start to think about that in your mind. We would be way less prosperous. We'd have way less stuff.

Mm-hmm. . Okay. [00:38:00] And we would also have, uh, like a much more difficult labor market. You know, we wouldn't have all this cheap labor to, to save us, you know, it, it would not work out like that. We'd have crazy inflation just start to think about all the implications of this. So that's globalization and it's very, very hidden.

And the problem, and, and safety has mentioned this many times, is that usually the critics of this system who have good criticisms, tend to be on the far. Or even Marxist actually. I mean, Marx himself was an astute critic of this actually. Like, and, and it was a, it was a reasonable criticism. Very much so.

And all of his students ever since have been, have noticed this. They've really noticed this. The problem is, their answer is, is not helpful. Like, you know what, what, what, what they were saying in the seventies and eighties, nineties was we should, um, end the IMF and all this stuff. Great. Uh, give power to local leaders.

They were all corrupt [00:39:00] dictators. Mm-hmm. like that was never gonna work either. So, um, there was never really like a coherent, like way to move forward here. Um, you have a lot of folks saying, let me fix it, you know, uh, you know, like, we need more government intervention here or there, or whatever. There, there was never like a coherent plan to fix this.

Um, I think what happens with Bitcoin is it's not, it, it's a gradual process, but I think what ends up happening is the following. , there's an incentive mechanism inside this dynamic where what's really happening is like western banks and are, are making these loans through the, through the bank and the fund, and often just by themselves in the private market.

And I understand that over the last few decades, bond issuance from these governments has, has accounted for a larger and larger percentage of global south debt. That's true. But borrowing from the, from, [00:40:00] from, from the north has, has remained like a very, very significant part of their debt. Um, and again, their debt has gone exponential since 7 71.

If you look at a chart of this thing, it's insane. A country like Bangladesh had about a hundred million dollars in external debt at, in the early seventies. Today it has a hundred billion dollars. I mean, these, these are impossible to pay back. That will never be paid, pay back. No. It's the largest bubble in the world.

Sovereign debt bubble. It's bigger than any of these other bubbles we've ever talked about. And it will have to unwind eventually. What ends up happening though is that the, the dynamic is such that these banks are making these loans. And remember that loan is an asset on their balance sheet, right? So when the dictator comes around and says, I can't pay back the loan, the answer is not okay.

And, and like, write it off. No, no, no. The answer is fine. We'll give you more money so that we can create more assets over here on the side of the patent sheet. They've never had like an economic incentive to write things down and, and, and let countries go bankrupt. And I know that sounds awful and it's true.

There's no like good choices here, but it's almost like, uh, [00:41:00] uh, a drug addict, like it's necessary. Yeah. Like the drug addict wants more drugs. The drug dealers happy to sell it. There's no, no one here saying go to therapy or whatever, try something else. And that, in this case, obviously, Debt is the drug. And, and, and, you know, short term, in the immediate term, it feels good to take the drug.

It feels really good to take the opioid or whatever, but eventually it's gonna kill you, right? So what ended up happening is it did kill you. Meaning there was massive death and destruction in the global south, right? So this system has no incentive to stop. That's why it's going in exponential. All the people loan, making the loans out, they don't wanna see less loans, they just wanna see more.

Robert McNamara, who was probably the most important person at the bank of the fund ever, he was head of the bank for all the 1970s into the eighties. And by the way, before then he was Secretary of Defense. Defense, yeah. He sent hundred thousands of Americans out to Vietnam, and then afterwards he joined the Board of World Dutch Shells.

So the guy's like, totally in the military, industrial, corporate complex. You see a lot of this. Paul Wolfowitz was also head of the Wolf World Bank, one of the architects [00:42:00] of the Iraq War. So there's a lot of weird stuff going on in, in, in, in that, um, in that, uh, in that area. But the, the point being, um, that there is no incentive to stop the, the loans they're gonna keep coming unless the monetary system changes.

So, you know, right now if a country wants to borrow and the US government, European government, like we're, we're like friendly with that government, we will, we will issue that loan. That's paperwork. We'll just issue that Fiat paperwork loan. Mm-hmm. , 30 billion, whatever done. If we're on a Bitcoin standard, though, we'd be a lot more prudent about this.

We can't just like print the reserve currency like we can today. Like, it's gonna be like there's, it's limited. So I think that it's possible we would have, um, in a Bitcoin standard, I think it's quite possible we would have like collectively, nations would agree to create potentially, uh, like a supernational like development bank to help poor countries.

that's possible. [00:43:00] I also think it's possible that there's like, uh, a lender of last resort type institution created where people throw in like, like kind of like private banks do today with insurance. Like it may make market sense from a global perspective for all the nations to throw in a little bit every year, just in case some terrible happens to somebody, drought, famine, whatever.

Totally reasonable. But I think what will happen is it's gonna be much more like, um, conservative, prudent, like the, instead of the World Bank, like literally just like trying to spend as much as it can in these poor countries to get them to borrow as much as they can. I think. Like there's gonna be a lot more, like, is this actually gonna be working?

Is this sustainable? Like, is it worthy investment of our capital? Like, like the IMF will do the same thing like mabutu in Zaire in the seventies and eighties. I mean, he borrowed billions and billions and he was never interested in paying it back. And he was a horrible dictator. And we were able to, due to the currency structure of the time continued, we continued to bail 'em out.

But in a, in a post fiat world, like I [00:44:00] think that those bailouts become much, much harder to do. , and we might end up just saying, no, Ubuntu, like, we're not gonna give you another bailout. Um, another side of this too, which is so, so to conclude that part of it is, which is again, one of the reasons I'm so interested is many, many of these dictators over the decades were sustained by new credit flow from, from the west, right?

And, and a credit flow that never cared about human rights violations. Um, the, this credit was often dependent on local governments reducing expenditures in healthcare education, subsidies on food and energy. That's what was cut. They never asked, we never asked them to cut police weapons, guns that was never asked to cut corruption.

None of those things were ever asked to be cut. That's never been a stipulation of the world banker imf that would be intruding in local politics. Mm. But we always force them, force them. To get rid of any subsidy, again, on like basics, foods, [00:45:00] energy. Uh, we raise tax, we force them to raise taxes, devalue their currency.

Look, some of these things may make sense in, in, in theory, like, like in theory, like food shouldn't be subsidized. But cuz we have the double standard, like our food and energy is totally subsidized. Like the UK currently has a price cap on energy. Like, like we have socialized medicine in France and whatever, but because like, so we, we we're allowed to do that over here, but you're not over there.

Mm-hmm. . So you have things like the British Empire, Bri, the British, which give all kinds of free stuff to their citizens. They go tell little Sri Lanka way back then many decades ago, you can no longer give free rice to your people. Which again, in theory out of a textbook may make sense, but because of the double standard and because of the brutality in which it was done, and millions of, there's just all these people starve.

And same thing with like medicine and all and, and, and, and all this other stuff. So it's funny, it's, it's difficult because this is repeating

**Marty:** itself with Sri Lanka. totally, specifically in the last few years. The, um, [00:46:00] they really got SIOP into going along with the e ESG and say, Hey, don't use fertilizers like you gotta be for, you gotta increase your, your carbon credit score.

So you can't use, don't use fertilizers. I mean, and then boom crops too,

**Alex:** yield anything. A lot of it's just so frustrating cuz like, we did X, Y, and Z and we're not permitting them to do X, Y, and Z. Yeah. And they should be the master of their own destiny. Like they should tell us what to do. Um, they really should, they should be able to do that, especially given that, um, again, they hold most of the resources.

Like look, some of us have, some of us meaning large countries that are advanced, like are plenty fine. Like the United States is gonna be rock solid for the next, for the foreseeable future. We, we are very food and, and energy sovereign. I see no reason that we need to like, bully up on Africa. Makes no sense.

In fact, this was a crazy stat I uncovered in, in, in writing this. Um, if we just dropped our subsidies and tariffs on agriculture, we wouldn't have [00:47:00] to do, well, we wouldn't have to do, there'd be no reason for us to do any foreign aid to Africa. Full stop. Africa would just be able to feed itself if we, if we, if we just ended our tariffs and subsidies.

Cause they'd be able

**Marty:** to sell their product, make it profit reinvest.

**Alex:** Exactly, exactly. It would make sense for them. But because we like juice, our peanut farmers with tons of fucking subsidies, they can't compete. So it's the artificial nature of fiat currency manipulating the markets that, that's really, I think, at the root of a lot of this.

So that's why I think this eventual shift that's gonna happen in the next few decades of, um, away from this like fiat dominated world to a world that's hopefully Bitcoin at its core dominated, like, you know, again, fiat instruments are still gonna exist. Like no one, nothing's stopping me from lending you.

A 10th of a Bitcoin in 30 years and you promising to pay me back, and that becomes a financial instrument. And then maybe you sell it to him like that, that that's gonna happen. Like, we're still gonna have fiat credit that that will still be there. But I think that the, if the [00:48:00] bedrock of the world is, is a Bitcoin standard, so many of these shenanigans become difficult.

There's no bailouts. And, and the really inspiring idea that that came from Jeff Booth is that it's almost like what he calls forced to cooperation. Like, because there's no real way to like, um, prevent like, like the, like wa wages are way lower elsewhere. But because of all these like controls in the monetary system, those countries can't really take full advantage of that.

And, and they can't, like, there's no arb like they, they don't come back up to, to meet our wage. You know, there's, there's no sort of natural balancing effect. But if you like get rid of this carcass, of this exploitative rent seeking fiat like payments and banking infrastructure, move that aside. And we're, we have like bitcoin rails.

all of a sudden, like, it makes a lot more sense for Americans to work with Nigerians, to work with Argentines, like to actually hire them, work with them, be more global like this, this is what's called forced cooperation. And it comes from like having open censorship resistant payment [00:49:00] networks that, that have no borders.

So I think that that's a really compelling idea. Um, and again, like we're still gonna need to make emergency loans and there's still gonna beat charity and philanthropy and all these things, but I think the, the exploitative nature of what we've been able to do with debt as a weapon, it's a devastating weapon.

I I think it gets significantly reduced, um, to the point where it, it, it's just sort of impractical. Yeah. Um, and, you know, it's not gonna fix everything, but I do think it really, like, and especially in a world that's so marginal, where like small things make such a big difference, I, I really think it ends this just like, impossibility of these countries ever paying their debt back and then basically forced servitude into whatever we, we we want them to do.

Yeah. And it's

**Marty:** not only the nature of rearchitecting debt on a global scale and how these loans are given and the due diligence that goes into them, like bring it back to like the smallest micro level, like [00:50:00] empowering the individual. Like people living in countries with despotic dictators or terrible regimes that mismanaged their currencies.

Like since Bitcoin's open, permissionless and accessible to anybody, like you don't even have to wait for like a change at that level. You can just start working in the digital economy or maybe even the local physical economy and accumulating Bitcoin opting out of

**Alex:** that. Yeah. And I think that, um, you know, a lot of people may ask, well, why are you so focused on this?

Like, aren't, isn't your day job supposed to be like helping people under dictatorship? The sad reality is that the IMF and World Bank prefer to work with dictators like they are one of the reasons why these dictators have been so sustained. So, and they're, they're

**Marty:** vaunted as the

**Alex:** pristine. And we're not just, just talking.

We're talking about the most comically brutal dictators. Like you, like Gist Ethiopia the freaking CCP after Tienanmen. Like, [00:51:00] like you name it. Like they, they will go after the most comically, corrupt, brutal, murderous dictators and give them tons of credit. And there's a sad, um, rationale to this and that is that it is easier to work with undemocratic clients.

Um, Marcos in the Philippines is a great example. He started off like getting elected and there was like somewhat of a democracy there. Over time, he, he eliminated that and ended up becoming this like horrible dictator for the world banker imf, especially the imf. It's way easier to work with a dictator client cuz you don't have to worry about street protests and independent judiciary, all that.

The dictator will handle that for you. You're just gonna be able to go in and do what you need to do. So that they vastly prefer working with undemocratic clients is what their track record shows, um, which is just insane. It allows them to go in and engineer these societies to grow or ex export what we need.

Yeah. And there's, there's no more perfect kind of metaphor for what they [00:52:00] do than a hydroelectric dam in the mountains, in the global south somewhere. The World Bank makes a loan to build it. It powers a resource extraction operation box site coming out. They also make a loan for a train track that connects the, the mining operation to, to a port.

They make a loan for the port. All of it gets built with Western companies. A lot of the loan that was originally made flows right back to the west. The loan itself still gets paid back p and i by the local taxpayers. And then all of the crap that gets dug out of the. Nearly a hundred percent of those profits go to outside international markets.

This is colonialism, but dressed up as development. And that's, that's what I'm really seeking to uncover here. And it's not cuz I'm anti-American, it's cuz I'm pro-American. It's cuz I want us to be better.

**Marty:** Agreed. And if you're paying attention to what's going on, particularly like Gfas, G F A N Z, I forget what the acronym [00:53:00] stands for, but it's like the next iteration and, and a new tentacle in this IMF World Bank like structure, this amorphous structure.

They want to go do like underwriting for like land resources and have like particular like land bonds that they go into Uhhuh, these countries and say, Hey, we're gonna underwrite this particular national park or this particular portion of the ocean. Yeah. With that. And if you can't pay it back, we take ownership.

**Alex:** Oh yeah. I mean, again, there's like, it's, it's, um,

I mean the, the, the extent of what happened was just so devastating. I mean, they would do, it's not just that they would come in and, and devalue the currency, raise tax. This is what you're seeing now in Egypt and Ghana and all these countries. We're seeing this right now. The currency devalues, this hurts.

The average person, like the price of bread in Egypt is skyrocketed because Egypt is trying to like, change its economy to meet the IMF demands. The, the [00:54:00] banking account gets restricted. I mean, it's called austerity for a reason. I mean, it's like basically shrinking the economy. They, they look, it's like a private equity firm that's trying to take over a company.

They wanna maximize profits and reduce expenditures. That's what the IMF does when they look like, when it looks at a country that wants to borrow from it. How can we maximize profits and reduce expenditures? And it's a brutal way of thinking about it cuz this is a body politic full of people. It's not just some amorphous like thing, no, this is like a group of human beings.

And they're like reducing expenditures do you know, means like shrinking the state, but they don't shrink. Like security apparatus. They don't shrink the corruption. They only shrink whatever's actually helping people, even if it be inefficient. So I'm not necessarily saying that, that there should be subsidies for basic food and energy, but when you, when you, when you have decades of just cutting that stuff and not cutting the security apparatus for the corruption, this just makes life so miserable for people.

I mean, you had entire countries in Africa where there was, [00:55:00] there was, there was universal healthcare or whatever. In the seventies, it wasn't great, certainly, but like you'd go like overnight due to the structural adjustment to like medicine just being like too expensive for the average person to, to, to, to, to have.

And that's one of the factors in why you had like, shrinking of the economy, like, uh, like a reduction in gdp, like all these people dying prematurely, like the crazy amounts of child. Mortality, like the, the stuff in the eighties is, is is just so unspeakable and, and it really hasn't seen the light of day.

And we're about, I think we're about, sadly I think we're about to sort of enter that decade again. Like that's happening again right now. We're watching this right now. Yeah. I mean

**Marty:** you can rattle Sri Lanka, Lebanon, Turkey, Egypt, Argentina, all these countries are having hyperinflationary events

**Alex:** and you know, like war isn't, you know, war is inflationary.

Yeah. And we're gonna have wars they pop up and that doesn't help either. So it exacerbates what's happening. [00:56:00] But the more we get inflation, again going back to the beginning, the more we're gonna fight it by trying to sacrifice others. Yeah. This is just the way the system works in the dollar system. So we are, again, we're watching people like jaw dropped, watching Powell even after this be, you know, this.

banking crisis. I mean, 2, 2, 2 of the three largest bank failures, modern Arabs just happened. And Powell's gonna keep hiking. Oh yeah. Because he just want, his main goal is to reduce inflation. And that activity, again, folks, is not just gonna break stuff here, it will break stuff here, and that's gonna suck.

But it sucks way more for people who don't live in the dollar system and he's just gonna break and break and break and break because there's no kind of democratic accountability. When you look at how these global structures work, we get a veto. The United States has a veto. Now what's really interesting is that the vote share, the IMF and World and World Bank are not based on population, they're [00:57:00] based on World War II kind of power dynamics.

So even though the US has, I mean, it's, it's insane. Like, and I detail this in, in, in the book, I mean there are like countries like China or India that have less votes than countries like Britain and Italy, . , and I know that it's supposed to be tied roughly to their eco size of the economy and not to the size of the population.

But even still, it makes no sense. I mean, China's economy is much larger than the UK now. I mean, you have little tiny countries like, uh, relatively speaking like, like, like Belgium or whatever, that have more voting share than like Indonesia and a whole bunch of other countries combined. Ethiopia like it, it is so, so, so the global South will never have the voice that they need to, to implement change at that level.

So I'm very jaded about a political solution. I think it has to be a grassroots bottom up thing. Agreed. And like

**Marty:** I think one thing we haven't even mentioned yet is cuz made me think about is that Matt and I were discussing [00:58:00] the bailouts of the banks here in the United States this week where the Fed said, all right, we'll take your bonds at par and lend you back to cash and we'll settle up later.

Yeah. But, and what he said is like, then they're like, oh, we're only gonna do it for one year. But it's like, no, there's no such thing as a temporary government program. Like it's gonna keep going. The imf, same thing like imf, why does it exist? It exists again, post World War II needed to rebuild Europe.

**Alex:** Bailout, bailout, you know, allies that failed along the way. Yes. And then it, it's re it's rationale, it it shifted. And I don't think there was like one meeting where they sat around a table and said, oh, we're gonna like loot from the global south. Yeah. That did not happen. But it's like, I dunno whether it's path dependent or whatever, but it happened.

And, and, and by the seventies and eighties, the decision makers at these, at these institutions knew that the only way they could sustain this was with more debt. Yeah. And it's like,

**Marty:** it was because it was long with a particular mandate. And like, once you like succeed in reaching that mandate, you're like, oh, we should [00:59:00] keep doing this.

And they keep going, keep going. Like ideally the IMF. Spun up existed for a decade, helped rebuild Europe and then shut down. Well, here's,

**Alex:** here's something, you know, we talk about the bubble unwinding eventually. Um, and, and, and the credit being, credit being destroyed is what mean, what I mean by a bubble unwinding.

So there's this concept of odious debt, which is, um, an American concept. Actually. It was created by American justices and law and, and policymakers, uh, about a hundred some odd years ago when, um, the, uh, Spanish were defeated in Cuba by, by America. And we said to the Cuban people, you don't have to pay the debt that the Spanish borrowed on your behalf because they were subjugating you.

This was called odious debt. So there's an American legal precedent for this, and there's IMF papers written by IMF staff talking about this concept, but it's never been a precedent that they've acted on. So even though Mabutu had no, like Zair, for example, had no [01:00:00] democratic credibility whatsoever. , uh, the, the people of that country were forced to pay back what he borrowed.

Mm-hmm. , this is the case for Argentina for all of these countries. There's never been like a, oh, like you were ruled by a brutal Dick Philippines. Like after the people of the Philippines protested enough and they used people power to oust Marcos, 40% of their gdp the next year was to pay back debt that he had borrowed.

Okay. So it's taking, again, it's taking the, the energy and resources from the population to pay back debt that somebody else borrowed. This is the case in Nigeria right now as we speak. Some absurd percentage of, of, of Nigerian, you know, revenue as a country is going to pay back debt. So it's, it's taking away from the potential of the country and the people didn't agree to borrow these loans is the point.

So maybe we, you know, like in an ideal world, what would happen? is that, and there, ironically, there was one exception I think America allowed [01:01:00] the, once we invaded Iraq and got rid of Saddam, we allowed the new government to like, uh, wipe out some debt. You know, cuz it, because it advantaged dust or whatever.

**Marty:** Hey, yeah. Hey, sorry for blowing up your country rule.

**Alex:** Well, um, yeah, but I mean, it's like, you know, if you, if you, if odious debt became a thing, I mean such a massive amount of global credit would disappear. Now of course that would mean an enormous financial crisis, but like that would be just odious debt shouldn't have to be paid back.

I don't know whether you want to call me socialist for that or whatever, but like, that's just something I'd believe in. I don't believe that credit borrowed by dictators should have to be paid back by the people who didn't vote the dictator into office. And

**Marty:** what's the worst case scenario the IMF and the World Bank are under?

It's like,

**Alex:** oh, well the western banks have a crisis. In fact, you know, you want to be really clear about what happened in, in the eighties, um, when the. when, when Volker was raising rates and these countries in Latin America were like collapsing, uh, the , the, the western banks in New [01:02:00] York and, and elsewhere, London, uh, had, had such an enormous amount of those assets on their balance sheet that they were, they were gonna fail.

It was gonna be a 1930 style financial crisis. So that's why the IMF intervened was not to like, help people in Latin America. It was to help the banks in, in, in, in America, in, in Europe. That's why we bailed them out. So whenever a bailout happens, it's not to help the local people, no. They're just gonna get hurt.

And it's not necessarily to help the dictator either. Sometimes it is, it's sometimes it's a national security thing. But no, it's usually to, to to, to benefit the, the creditors, the people who had extended the, the preexisting loans. So for example, when Argentina took out the, the, there's a re, they're the record holders, so Argentina, and if you notice the countries that take out the most debt are the larger.

More productive, more competitive global south countries that have been screwed over the worst. Argentina, Brazil, and Indonesia, Egypt, Pakistan, like the, the big, the bigger media countries are the ones that have suffered [01:03:00] the most in this. But like Argentina takes out 57 billion from the IMF in 2018. So it's like this, this is the world record holder, uh, at the moment.

And what did that do? It wiped out all previous debt, which of course some of that was racked up by military dictators in the seventies and eighties and just kept being rolled over. But now they owe, they owe, they owe 30 billion plus in new debt. So they got this enormous bailout only to land themselves in an even deeper debt hole.

And that's again, what's happened, like if you look at this chart of, of global south or developing country debt, it is unbelievable how it just looks like a parabola. Yeah, it just looks like an exponential curve. And that's an outcome of the post 71 political economy. One outcome is, the periphery gets deeper and deeper into debt.

And the other outcome is that whenever we need to protect ourselves from inflation at home, uh, we impose deflation abroad. I mean those are the two [01:04:00] mechanics that people should remember. Yeah.

**Marty:** I have to look up the stat about Argentina particularly cuz it is they've gone to the trough of the IMF or been forced to go

**Alex:** to the trial.

Oh, I think more than 20 times. I think 21 times. Yes. It's uh, and that's, and each time they have to agree to structural adjustment, they have to agree to wage deflation essentially, which is accomplished by currency devaluation, raising taxes, raising interest rates, et cetera. Yeah. So

**Marty:** this is as of May of last year.

Argentina has an average annual inflation rate of 192% since 1944. They joined the I M F in 1956 and have participated in 21 Stan standby agreements since 1958.

**Alex:** Yeah. And the standby agreement is just when the IMF makes a decision to loan a country money. Uh, that's like a line of credit. Yeah. And, and they release the funds as you, like, complete these milestones.

And, and, and the biological impact of this is, is really something interesting. So if you move currency to one side, what ends up happening in these countries over time is that the amount of hours you need to work to earn a thousand grams of rice [01:05:00] or chicken or whatever increases. So from like the early seventies to the late eighties, in places like Sub-Saharan Africa and Latin America, certain parts of South Southeast Asia, south Asia, central Asia, the number of hours someone had to work to get a thousand grams of rice or chicken or beef or whatever would sometimes double.

I mean, we're talking about decades of chronological progress and people were getting poorer and poorer and poorer. That's what I mean by wage deflation. Like your time and energy gets you less. Yes. And that is a part of the system. And that is a part of the system that needs to end. Yeah.

**Marty:** And like going back to the Argentina, like going to the trough 21 times an annual inflation rate of 192%.

Obviously going to the trough is not helping the problem. Like Right.

**Alex:** But it's like, it's like a, it's like a de an addict. I mean, what are they gonna, I mean, the thing is again, there's no incentive here for anybody to stop the debt party. The dictators and corrupt regimes are more than happy to, to borrow because they're not personally gonna have to pay back anything.

[01:06:00] The people don't have a voice. They're usually undemocratic countries. The um, or they're like disenfranchised in some way, and the creditors at these banks are making a killing. Again, these are like usually pretty high interest rate loans. Get good fees on originating loans. Oh, every, there's a fee along every step of the way.

Yeah. So by like opting out of this nightmare of a system into, into like Bitcoin systems, I think that's what kind of where the change begins. Like, you know, looking at what's happening in Africa. So looking at what's happening with remittances, cross-border payments. You're starting to see this new system being built, and it's super early, but the foundation's being laid for global commerce and interactions to be in a, in a, in a non fiat system, in a system that's like not about rent-seeking, like in fact, competition in a, in a Bitcoin system brings, it's almost like deflationary, like, it, it, it, it, it brings fees and costs down over time, uh, for users [01:07:00] when, when you see innovation in the Bitcoin system.

So totally different than, than the fiat system. Yeah.

**Marty:** We gotta do it. I think it's our duty as humans right now is to make sure that Bitcoin

**Alex:** succeeds. . Yeah. Well, I mean, I, I'm curious to see how this unfolds. Look, we, we know that Bitcoin helps individuals and that it, it it's a way for them to opt out. Like if you're stuck in structural adjustment, Peru in the 1980s, you had no way out as a lower class person.

I mean, you, you couldn't get anything but the local currency, which was, which was plummeting and not, and less and less available. Um, I think people have this really interesting like, misconception in the West that like interest rates and inflation have this sort of relationship where if you, you know, raise interest rates, um, you can like have inflation go down or whatever.

But in the, in the global south, like the, the, the normal, the norm is very high interest rates and very high inflation . Like, there comes a point where like, [01:08:00] uh, you know, the, the interest rates failed to help you bring down the inflation. Yeah, I talked about this with

**Marty:** Lynn. Last week, or like if you raise the cost to capital to a certain point, it becomes uneconomical to build out the necessary infrastructure to drive prices down.

**Alex:** Yeah. But it's like, it's not clear that like raising interest rates will bring down inflation. No. Like that, that's not, that's actually just like proven false by like tons of facts from around the world. But anyway, like in the eighties, like people had no escape from this. Today they do, you know, you just need a, a phone with internet.

I mean, even a feature phone with some of this new stuff coming out. And you can get access to something that, that can't be debased or confiscated and is part of this parallel system. So we know that like Bitcoin can help individuals. Well, we don't know what we're projecting, what we're discussing, what's the subject of conve conjecture is, is what does it do to the nation state system.

And, and that's, that's interesting. I mean, we don't know, but, but it's hard to imagine the World Bank IMF model. Lasting very [01:09:00] much longer as we start to start to really transition it towards the Bitcoin world. Like, it just seems like it'll be an artifact of the fiat system. Like so many things are gonna be artifacts of the fiat system.

Mercifully agreed. We're gonna bring

**Marty:** back these high quality chairs. All these, all this plastic craft will be a relic of the fiat system. And then yeah, you with Bitcoin. When I think about it from the American context, particularly around energy, we're importing a lot of energy when we don't need to, and people want to extract the energy here as cleanly as possible.

And Bitcoin mining helps you do that. You can be as efficient as possible with the extraction, and then as efficient of as possible with each, uh, jewel of electricity that's

**Alex:** produced. Well, that's wasteful. I mean, I was in, in Ghana talking with Nigerians who are Bitcoin miners. They learned how to mine on YouTube.

It's like a totally amazing, these young kids. And they're talking about going down to the Delta and apparently that's like the place that has the most vented, uh, you know mm-hmm. emissions in anywhere in the world. Yep. Um, It's just, oh, you look out at night, everything's on fire. Like, it's just, I think you introduced [01:10:00] me,

**Marty:** um, to one, one of these gentlemen last year in Miami.

**Alex:** Very potentially. But the, the point is that like there's so much waste that could be captured by Bitcoin mining there. So it's, you know, part of, part of the equation is certainly the mining piece of it. Like, you know, part of the equation is certainly that, um, you'll live in a world where our, whether it's our kids, grandkids, whatever, they'll live in a world where every nation has the ability to, to, to mint the global reserve currency through, uh, energy.

Mm-hmm. . Now it doesn't mean they have the equal ability, you know, Russia, if it still exists, we'll have a much higher ability to mit the reserve currency than Belarus, for example, or whatever. But, but the fact that it's e that that, like every country will be able to take advantage of its energy, resources and turn that into the reserve currency is, is very different from a world.

Only one country can, can, can, can mint the [01:11:00] reserve currency. And they don't have to do any work to do it. Yeah. They just can conjure it. It's paperwork. And that's one of the biggest problems of our country is that, is that we have this like, yeah, we have this, this system where we can just, just print money for energy.

And then this

**Marty:** culture where we just refuse to, uh, acknowledge the trade offs that exist with the decisions we're making From a monetary perspective, energy perspective, food perspective. Well,

**Alex:** there's no, there's no apparatus where we'd face any accountability. So Powell, again, he doesn't have to answer to the people of Ghana or the people.

He doesn't have to go to a tribunal, like in a fair world, he'd have to go answer to them or go speak to them. Were he bringing tribunals back? How? Well not a tribunal, but. How about this? Powell has, every time he raises rates, he's gotta go and at least talk to like some people who live in Ghana and Argentina and Lebanon.

Yeah. It's not gonna happen , but you know, that would be more fair. Yeah. He'd at least have to listen to them and he'd have to weigh that, you know, there'd be like, it would be [01:12:00] weighed. Right now the vast majority of people and resources in the world are not weighed in, in, in the minds of the people who make up the monetary decisions, which is why the system needs to end.

We need to have a system that's equal for everybody. It's tremendously empowering. That's why we have it right out here. Fix the money, fix the world. Yeah. And it's not just the si I mean the sifa is, is something that's what's worth focusing on cuz it's so outrageous and people get so frustrated by it.

And, and maybe we can create enough dialogue and debate around that, that it, that it can end. , but that's just like kind of a tip of the iceberg in terms of the whole way the whole world works. And I, I don't wanna let China off the hook either. I mean, China's trying to copy the World Bank IMF system, and if China becomes the power, it will do even worse.

It'll be much more, much more exploitative than we are. Same thing with France, same thing with Britain. Like, or whatever. Any, any rising power is gonna do this to its geopolitical rivals. There's always gonna be resource wars. Right. You know, I was opposed to the illegal invasion of Iraq, cuz I thought it was a resource war.

I'm [01:13:00] opposed to Putin's invasion of Ukraine. I think that's a resource war. I would be opposed to, I mean, I think the Chinese occupation of Tibet and Xinjiang is quite obviously a resource colonialistic, maybe these are, these are ethnic minorities that are not Han you know, so every, every power has a resource war going on.

And, um, I just think we need to be consistent and just say no. Like, don't do that. Like, that's, that's, that's, that's, that's a, that's not nice. Let's not do that. I,

**Marty:** I think as you mentioned, Bitcoin will be somewhat of a forcing function. It's not gonna be a panacea for the, uh, corruption that

**Alex:** exists. Yeah.

And like without something like Bitcoin, we can't stop it. Yeah. But there's something that Gigi said that I love and he says, I don't know whether he wrote this somewhere or whether he just said it in my presence recently, but, um, he said, uh, every 10 minutes the Bitcoin network says, thou shall not steal

Thou shall not steal, thou shall not steal. And it just says it every 10 minutes. And that's such a powerful idea on like many levels. And, and that's what we're getting at here. Like it will tell you thou shall not steal and it will [01:14:00] make it harder for you to steal over time. And I think it's not just, it makes it harder for like the individual to steal from you or the government to steal from its citizens.

I think it might make it harder for like powerful countries to steal from weaker countries. So that's maybe something we end on, but I thought that that was like really, really, really deep. It gets back

**Marty:** to when you were mentioning. earlier when Jeff Booth expressed is just like a massive realignment of incentives.

Yeah. Forced cooperation. Yeah. When people are forced to coop, not even forced, just economically incentivized to cooperate. Yeah. Because both sides are gonna benefit. Totally.

**Alex:** Well, it's always a pleasure, sir. Yeah, this was great, man. Love coming down here. Hope to spend more time in Austin in the future. Can we pre-order the book yet?

Uh, it's not quite out yet, but, um, I will be sharing it with you. Um, I think it'll be out for, for, for pre-order in the next few weeks. And it should be on sale early May. And again, if you're in Miami, come say hi. [01:15:00] H will have a booth in the expo down at Bitcoin Miami. And uh, I'll be giving a keynote on, uh, it's called Bitcoin versus the IMF

So, so that'll be a lot of fun. Well, keep

**Marty:** crushing it, sir. We're gonna, we're gonna win. We're gonna destroy the imf, the World Bank. . We're gonna create this belt and road, all of it. Oh God. The

**Alex:** Belton Road. We didn't even touch on that. Exactly, exactly. But I don't wanna lift them off the hook, is what I was saying.

Yeah. It's just that this was dedicated to the I M F World Bank. Yes, it does. What I'm trying to say is that we're opposed to any large power dominating, weaker, weaker powers. Yeah. This is the whole point. We're against tyranny. Just we're for freedom.

**Marty:** Freedom. Do some hard work, be productive. Don't steal for people.

It's pretty simple. Hell yeah. Peace of love freaks.