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# Cryptocurrency will survive as US dollar and euro collapse – BitCoin Cash ‘CEO’

Published time: 10 Aug, 2018 06:00

Edited time: 10 Aug, 2018 06:09



Rick Falkvinge, CEO of BitCoin Cash and founder of the Swedish Pirate Party

The digital currency Bitcoin, once a toy for computer nerds, is now soaring in price, triggering a new gold rush. Is it just another bubble, or a glimpse into a radically different financial future? We ask Rick Falkvinge, CEO of BitCoin

financial future? We ask Rick Falkvinge, CEO of Bitcoin Cash and founder of the Swedish Pirate Party.

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**Sophie Shevardnadze:** *Rick Falkvinge, welcome to the show. It's really great to have you in our program. You predicted Bitcoin's a thousand-fold increase back in 2011. And indeed from 1 dollar in February 2011 hit a record high of almost 7880 dollars last week, then had a plunge, and is back up again now. Why does it keep growing - and is there any price limit for bitcoin?*

**Rick Falkvinge:** Yes, there is a price limit for cryptocurrency. It cannot displace more money than exists in the world. So, there is an upper ceiling. But if you're just regarding bitcoin as a commodity on the market, which I think it is, like any currency, that upper ceiling can easily go up to 1 million or more per bitcoin. It's important to remember that bitcoin might not be the final cryptocurrency. Cryptocurrency will displace the central bank money. But with social networks - we had SixDegrees which was replaced by Friendster which was replaced by MySpace which was replaced by Facebook - some cryptocurrency is going to be worth a lot of money. Which one? Well, that's a gamble.

**SS:** *So we are having this Bitcoin split - without going into too much detail, we have two different versions of Bitcoin now. You're the man behind the Bitcoin Cash - this new version of bitcoin - that was created, according to your organization in response to years of 'mismanagement of the Bitcoin Legacy network'. Is Bitcoin's decentralized*

*the BITCOIN Legacy network’. IS BITCOIN’S decentralized nature its Achilles heel? Is it going to keep splintering because there will always be someone in the community who will be unhappy about the way it functions?*

**RF:** The key aspect of Bitcoin is that it is permission-less. You don’t need to ask anybody’s permission to do anything. And this is crucial to the entire community, which is why I decided to publish a letter where I was CEO without asking anybody’s permission - as a way to illustrate that we are not asking permission - that’s just part of our community. The person behind Bitcoin Cash would primarily be a French guy named Amaury Séchet, who started working on this, again, without asking anybody’s permission.

**SS:** *Now you don’t have to buy bitcoins, you can “mine” them - by using a high-powered processor like the one in a video card. And the gold rush is on - here in Moscow we’ve already had a video card shortage, you literally couldn’t find any in stores - everybody was buying them up to furnish bitcoin mining farms. But can bitcoin really make everybody rich?*

**RF:** No. Bitcoin cannot make everybody rich. Bitcoin right now is a huge wealth transfer to those who understand its implications early on. The last wealth transfer of this magnitude was around 1850, and it was about those who’d found oil. There’s a huge wealth transfer going on right now - where those who used to be poor, nerdy, geeky, sitting in their mom’s basement, if you like, are suddenly the new millionaires. And that, perhaps more than

anything, is going to have a profound effect on what the future of our society looks like. Because for the last 200 years or so, it were the people who found oil that decided where money went, what research was made. And when the geeks and nerds are sitting on that money and deciding what research gets made - it's not going to be a better diesel engine. It's going to be a better solar panel, it's going to be teleportation, space travel... I think that is going to be one of the more profound changes happening here. A wealth transfer to an entirely new type of people.

**SS:** *So can everyone jump on this bandwagon or is it too late?*

**RF:** It comes and goes. I can't give financial advice, but if cryptocurrency fulfills its promise - and there's no indication it wouldn't - then the equivalent of one bitcoin needs be in the 2 to 5 million dollar range. But at that point it won't make sense to measure it in US dollars, because USD

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it

~~too late, just as it wasn't too late when Bitcoin was at 3~~  
dollars or at 30 dollars or at 300 dollars or at 3000 dollars. But this is a very highly volatile [financial] instrument. This is a really risky investment. And if you ask me whether anybody should invest, then the answer is nobody should ever invest in more than being capable of losing every single last cent of it.

**SS:** *Goldman Sachs CEO Lloyd Blankfein says Bitcoin may be another bubble just like that of the dotcoms, and JP Morgan Chase's CEO Jamie Dimon compares*

*cryptocurrency to the Dutch 17th century tulip mania. Don't these men have a point? I mean a bubble forms when there's public ignorance and with Bitcoin most people have a vague idea of what it is and how it works...*

**RF:** I think you absolutely have a point that most people don't really understand what Bitcoin is. It is 'peer-to-peer electronic money'. That means I have a phone here. I can use that phone to transfer money to a nearby phone. Or to a phone on the other side of the planet. The transfer is instant, it is practically free. Nobody gets to decide whether I can make that transaction or not, including financial authorities. And that in itself will mean a financial revolution. This is an extinction level event for banks. Banks will no longer be a necessary middleman. And that's, more than anything, why I believe that this is the future of finance.

**SS:** *Anonymity makes Bitcoin popular but it enables crime as well, just remember the notorious WannaCry ransomware attack this May. This can potentially make governments restrict Bitcoin trade substantially, and that would cause a drastic slump in its value. Do you think cryptocurrency can partially sacrifice its anonymity to ward off shady users?*

**RF:** It is more traceable than any money that came before it because every single unit of bitcoin is traceable through its entire monetary history - through anonymous accounts. But once you de-anonymize account you can start unravelling where the transactions go. The second part of that question which is more interesting is that Bitcoin is a

that question, which is more interesting, is that Bitcoin is a peer-to-peer currency. A peer-to-peer technology means there's no middleman. Governments have been trying to stop peer-to-peer technologies since Napster. And they have been as completely unsuccessful as anybody could possibly be in that. So I don't see them being able to stop peer-to-peer currency either. Which leads me to the last observation. Since there's no middleman, there's nobody giving permission. When I'm buying a bottle of water with a credit card someone in the background there's a bank giving me permission to buy a bottle of water with a credit card. And that is a horrifying thought. Because that means that the bank can also deny me permission to buy a bottle of water. Nobody thinks of this, but it's there. With Bitcoin this is not true. There is nobody needing to give permission in the background. There's nobody who gets to say no to a transaction. No money can be forced. No money can be seized. And here's a big problem for governments in the future. Taxes can no longer be forced.

**SS:** *I get all the three points that you've said. Like you've said before, it's traceable. With WannaCry, we know where the ransom money is going, but the accounts themselves are anonymous. But if we know that there is an account with ransom money extorted from ordinary users, shouldn't we have the ability to freeze an account and take it back?*

**RF:** No! Why should you?

**SS:** *Doesn't it bother you that here you are, working on a new invention, a beautiful convenient currency, and people use it to pay for child pornography or to order a hit on*

*someone?*

**RF:** Actually, they use the US dollar for that. And yet I’ve never heard somebody arguing against the existence of the US dollar with that argument. If you’re going after drugs and narcotics trade, then the US dollar is unparalleled in use. And I’ve never heard that being used as an argument against the US dollar.

**SS:** *Will the complete implementation of cryptocurrency make compulsory taxation impossible? What happens to real life governments then? Will Bitcoin make them obsolete? Is that what you hope for?*

**RF:** Isn’t that interesting? I can’t predict that. The changes we’re about to see are so profound that you can no longer just go in and take somebody’s money. But the worst you can do as a government is to make them sorry for not giving them your money. You cannot force it, you cannot seize it. The changes that it’s going to bring are so profound to society that we’re going to see a lot of governments panicking when they realize they can no longer just seize any money they want.

**SS:** *Do you think the governments can come up with their own version of a blockchain currency, make it traceable, registered, and ensure nobody ever evades taxes or fines or hides their profit? I know banks are trying to, Citigroup, for instance, is definitely doing it right now.*

**RF:** There are governments and banks trying. There was this sort of mantra or cliché last year, and a year before last that it’s not about Bitcoin. It’s about the underlying

fast, that it's not about Bitcoin. It's about the underlying innovation of Bitcoin, called the Blockchain, which is a solution to a really hard problem, which is essentially, how do you make sure a lot of people agree on everybody's account balances. Because there's obviously an interest in somebody saying "No, I have more money" and everybody else needs not to agree with that. Governments and banks don't really think in this way. Banks and governments think that they can start a blockchain currency and issue more money down the road. But the whole point of the Blockchain technology is that you're trusting mathematics, not the issuer. In this way, a blockchain currency vs a central bank currency is a lot like open-source software vs proprietary software, like Apple MacOS or Microsoft Windows. It took 30 years, but in the end, pretty much every single computer web-server is running an open operating system. In the same way, I predict that we will go from proprietary money to open money and permissionless money like Bitcoin.

**SS:** *Bitcoin enthusiasts say the cryptocurrency will eventually replace all regular currencies, become the world's only money. But can cryptocurrencies really work for everyone in the world? An internet connection isn't a permanent thing. People in a Sri Lankan jungle aren't online all the time for example. And half of African people don't even know what a cellphone is.*

**RF:** A 100 years we asked 'but what about certain places without electricity, how will you use an electrical engine then?' And today there is electricity in most places, and



where there isn't electricity there are batteries. There are some special cases when you go camping, hiking, when you go on a survival training, where you don't have electricity or the Internet the way you take them for granted. But, overall, I don't see it as a long-term concern, that you won't have access to the Internet because just as we speak there is a network of satellites being planned, to put the Internet on every spot on the globe.

**SS:** *A top Deutsche Bank strategist says the current monetary system is too unstable and prone to high inflation so that it's doomed to fail. Will cryptocurrency fill in the vacuum if that is so? How will it change banking?*

**RF:** I think you're spot on there. The European Central Bank used to print 80 billion euros per month just propping up a gigantic bubble happening right now. It doesn't do that anymore, it just prints 60 billion euros per month. The US Federal Reserve was printing trillions of dollars inflating the money supply. We know how this ends. Once a government starts printing money to pay off its own debt, the story doesn't have a happy ending anymore. It just doesn't. History is brutal on this point. So cryptocurrency doesn't really need to replace the US dollar, replace the euro. It just needs to survive while these behemoths collapse under their own weight. And when it happens, it's going to go fast.

**SS:** *Will the widespread use of cryptocurrency, while promising a new level of liberty, actually discriminate older generations? It won't be easy for older folks to get used to this complicated digital stuff, will it disadvantage them in*

*the end?*

**RF:** It is complicated. It is too complicated, it is not useable enough at all. And I agree that this has always been something of a problem. In the 1920's when households were electrified there was a training curve where the older folks were being shut out from all these new electrical appliances, because they had to re-learn so much. When computers arrived, it was the same thing. When smartphones arrived, it was the same thing. There's always a problem where a younger generation needs to take responsibility of introducing the elders to the ongoing changes of society. Fortunately, there's usually somebody in every family who does that. But the concern is absolutely valid.

**SS:** *The first time Bitcoin was used to pay for a real service it cost a user 10 000 bitcoin to get two pizzas - that's worth 70 million dollars now, 35 million per pizza (I wonder if that man really wishes he'd cook at home...)*  
*Cash is backed by, theoretically, gold, or the government's ability to pay debts, where do all these insane values come from in Bitcoin?*

**RF:** What's backing a Bitcoin? Like any commodity, it has value because of two simple characteristics. It is useful and it is scarce, which means there's not an infinite supply of it. It is useful because I can use it to transfer value to Malaysia on a Sunday, without anybody interfering with that transmission. And it's finite, because there's only ever going to be about 21 million Bitcoin. Those two things

make it valuable. Not that it's backed by the government, because it isn't. In that way, it's kind of like gold.

**SS:** *There have been many cases of bitcoin theft - with this latest BTC-e case, we have a suspect accused of stealing tens of millions of dollars-worth of bitcoin - is it not really safe to keep your investments in it, considering that the hype about its rising value surely attracts hackers like flies to honey?*

**RF:** Bitcoin has that problem. It's really hard to store your Bitcoin securely. It is a really hard problem that has not been solved. Some of the best solutions involve specialized hardware that you keep on your wrist. Some other solutions involve opening up a laptop and taking out the wi-fi circuit to make sure it cannot ever connect to the Internet or be infiltrated from the outside. This is hard today but it is going to become useable. These are really hard problems. And everybody in this community knows that whoever solves this first would become really rich. As in insanely rich! And so there's a lot of money being thrown at this problem.

**SS:** *That's a good incentive to stick to the Bitcoin business. It's not just the hackers that are the problem. A famous case of a Wire editor forgetting his PIN-code from his bitcoin wallet and using hackers and even a hypnotist to retrieve it! I know it sounds funny, but isn't it a little harsh on people - how come it's so easy to lose access to something you own? That can't happen to my wallet, or bank account.*

**RF:** It absolutely can happen to your bank account. Ask the people on Cyprus, when their bank savings were confiscated to bail out the government's bank. Ask the people in, say, Argentina or, for that matter, any person in South America how safe their bank holdings are. They are not. They're just not.

**SS:** *Maybe it wasn't a good example. The whole bank business is still really tied to whatever crisis going in the country, but you're saying the advantage of Bitcoin is that it's not tied to anything that's going around it in the world. So how can it be so easy to lose access to it? To something that you own, just by forgetting a PIN-code?*

**RF:** It is data. You can think of it as a file, if you like. If that file gets into somebody else's hands - then you lose your money. If the hard drive with that file on it gets destroyed or corrupted or just dies - then you lose your money. Which is why this problem is so hard. Which is also why a lot of people are working on it. But Bitcoin and cryptocurrencies are just in their infancy. This problem is going to be solved, just like every technical problem before it that had so much promise but hadn't yet got its usability. We were there with streaming video for 10 years before YouTube hit in 2006. We were there with blogging for 10 years before WordPress and Typepad hit. We were there for about 10 years with file sharing before Napster hit in 1999. These things take about 10 years before somebody hits the right usability key. And remember, this is a technology that was devised in 2009. It's possible that, if we're looking at a possible mainstream breakthrough around 2019, ten years

from then, then the company which will make this breakthrough has not been even founded yet.

**SS:** *Rick, for all the talk of being an internet freedom banner, bitcoin isn't entirely independent, for example, the U.S. police has recently seized accounts of clients of the BTC-e marketplace and arrested one of its founders. So pressure can be put on cryptocurrency - can it be brought to heel?*

**RF:** You cannot point a gun at a computer to make it give up its secrets. But you can point a gun at the computer's owner and make them very sorry for not giving up that file inside the computer. But this difference, that might seem very small, has profound effects. Because it means that governments can no longer just walk in and seize money to pay people's taxes. People have to actually agree with paying taxes. And that in itself is going to be profound when governments realize this.

**SS:** *Right, Rick, thank you very much for this interesting insight, for this interview. We were talking to Rick Falkvinge, CEO of BitCoin Cash, founder of the Swedish Pirate Party and cryptocurrency evangelist, discussing Bitcoin and the future of finance. That's it for this edition of SophieCo, I'll see you next time.*

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Good show , great guest

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Interesting discussion with an obviously knowledgeable guest.

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When something looks to good to be true - it is not true.

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So Bitcoin CEO says it will survive, now theres a surprise NOT, what else would you expect him to say, everytime price goes up he makes a fortune.Wonder how many invisible coins he has.

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When you can pay taxes in Bitcoin, it will be accepted, 'till then it's a South Sea Bubble.

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**Bariloche** → **Gazza** · 27 Nov

In some places in Switzerland you can pay taxes with Bitcoin. Look for "canton Zug" or the city of "Chiasso".

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she speaks in "vocal fry" mimicking amerikan valley girls ...yucch!

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Now somebody has to except currency from a new buyer say a manufacture who has employees to pay. Since people can charge anything they want how will that effect the price stability of goods and services. Moreover why would anyone except a depreciating currency for their bit coins . Finally only Governments can decide what is legal tender in a country. So no one can be denied food and lodgings if they you have no bit coins.

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