Twitter Thread by Eric Tymoigne



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This "bitcoin is better than gold" statement going around once more show that bitcoiners have no clue about monetary history and what the purpose of a monetary system is. A thread.

1- Metal standards were never inflexible; they could not in order to operate properly. Qty of metal was changed, usually lowered, to accommodate for changing economic conditions: price of metal, scarcity of coins, financial needs of economic units (state and private), etc.

2- The purpose of a monetary system is to make the rest of the economy go. It is there to accommodate financial needs. The more elastic one can design the supply, the better.
That doesn't mean that monetary creation & destruction shouldn't follow any rules & have no constraint.

3- Rules and constraint impose depend on economic system and evolve over time has we learn how to manage better the system. In a capitalist economy, the private sector is subject to the profitability constraint. We have learned from experience that this is not enough.

3 (ii) Financial stability requires a "hedge finance" constraint for most private agents: profitability should be judged on income gains, not capital gains.
In the government sector, the constraints are ressource availability and political constraints.

3 (iii) taxing, spending, financing of private sector by gov should be done with the goal of chaneling real ressources toward the societal "goods" and removing the "bads". What good and bad are is not necessarily obvious and requires broad political discussions.

3 (iv) The argument "but we don't have money" is a non-starter in these debates. Finance is flexible, debates should be on the things that are less so.