# Twitter Thread by Dynamic Stochastic Equilibrium Model Expert



**Dynamic Stochastic Equilibrium Model Expert**
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**Michael Pettis @michaelxpettis argues that it is not always obvious who (China or the U.S.) adjusts best to "turbulent changes."**
**Bitcoin answers that question.**
**Thread:**

1/11

An article worth thinking about: \u201cAs changes to the world structure accelerate, China\u2019s rule is in sharp contrast with the turmoil in the West,\u201d says Beijing.

I agree, but I draw a different conclusion. The world is certainly currently going...https://t.co/ugha7ygqqx

— Michael Pettis (@michaelxpettis) January 11, 2021

World economies currently suffer four major redistribution challenges:
The most important is increasing government stealth use of the monetary system to confiscate assets from productive actors.
/2

That process is exacerbated by "Cantillon Effect" transfers to interest groups close to government ("the entitled class," public sector workers, the medical industrial complex, academia, etc....), which is destroying much of that wealth /3

The shadow nature (see Keynes) of government inflation makes the process unidentifiable, un-addressable and undemocratic.
The biggest victims (America's poorly educated young) are unequipped to counter generational confiscation tactics of today's wily senior beneficiaries. /4

Government control of the numéraire in key economic statistics (GDP, inflation, etc...) makes it impossible for economic actors to measure progress and liabilities. /5

Bitcoin, with its easily measurable money supply, has the potential to provide an objective assessment of the value that economic actors attach to government statistics.

Bitcoin is currently flashing serious warning signals that something is very wrong.
/6

For Bitcoin to continue to function as a warning signal, there must be forces in place to counterbalance "fractional reserve Bitcoin" providers such as PayPal, Bitcoin ETFs, other rehypothecation tools.
/7

This implies the need for increased use by private sector actors of multi-currency tools.
These include the Lightning Network, store of value payment systems such as BCH and BSV, and privacy coins. /8

In short - if America allows free market currency features to thrive, it will adjust better than China.

But America clamps down and incorporates Bitcoin into its existing Surveillance Coin system, China (which has far more experience in totalitarianism) will dominate. /9