Saifedean Ammous: Deflation

Bitcoin is a better investment than Swiss hotels or restaurants or car factories because bitcoin is offering a far more valuable product to the world: a replacement for central banks. Since central banks are the absolute worst, most criminal and most destructive thing on earth, there is an enormous market reward for anyone that can put offer people an alternative. When you buy bitcoin, you are growing the bitcoin pool of liquidity and offering people a money better than central bank slavery. You're making bitcoin better and the market rewards you for your investment. The world needs a central bank replacement a lot more than Switzerland needs another hotel.

But this is a transitory phase that cannot last forever. Bitcoin can't keep replacing central banks forever. Eventually it replaces them all and when they and all their shitcoins are dead, bitcoin won't be making enormous returns anymore. It only makes enormous return by eating other crappy moneys , but when all the crappy moneys die, bitcoin only grows in value as the production of other goods increases. It will only appreciate at 1-5% per year in terms of most goods and services. At that point, Swiss hotels become attractive again.

Deflation is NOT a bad thing, and this is the biggest and most criminal psyop ever perpetuated on humanity, because everything evil is downstream from government inflation, and this is the justification for inflation. Deflation is just another word for economic growth. It is completely normal and good that things become cheaper over time. That's why we work. Work produces things and when things become more abundant they become cheaper. The market chooses the money that is the hardest to make precisely because the limit on supply growth makes it depreicate the least. The natural order is that everything gets cheaper. This does NOT mean that nobody would be consuming or investing. People do not consume just because they expect their money to depreciate. They consume to survive and to enjoy life. It doesn't matter how much cheaper you expect food, clothing, phones,or shelter will be next year. You want these things today and will pay for them today to use them today. Everyone knows their laptop and phone will be significantly cheaper next year and yet they all buy it. It's true that appreciating money will make you less likely to spend money on frivolous bullshit you don't need, and that's a good thing. Debt-fueled mass consumption is a moral disaster for humanity and Bitcoin can't kill it soon enough. The world doesn't need you to waste money on stupid bullshit.

And people don't just invest because they expect money to depreciate. They invest because productive activity produces a surplus over holding money. And the key thing to remember is that money would not appreciate if people weren't investing and producing. So it's impossible to imagine a scenario where nobody invests but money appreciates.

In sum, deflation is great, and it is the absolute best thing about bitcoin. Bitcoin being deflationary makes it the best investment opportunity in the world for as long as central banks exist. You are being perfectly rational to not want to invest in things that aren't as productive, morally imperative, and important as ending central banks. There'll be plenty of time and money for Swiss hotels when central banks are dead.