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I am one of the people who devised the prototype to bitcoin, known as bitGold. No I am not Satoshi Nakamoto, that's merely a pseudonym for the team members who wrote the original bitcoin proposal article. Bitcoin was slightly different from bitGold for reasons of better security, as well as to avoid any associations with the various gold backed online currencies whose gold reserves were being stolen by governments in order to shut them down. I know who the other team members are though and have been friends with them for many years. Suffice it to say, I understand thoroughly how cryptocurrencies work, and why they were invented, as well as why certain centers of power may wish to suppress or undermine the technology in order to preserve their own IMHO corrupt monetary privileges.

It is a fact that the US government, and various state governments are facing a fiscal crisis with the ongoing retirement of the baby boomer generation and insufficient preparation ahead of time to be financially sustainable through their retirement and to ensure that those coming after them will also be able to retire. At the same time other expanding entitlements, like the ACA, place additional fiscal stress upon scarce taxpayer dollars with a flatlined economy that has persistently maintained high real unemployment in the double digits and economic growth below a sustainable level (i.e. under 2% annual). At some point in the next few decades, the interest payments on the public debt will exceed the total tax revenues of the federal government, whereupon promises made to retirees will begin to be curtailed, and emergency states of fiscal insolvency will ensue. These are the plain economic facts. New York state is in many ways an even worse fiscal condition, and must become rather creative economically if it is to survive beyond 2030-2040 as an institution with public support.

While I am not a fan of big government, I am offering a solution to this issue of fiscal sustainability, one that requires that NY state not just license bitcoin businesses, though IMHO such licensing is irrelevant and unnecessary as well as of questionable jurisdiction when the businesses in question are not even based in NY state, and possibly even unconstitutionally violating the US Congress' sole jurisdiction over regulating interstate commerce.

The solution requires FIRST, that NY States bitcoin regulations mandate that ALL state, county, and local government agencies accept bitcoin for ANY payment whatsoever, as well as to offer payments to citizens in bitcoin. I understand the licensing scheme is ostensibly intended to protect the public, but what benefit is it to the bitcoin community other than serve as a barrier to entry if you do not offer support to the bitcoin economy in the form of accepting it as legal tender for all debts public and private?

Secondly, you need to require police investigate and prosecute complaints of theft/fraud of bitcoins as money crimes. Because every transaction in bitcoin is recorded in the public ledger blockchain, it is VERY easy for NY as a government to track bitcoin transactions. Because of this, it is much easier to police than monetary transactions in nonpublic systems. NY doesn't need a court order to obtain the blockchain, it's available to the public. So the cost to enforce is relatively small, and victims can usually demonstrate via the blockchain how they were victimized, so the evidentiary process is pretty simple.

Thirdly, you need to require that all state chartered financial institutions enable customers to make or receive payments in bitcoin. This will trigger widespread public acceptance of bitcoin and cryptocurrencies in general as a legitimate form of payment.

Why is this necessary? Because the fiscal sustainability of your government is at stake. You really need to reduce the operating costs of state government drastically because in a few years, you simply won't have the revenues to pay for it, all of the revenues will be going to entitlements, and continued borrowing and debt accumulation will only further erode the credit rating of the state and federal governments, increasing your interest payment costs further, and digging you deeper into the fiscal hole.

How do cryptocurrencies help reduce operating costs of the state? While bitcoin's blockchain solely contains records of bitcoin transactions, there are other cryptocurrencies that put other data into the blockchain for algorithmic processing and authentication, from protein folding and genome sequencing science, to domain name registrations, electronic contracts, solar power generation. Any sort of administrative function of processing and registering public data records by the state can be decentralized into a blockchain for that state government, so that the work gets done by the crowd of coin miners at large, instead of highly expensive bureaucrats. So the state can still provide all its bureaucratic functions to the public while getting the world done BY the public that mines the coin of state. For ease of use, lets call this state government coin the AppleCoin, to distinguish it from bitcoin. Once created, not only can you reduce the number of bureaucrats in state employment, you can enable all state pension retirees and other public entitlement beneficiaries to mine AppleCoin as their means of generating the funds the state pays them. Turning those folks from sinks on the public purse into productive contributors that help sustain the state governments fiscal health while continuing to receive the benefits they are promised.

So, AppleCoin is the solution to the state's fiscal sustainability, but you need to enable public acceptance of bitcoin for private transactions for them to accept AppleCoin as a legitimate form of payment for entitlements that they can feel confident will increase in value into the future.

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