America Must Survive—You Can't Live on the Blockchain

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SUMMARY

The discussion centers on the potential for an impending catastrophe due to various geopolitical and economic crises, particularly focusing on the U.S.-China trade relations and the broader implications for American manufacturing and global economic power. The conversation highlights the historical shifts in economic dominance from the West to the East, the impact of tariffs and trade policies, and the need for America to adapt to maintain its status as a global leader.

- *The U.S. is facing a trade war with China, exacerbated by tariffs and export controls on rare earth minerals.*
- *Historical context shows a shift in global economic power from the West to the East, particularly with the rise of China and India.*
- *The "China shock" led to significant job losses in American manufacturing, with automation also contributing to this decline.*
- *Tariffs may not effectively restore American manufacturing, as China does not rely heavily on the U.S. market for revenue.*
- *The U.S. remains a manufacturing powerhouse, accounting for a significant share of global manufacturing output.*
- *Concerns about the U.S. federal debt and spending priorities highlight the potential for economic instability.*
- *The discussion touches on the concept of "dollar inflation as global taxation," where the U.S. benefits from its status as the global reserve currency.*
- *The future may require a reevaluation of America's role and governance structure, emphasizing decentralization and pluralism to adapt to changing global dynamics.*

Are we headed towards inescapable catastrophe? There is a small part of me that thinks we are. And what should we do about that? Hey there friends, fans, and foes of Dad Saves America. John Papola here, and I return to you this Friday with an even deeper dive into more existential dread. uh the various crises we confront, what we might do about them, and some of the different perspectives uh from people I uh I follow and in some cases uh have gotten to know pretty well over the years. But let's start with somebody I've only met once, President Trump.

>> US China trade relations are tensions are flaring up again after China imposed even tighter export controls on rare earth minerals. The Trump administration saying it will set price floors across a range of industries to combat market manipulation by China. Last week, the president announced an additional 100% tariff on Chinese goods by November 1st. >> A price floor. So, that's an interesting strategy. A price floor is a minimum price for things. So, now we've got uh tariffs and price floors. These are an everinccreasing number of

interventions into the price of goods coming from China. Hopefully not from the rest of the world, but we'll see.

>> And make no mistake, this is China versus the world. They have put these unacceptable export controls on the entire world. China is a command and control economy and we and our allies will neither be commanded nor controlled. They are a state economy and we are not going to let a group of bureaucrats in Beijing try to manage the global supply chain.

>> However, last night the president made consiliatory comments about Chinese leader Xi Jinping and the resurrection of the trade war, saying, quote, "It will all be fine. Here's the actual truth social post followup. Don't worry about China. It will all be fine. Highly respected President Xi just had a bad moment. He doesn't want depression for his country and neither do I. The USA wants to help China, not hurt it. President DJT, how should one respond to this?

>> You know, there's uh definitely a lot of uncertainty out there right now. The reality is that uh you know China is the world's second largest national economy and the US is dependent on China for some key imports including rare earth minerals. So when we get to this place where it looks like that the trade war between the two countries is going to escalate that's something that captures the market's attention. >> President Trump by the way now saying we are in a trade war with Beijing. This comment by the president yesterday at a press availability at the White House getting a lot of attention. Mr.

>> President, you're meeting with President Xi in a few weeks. Yeah. >> If you can't come to an agreement or a deal at that meeting, are we in for a sustained trade war with China? >> Well, you're in one now. >> Well, we're in one now. I think that's almost certainly true. Of course, to some extent. I don't really know when a trade war starts or ends. When are the taxes that are tariffs crossed over into war versus just trade policy? The one thing is for certain, our relationship with China is a big deal. It's part of a long history, a long history of changing centers of gravity, power, and economics on this planet. And somebody I've known for a long time, actually going all the way back to I think 2013, Bali Shrenavasan.

He's the co-founder of a company called Council. and um and was also at Coinbase. He is an a really interesting thinker and a controversial thinker has a a telling of this history that I think is worth paying attention to that for thousands of years the global economy's center of economic mass was essentially in Eurasia. That doesn't mean it was like literally in Central Asia. What it means is that if you average roughly China's economy, Japan, Southeast Asia, India, Middle East, Europe, you get something that's roughly in the middle of Eurasia. And that's why Marco Polo sought out China. That's why Columbus sought out India. That's why the Mongols and the Huns were at rough military parody with uh Europe and actually won wars against them. That's why the Arabs were able to win uh you know and conquer Andalusia and so on and so forth, right?

So there's rough military economic parody across Eurasia. >> One quick thing just to remember for those of us who maybe are a little weak on our history, we call Native Americans Indians because Christopher Columbus was indeed seeking India, the Far East. He instead found the new world. Biology is on solid ground here in this telling of the of the mystique and the importance and the excitement of the orient. And um then with the advent of the industrial revolution, the west got far ahead. And so the global economy shot out as you can see in this graph all the way to Europe. And then with all the new wonder weapons, they all beat each other's brains and you had World War I, World War II. And when all the dust settled and Japan had been nuked and uh Russia was communist and India was socialist and Eastern Europe was smashed to bits and you know central Europe was blown up and even you know the UK was bombed when everybody else was blown up basically you had 1950 which was peak westernization peak Americanization peak centralization and one other thing to add in to this history is that China was indeed a leading technological power if you go back pre-industrial revolution and the rise of western Europe. The technological rise of Western Europe and of America is really a testament to ideas and to the ideas and the inventions that allowed that industrial revolution to explode. Because, you know, there's all these different theories about how do nations get rich?

And it turns out natural resources or even a head start isn't what it's about. It's about the rules of the game we're playing by. It's about how much freedom individuals have. And that was really the idea that the west, let's say, embraced freedom, innovation, private property. And we took off like a rocket. The minimum number of jurisdictional entities that had ever existed before in human history because everything had coalesed into these geiga states like 300 million in the Soviet Union, 300 million, you know, like a billion in China, a billion in India, all this kind of stuff had happened, right? All these things had coalles these giga states that all beat each other up. And uh then for about 40 years that continued. Then the you know the Soviet Union fell in 1991 and since then as the Soviet Union fell, communism and centralization fell in its classical sense. And as countries became capitalist again, Eastern Europe uh India are you know China as well where they became pragmatically capitalist. You know if they kept the label communist and Southeast Asia, Vietnam is now effectively capitalist and they call themselves communist. The world economy rocketed back out to Asia much faster than it had been there.

Right? And so this took basically thousands of years, right? This took hundreds of years and this happened in tens of years. Okay, what that means is that every institution that was founded in 1950 or even you know post 1991 like the UN, the World Bank, um basically the so-called postwar order is obsolete because the money isn't there, the power isn't there, it isn't in the west anymore. >> So what B is pointing to here is the rise of the east and the decline of the west. He believes that our decline is inevitable and that it will be absolute.

>> Just decline in relative terms though might not be so bad because you know you can for example let's say um IBM has declined in relative terms versus Microsoft has decline in relative terms versus Google but it's not out of business. It still makes money. It still pays its people. Yeah, it's losing some talent but it's not dead yet, right? Um so decline in relative terms is not necessarily the end of the world. The problem is there's also, in my view, going to be a decline in absolute terms.

>> Are we headed towards inescapable catastrophe? There is a small part of me that thinks we are. And what should we do about that? I I'm not I'm not a doomer. I am not convinced we are. But biology makes a pretty compelling case. And it's one worth at least grappling with because I think if we're going to avoid it, understanding some of the reasons that might bring it about are important. Biology is a controversial figure in several circles. probably the most controversial among those on the uh the sort of MAGA right the super well

among people like Steve Bannon Mark Andre and the G oligarchs are nothing but a bunch of progressive leftists that had uh most of them had their damosine moment at I don't know between 10 and 11:00 on the evening of 5 November when uh the Trump movement won uh won Pennsylvania. So, no, I think the oligarchs are they're not conservative. They're not uh on the certainly not on the right. And so, everything they're doing crawling on their belly to try to get uh into this movement and pollute this movement, they're oligarchs.

>> They're 100% oligarchs. They they believe in techudalism. >> I think that there there are different groups in Silicon Valley. I think that you're right that generally people, including readers of this newspaper, listeners of this podcast, underestimate just how weird the long-term ambitions of a lot of people deeply involved in Silicon Valley are, especially around artificial intelligence and that they're all sort of wait and the network state. Let's talk about that. They're not weird.

>> They're radicals. They're radicals. Okay. the network state. Belage Balagi, we're going to get to his ideas for the network state. But before we do, let's dig a little deeper into what's happened with our battle with China and this grand battle of West versus East. Well, at the heart of it in our politics on the ground is the impact of trade with China leading to a dramatic shock in manufacturing and manufacturing employment. >> Look at this line. Before 2001, American manufacturing employed over 17 million people making toys, furniture, paper goods, and much more. Then word began to circulate that China was joining the World Trade Organization. And here's when it did. Joining the WTO meant China faced fewer tariffs and restrictions from its trading partners. And the result was dubbed the China shock. those industries were competing with much much cheaper products made in China and shipped over to the United States. Uh consumers were very sensitive to price on things like furniture. So they started buying lots of cheaper furniture that was much the same as the stuff they could get made by American factories.

And that industry in the United States has been decimated. >> Almost 2.5 million Americans lost their jobs from 2000 to 2007. They're represented by the blue on this map. Look at this dark blue area here. That's Silicon Valley where companies like Apple, HP, and Cisco used to manufacture goods. After 2001, they moved most of their production to China, causing a 50 plus% drop in manufacturing jobs in the county. Over the next few decades, American manufacturing jobs shifted away from making lowcost items like crayons to high-cost items like these planes.

But the sectors that were hit were hit hard. As of 2024, 5.7 million jobs have been lost. But the rise in Chinese manufacturing wasn't the only reason for these job losses. Automation and advances in technology mean modern factories need far fewer workers than they used to. >> So, couple things to add on to this. One is if you actually look at this more recent graph here, uh since 2010, manufacturing employment has actually trended up by several million. So that's interesting. I think the other thing is the broader picture on manufacturing employment tells a more complicated story because here it is on good old uh St. Louis Fred graphs, one of my favorite websites as a nerd. This is the beginning of the China shock here in 2000. And as you can see, you know, it does start to make a recovery uh to to the point where we're around 12.7 million uh manufacturing jobs in the US.

But there is a longer trend down that is more slow where from the peak of 1979 and that was not China. That was other stuff including automation. The change here is undeniable. So really the centerpiece of President Trump's global economic policy has been tariffs and this is this is at the heart of the news this week on the economic front is seessaw of tariffs with China. So the question is will they actually work and by work will they actually help us recover manufacturing capacity, manufacturing employment and decouple from a country that we have geopolitical rivalry. One thing that's very public is Trump with the tariffs, right? That's not going to work. And the reason that's not going to work is that assumes that people need the US market. But if you look, China is only um only about like 15 16% of its revenue comes from trading with North America.

>> That's kind of a big deal. President Trump has had some really impressive diplomatic wins, especially in the Middle East. He is good at throwing his weight around in interesting and unexpected ways. It's not as clear that he can do that strategy with the Chinese. They don't need us as much as we think they do. At least according to this data. >> So the tariffs assume that China gets all its money from America. But let's even assume that drops by 50% which is a lot, right?

>> It's only 8%. >> It's only 8%. Most of the time these manufacturers just want some maple syrup. They don't want the whole maple tree. Yeah. >> And if you were actually serious about what's called import substitution, what you do is you'd analyze the whole supply chain. You figure out what is being imported from abroad. You figure out who the local customers are. You would group them together and then you'd set up a second supplier over here. And that company needs to figure it out. By the way, it doesn't just pop up overnight.

Like these are complicated parts. There's a reason that that was hard to do, right? There's a real issue where like tomahawk missiles from the US for example, the US military is made in China. This graphic shows that. Do you know that? >> No, I didn't. >> Yeah. The US military is made in China. It's all fake, unfortunately. Okay. So all these guys, their manufacturers manufacturer is like a Chinese supplier over here. So China can just go like this and they can cut off they can screw you. They can turn off the screws and the nuts and the bolts, right? And everything else in between. Everybody thinks it's a high-end competition with China, but they're crushing it at the middle end and low end. This is where some of that anxiety comes in for all of us, right? It it this is the dependency of globalization at work. And the theory has always been myself included that this makes us less likely to go to war because when we are interdependent, we don't want to bomb our trading partners.

It's not good for business. But it does restrict our movement and it does lead to a potential changing of the guard in terms of who's the suprist of the superpowers. One of the things that has not really been appreciated, partly because it hasn't fully appeared necessarily in in data, is that these taxes, these tariffs can have some pretty hardcore effects on very particular companies. And a large part of our trade, a large part of our imports are things used by American manufacturers as inputs. Parts literally nuts and bolts and screws in some cases, not just from China, but from around the world. We do have a global supply chain.

And Bology breaks this down a little bit more when when he's talking about you can't just slap a tariff on things and expect it to just instantly incentivize the creation of whole new supply chains. It's because it's not that simple and things are more woven together than than they appear. This is showing what an actual supply chain is. And if every single thing there is taxed, right, it completely destroys your margins because they're not doing the math on how these like it's self-defeating. It's it's more than self-defeating. It's basically like you couldn't come up with a more certain way of completely destroying US manufacturing capacity that remains.

>> So that's hyperbolic. You're not completely destroying the remaining US manufacturing capacity. And this is one of the problems with my friend biology is there's a lot of hyperbole and there's more to come. I think one of the other things that people don't understand about trade and about manufacturing in the US is they believe we don't make anything. We are told a story that we don't make anything in this country. That is technically false. We actually make a lot. Here's one note from an article from my friends over at the KO Institute that, you know, simply put, the United States remains a manufacturing powerhouse. In 2020, it was the world's fourth largest steel producer. in 2021 was the second largest automaker and largest aerospace exporter accounting for 16% of global manufacturing output in 2021. So as a share of the population the US is I think around 5% of the planet's population but we as of 2021 were 16% of global manufacturing output second only to China. Now, China has a lot more people than us. A lot more people. Four times as many people. So, that's pretty good. And in fact, the gross output of our manufacturing sector is like $7 trillion. So, that's like the total dollar value in gross output from manufacturing. Now if you want to say well some of that's the inputs we imported you can look to some other numbers like this one which is the actual value added specifically by American manufacturing processes. So let's say we have to import rare earths to make batteries in a battery plant or we have to import like raw materials like trees from Canada to turn into lumber and turn into wood products. the value we add is almost $3 trillion in 2024 in our manufacturing sector. We we make a lot of stuff and that this is just manufacturing. This is not even the sum total of our enormous economy. This is just a part of it, but it's a big part and it's serious. It's not zero.

It's not nothing. So the question is what do we do to compete? What do we do to take on these rising powers that are no longer entirely under the thumb of the worst forms of communism and are on the move like India and China in particular? They're not actually reducing the barrier to domestic American production which would have meant cutting regulations. That's what it would have meant. That would have cost nothing. That would not have no allies would have gotten mad about that.

Instead, rather than working on oneself, they tried to they thought America was strong and it was the number one market and everybody else needed them and that other people would pay for it or some silly kind of thing which was forever reason they decided to go with tariffs rather than regulations. They they did not focus on building up their own capacity. It is a little uncomfortable that I know Baji's overseas and he's talking to a Brit, but he's talking about us as they he is an American. He was born here. I'll have to ask him about that when he comes on the show.

This was a little offputting. I must admit >> this is a weird turnaround because for decades every American that I worked with, you know, we were thinking, okay, how do we expand into Turkey? How do we expand into Brazil? How do we expand into Japan? It was obvious that the products we were making in America were globally competitive. Suddenly, a lot of Americans have flipped from thinking of the world as their market to the world as their competition. uh I only saw really by late 2024 really jumped out where they just think that they can't win a fair fight in the game of global techn capitalism. And in the same way Americans invented the game of global techn capitalism, they're the ones who put McDonald's everywhere. They are the ones who put the dollar everywhere. They built free trade unions. They signed all kinds of these, you know, free trade agreements. Basically, they took the mantle of the British Empire for like global free trade and they did all this stuff globally. And now suddenly they found actually the Chinese can compete, the Indians can compete, the you know Middle East, all these places, Southeast Asia can compete, they can actually compete really well. In fact, sometimes they can win games, sometimes they can win a lot of games. So they've decided to try to tap out of that game of global technoc capitalism that America itself created. I don't think we've tapped out.

Not by a long shot. But protectionism is what it sounds like. And I I am not saying that there's never an argument for it. I'm saying I'm skeptical. And as a right-winger, that puts me in an increasingly small group. And I'm not even saying that we shouldn't be doing fairly aggressive stuff with China because there's a lot of reasons to be worried about China. But I think the broader idea here that biology is pointing towards is that we have to try to get our own house in order. And one of the other things that happened over the past couple weeks that really went fundamentally unnoticed is we crossed the federal government's end of fiscal year 2025. Now, because of the shutdown, that wasn't making the news, but the books closed, so to speak, on Uncle Sam, and they're not so good. And this is one of the areas that I think every person needs to take seriously what we're confronting in. But let's look at the data. This is from fiscal data.treasury.gov.

And as you can see, in the year ending September 30th, 2025, the US federal government spent just over 7 trillion with a t. That's up from the same prior year by 275 billion. So total spending in the year of Doge went up by almost 300 billion. Where did this money go?

Where did it go? Well, here's where it went. The number one item is Social Security. This has been true for a long time. That percentage is going to grow. Medicare and broader health spending. So if you actually take Medicare and other programs that are in the health category, health care in general is actually the largest number with 28%. then social security and then net interest on the debt the total debt owed by the federal government the outstanding treasury bills held by other people they total 37 with a t trillion and they are currently requiring 14% of that $7 trillion budget which makes that larger than the total spending on national defense in fiscal year 2025 which was at 13%. Income security is another social safety net scheme and then everything else is relatively trivial. So interest on the national debt exceeding national defense. There's something about that that feels pretty scary to me. Other piece of the puzzle here is that this number isn't close to the revenue. We ran a 1.8 trillion with a t deficit. So, this is a page from the uh Congressional Budget Office's website that they call insolvency countdowns.

The Highway Trust Fund will be insolvent in 2028. The Medicare Hospital Insurance Trust Fund will be insolvent in 2032. That is not that far off. We're about to be in 2026. Social Security Old Age and Survivors Trust Fund 2032. Now, this is technically a lie because there's no money in Social Security now and the program currently runs a deficit. So, the Social Security trust fund is this accounting entity that is is sort of nonsense. It's it's filled with unissued Treasury bonds. So, that's like saying, "I have a trust fund because my credit card sent me credit card checks, which I haven't yet used, and treating those like assets instead of potential debt."

That's what that actually is. the social security disability trust fund will be insolvent in 2099. That seems I guess the best of the bunch. So all of this is scary and all of this points towards this sense of a declining American empire. So one of the ways America is able to borrow $1.8 trillion is we issue the world's global reserve currency. Meaning that there are people all around the world that hold and use US dollars sometimes as their currency in their country in dollarized countries but for the most part as an asset either to protect their savings or to use in global trade. It is the global reserve currency. It is the trading currency and that brings with it this ability. The other thing it does is it enables us to essentially export our inflation. And this is what uh biology is going to break down. And he does it in a in a way that's pretty compelling. Dollar inflation is global taxation.

So once America, think of America as like a factory worker, Uncle Sam, that worked his way up to become CEO of the world. And as co of the world, they control the global economic system. For example, it's the UN headquarters in New York. It's the fact that even like Chinese companies will go public in the US. It's the fact that all these heads of state are trained at the Kenny School of Government at Harvard. It's the fact that US regulators harmonize regulations globally and there's a McDonald's everywhere and Hollywood everywhere.

Right? The US was the center of the largest empire ever in human history. And the way it monetized that is dollar inflation is global taxation. Those five words explain a lot because a lot of libertarians and conservatives in America think that they're paying the rest of the world. It's actually the reverse. The world is being taxed to pay for American profleacy. There's no way the US could support its current standard of living if it was marked to market. Like if it was not able to trade database entries for physical goods, right? that if it lost control over the global reserve currency, living stands would drop 50 90 99% because dollar inflation is global taxation. You just cut off all this revenue stream. That's a really hyperbolic claim that if we no longer were the reserve currency, our standard of living would entirely collapse. This is where I think uh not just biology but the broader kind of Bitcoin crowd gets into catastrophizing that just happens to also contribute to the Bitcoin price because the more you believe this, the more you're going to want to hold Bitcoin. And I'm not saying not to hold Bitcoin. Holding Bitcoin is probably a pretty good hedge against catastrophe. But if you do hold a fair amount of Bitcoin, it kind of means you benefit from catastrophe. And that creates some interesting incentives. I'm not necessarily saying that Baji is actively rooting for the West and and America to collapse. I hope he's not.

I'll ask him if he is. But it's not impossible that he at least has some skin in that in that short. When we talk about the Federal Reserve printing money to pay for our debts like it has done repeatedly and especially during the financial crisis in 2008 and then during COVID which printed trillions and trillions and trillions of dollars leading to inflation because it exceeded the amount of dollars that people on the planet were interested in holding. This is part of the reason why the inflation didn't go even crazier than it could have considering how many trillions they printed. A trillion dollars. Imagine if you made iPhones for a and you sold them for a,000 bucks to a billion Chinese people. That's what a trillion dollars is. A trillion dollars. It's a lot of money.

>> That's a lot of money. But that's just trillion dollars in revenue. >> A,000 billion. Thousand billion. It that is helpful to think about because it's it's these numbers get abstract pretty fast. >> A trillion dollars in profit.

Maybe you're making 99 books. A thousand. It's hard to sell something for $1,000 to a billion people. $1,000 is a lot of money, right? $1,000 to a billion people is a trillion dollars. That's an incalculable like insane and they just pushed a button to get this. Okay. Now, >> and they've done it many times.

>> They've done it many times. Okay. And the reason is that that trillion dollar print is spread over let's say 8 billion people worldwide as opposed to being spread over 330 million Americans. So when you go from 8 billion to 300 million, that's a drop of more than 95%. >> Yeah. This this this is not really right. It isn't 8 billion people holding US dollars. This is this is getting into hyperbolic stuff. But let's keep going.

>> So you've been spreading this print over billions and billions and billions of people taxing the world, right? That's what America's been doing to pay for American living standards. And by cutting off all the reasons that those people would hold dollars, by cutting off trade flows, right? By cutting off talent flows, they want to cut off remittances next year by taxing remittances, right? Like they are going to reduce their tax base by more than 95%. You realize that the US cannot tolerate a decline from number one to number two.

What he means fundamentally is that if the dollar ceases to be used as the global reserve currency and just becomes like other currencies that currently exist like the Japanese yen or the various pesos or the euro from the European Union or the British pound. Well, there will be a lot less demand for dollars. So money works like a commodity and its value is the product of supply and demand. Its value is subjective. So if people suddenly are afraid that their money is going to lose value, that can accelerate because they want to get rid of it and so their demand actually goes down. Fear of hyperinflation creates a perverse explosive effect because then you then want to get rid of the money as fast as it goes and so the money keeps losing value which accelerates the process.

There is a lot of powder keg feedback effects here that make some of what he's talking about not outrageous. He is right. If we lose the reserve currency status, if we cease to be the global superpower and if the dollar ceases to be trusted as a let's say safe asset and something to be used for global trade, it will change the game for the US. And it will certainly change the game for how the federal government can deal with our massive debt because right now technically they can just print it away and have all of us that hold dollars pay for it in lower value of our money. And that is the global tax he's talking about. When Bali says we are taxing the world to pay for our profleacy, he is correct because since we have global holders of dollars when we print them, everyone that holds them pays the price.

Inflation is a hidden tax. You realize that the US cannot tolerate a decline from number one to number two because a decline from number one to number two is a decline from number one to number 50 or number 100 because if it loses that reserve currency then it loses its living standards. It's not like it's going from like again IBM >> the debt becomes realized. >> Yeah. Exactly. So so the debt becomes something that you have to pay in something other than something you can print.

Like the day after that happens, points get zeroed out. But a week later, a month later, a year later, contracts start getting signed in ounces of gold or Satoshi's. The factories still exist. The knowledge of how to operate those factories still exist. That isn't getting zeroed out, right? So you think about what inflation does. It destroys like the coordination mechanism between people, but it doesn't necessarily destroy the knowledge in their heads or the goods or, you know, the power plants don't stop working and so on and so forth. What does happen though is if you think of like America as a system which depends on all these nutrients flowing into it from abroad, you know, shoes from Vietnam and so all of that comes to a crashing halt, right? Because the US has nothing to trade for that stuff, right? And it doesn't have domestic manufacturing, right? And as I've shown, we're one of the largest manufacturers in the world.

And so when you hear this kind of rhetoric, be aware that it's hyperbolic and the difference between us taking a hit, our interest rates going up, the interest on the debt going up even more, and having, yes, lower standards of living in the sense that we can't borrow money to pay for health care services on credit. We're going to have to figure out how to do that a different way. That doesn't mean that we are suddenly a third world country. We don't become Argentina overnight. And that that is one of the things about this the the discourse here that I think is very damaging because it leads to extremism and I don't think that's very helpful.

Now the other piece of the puzzle to come back to good old uh Steve Bannon and I think he makes a pretty good point is that this hasn't all been a bad deal for global trade holding on to US dollars. We have essentially been uh the global police for global trade and that has a value and perhaps the cost of that has been to carry dollars. The entire post-war international rules-based order, right? All of it, Bretton Woods and all of it. The PAX Americana is all on the shoulders of the little guy. It it gets down to the shoulders of the working class and and the middle class. And you can see the Democratic party transferring into a a a of very wealthy donors the credential class of a bunch of people coming out of college or graduate schools and then the plebeians the key on immigration and I'm anti- any immigr I want a moratorum on all immigration right now because I want American citizens to get a shot at the at the brass rank which they deserve since the entire world's economic system is on their shoulders and it's all the it's the same people whose taxes and and pension money support everything where their sons and daughters are standing watch on destroyers in the and carrier battle groups in the Red Sea to keep the Suez Canal open for trade to Europe.

They're mar they're on patrol in the Hindu Kush. They're they're in Romania at the 101st Airborne. And you know, I saw it. I served in that. And all the people on my destroyer post Vietnam in the all volunteer forces had a choice in that those early years of the Navy were jail or the military. And my daughter later went to West Point, served fought in Iraq. And all of her enlist I think of 16 enlisted guys or first command 16 enlisted guys. I think 12 were minorities who had done an average of 10 or 12 tours and had broken families and all the pressure. So the pressurees it's on them for the system to work. Now here too we have a little bit of hyperbole in the sense that when you have almost $2 trillion in debt at the federal level and the overwhelming majority of that money going to welfare programs in one form of another. And when you look at how income actually comes into the federal government, it's pretty lopsided. The United States has the most progressive tax system in the first world. We basically rely on our wealthiest citizens to pay more of our tax burden than all of Western Europe, than all of Scandinavia. It is not the case that the working class are carrying the tax burden. The top 10% are. That's a fact. The working class are actually defending us. That is also a fact. And Steve Bannon is right about that. the top 10% are mostly paying their bills and paying for their salaries. That's just a fact. I'm not saying one's more moral than the other. It just is what it is. And I think populism sometimes, and that is what Bannon is. Bannon is fundamentally a populist. And I'm a little bit of a populist myself, but I like facts. I like the actual facts.

When populism has to use hyperbole to jin people up and get people on board with the story, that makes me uncomfortable. But this does bring us fundamentally to the question of where are we heading as a superpower and as a global hegeimon as an empire perhaps well Balia doesn't think uh there's a future in that role for us >> it lasted 85 years it was basically the greatest empire of all time we have to give it some props right that's the thing is people think that you know you need to have a like a simplistic view it was always bad I think on balance West Germany was better off than East Germany. I think South Korea was better off than North Korea. I think that um Hong Kong, Taiwan, Singapore were better off than mainland China. I think in in on balance and certainly, you know, it's better off than Nazism and so on.

>> And he's referring to basically all of the societies that America's military might and interventions have allowed to flourish and avoid being destroyed by the communists or the Nazis. So on balance, the centism of democratic capitalism was better than the far right or the far left. It was better than Nazism and communism. We should praise that empire because it did a lot of good things from let's say 1940 to 1991. I would prefer that over the alternatives.

But then after 1901 after there were no after the Soviet Union fell, Democrats and Republicans had nothing to do but to fight each other. Even the concept of the west is actually relatively modern. Why? It used to be Europe and Christendom, right? And so it was geographically in Europe it was like religious right and then it was uh it was a shift out to America and it was a shift towards a more secular self-conception by calling it the west it included Europe and America kind of as the western part of the grand Eurasian superc continent right and that's how you started to get western values as opposed to christendom you sort of have American Europe as opposed to just Europe it was a technological shift it was a political shift towards democracy rather than kings and so on and so forth there was several shifts one right so I think the version 3.0 know is the internet. You can actually argue it's there's like five stages like Greece, Rome, Britain, America, internet, right? Um but let me just do three stages. Okay, so three stages for example, you go from the common law which bound all Brits to the constitution which scaled up to Americans to the smart contract and Bitcoin which scales up to the world, right? So we've taken away the potential for human bias. And so you have billions of dollars flowing into this and people feel they'll get a fair shake from the blockchain in a way they won't in America or in China. So that is the version 3.0 where I think the west is ending but the internet is just beginning. It's kind of like you know when the British Empire is ending the American empire is booting up.

>> The internet as the successor to Western civilization. This is where my friend Bology and I probably part ways. Some of it's probably metaphysics. I happen to think Christianom is more important in the present and the future than just the past. And it was clearly a torch passing moment. Right? And the internet is as American as America was British. >> And I'll explain. I think it's a very good analogy. There's a lot into that. Why did America start out British? Of course it did. Right? It owes an enormous debt to Britain. We all owe debt to Britain, right? We owe our language to Britain. Like for everything people dump on the British, and they've seen better times, um the British Empire was probably the most benevolent Hegimon. uh you know ever since you know till the American empire and of course they did all kinds of bad things but they did more good things than most other empires fine okay so Americans owe a lot to the British and um it's their language it's their culture it's their laws all kind and they did fork it of course they don't have a king they have a constitution but constitution comes out of in part the Magna Carta and common law and a tradition that the British had that

there was some law that governed even the king and they fought all these battles over that >> if the west is ending or declining or collapsing and the internet is going to replace it in a sense. What does that mean? What are we talking about here? Well, biology, this is where the network state that Steve Bannon despises and that sounds interesting in theory, but in practice, well, I'm not so sure comes in.

>> My worldview is internet first. Okay. So, like I understand where America first guys come from and actually I'm I'm sympathetic to them in some ways. I think that they didn't want to get as angry as they are. They wanted to have like a libertarianish order and a fair deal and so on and so forth than a fair handshake, right? I even understand where the progressives are coming from and blue America. I'm probably more sympathetic somewhat, you know, centristish. I understand where they're coming from as well because they had they had a nice expense account. You know, they worked at Time magazine as a journalist. They wrote four articles a year and then the internet guys took that all away from them. Right. So I'm see actually I can see everybody cited this.

>> That's as charitable as bing gets on team blue. You know, they had a good thing go and they could write four articles for time and have an expense account. I've been in that world, Manhattan. He's not wrong. It's also not quite as glamorous as that. There's a fair amount of grinding and living in a tiny apartment and hating your life. But let's keep going. You when I say internet first, that's not country first. It's not America first or Turkey first or something like that. But it's certainly not those countries last. It means those people are equal on the internet, number one. And internet first is also like mobile first. It's like AI first. It's like it's a technology strategy as well as a political strategy. And the concept is the internet is the one thing that has economic scale comparable to China. So, so I think the way we rebuild the world is around consent and volunteerism. So that's why I'm I'm doing NS, you know, network state, network school, ns.com, right? Where um I want to show that you can take these cloud communities and they can consent to materializing in person, right? So what does an internet first society look like? So first is cloud first, land last but not land never. Okay, so you start with the cloud community and then you materialize into the physical world. And that's what the networkstate book is about at the networkstate.com.

And the the concept there is you're spending more time online than you are in the physical world often. Like many people don't know their neighbors, but they know their internet neighbors, right? Those are their real friends. And rather than just bitching about politics all the time, it's easy to do that. What's hard to do is actually to organize people in the physical world. A big part of internet first is figuring out how to reestablish cooperation, reestablish leadership, reestablish positive some behavior, materialize a cloud into land, start literally with a co-living house and just start expanding from there, right? Establish a zone of peace and then broaden it, right? A zone of civility where people are not dicks to each other, you know, they're not cursing at each other online, you know, like they are online. There there's inperson level civil, there's cooperation. there may be a common cryptocurrency or a common company or something like that that unifies them and they're all same team.

>> So this is um techno and arco capitalist utopia. It makes a lot of assumptions. In my most heady philosophical version of myself, I find it pretty compelling. As I age, it sounds increasingly like a slightly different version of

left-wing utopia. We don't live in the internet yet. We we we have we have we we were real. We're real. We're physical. There's there's hard things. There's land. We have families. We want to have kids and grandkids and live in relative proximity to them ideally. And I don't know what the internet has to do with that. You can't put your multigenerational family on the blockchain. And again, I I've known biology a long time. We communicate from time to time. I'm not trying to like dump on him exactly, but I look at the videos playing of of what's going on here sort of uh on the side.

>> I see a bunch of single 20somes uh doing Orange Theory or something in a gym. Um okay. Working on your abs um in the sun doing water polo. given a presentation on RZ, how to get your first billion dollars. It's very aspirational. It's very Silicon Valley. It's also something that I think you can see why people like Steve Bannon, even people less nuts than Steve Bannon, look at this and say, "I don't know what you're talking about." But if you're an internet Bitcoin bro, you're all in on this. This is the most exciting thing going. And I'm somewhere in the middle.

I like volunteerism. I like uh peace. I like voting with your feet. I think the fundamental values that biology is expressing here are good values. They're actually fundamentally American values. They're almost distinctly American in some in some ways because we have a federalist system. So, we get to vote with our feet in ways that very few other countries get to do. You know, I voted with my feet by moving to Texas from New Jersey. That's one of the things I don't see how you're going to replicate in a digital world. You still have to live in a physical place. And that is going to mean you're going to have to have a contract that's enforced in some way so people don't just steal your stuff or kick you out of your house. And you pretty quickly get to something that looks kind of like government to some extent. It could be private. We can have private police forces. We have a lot of private fire departments. We have private insurance.

I'm not saying it can't all be privatized in some perfect world. I'm just saying that uh the internet is not going to be enough to get us all the way there. And I certainly wouldn't look forward to a time of referring to Americans as they I think I'm going to go down with the ship. You know, I can't be dad saves America and then bail on the country. So, I'm in it. I'm in it for the long haul, not just for my country, but for my community and my family. And I think that this is one of the divides in this landscape of ideas that are very influential and that occupy the White House in different quarters. And probably the character most interesting and strange in our politics at this intersection of things is Vice President JD Vance. And why?

Well, because Vice President Vance worked very closely with Peter Teal. I've met Peter Teal. I actually met Bali Shrinavasan at Peter Teal's house. So, I'm adjacent to these people a little bit and I find them super interesting and sometimes scary. And JD Vance is this enigmatic character for a whole host of reasons and they really come to light when you listen to his RNC speech. You know, one of the things that you hear people say sometimes is that America is an idea. And to be clear, America was indeed founded on brilliant ideas like the rule of law and religious liberty, things written into the fabric of our constitution and our nation. But America is not just an idea. It is a group of people with a shared history and a common future. It is, in short, a nation.

Now, it is part of that tradition, of course, that we welcome newcomers. But when we allow newcomers into our

American family, we allow them on our terms. That's the way we preserve the continuity of this project from 250 years past to hopefully 250 years in the future. And let me illustrate this with a story if I may. I'm of course married to the daughter of South Asian immigrants to this country. Incredible people. People who genuinely have enriched this country in so many ways. And of course I'm biased because I love my wife and her family. But it's true. Now, when I proposed to my wife, we were in law school and I said, "Honey, I come with $120,000 worth of law school debt and a cemetery plot on a mountain side in Eastern Kentucky."

Now, that cemetery plot in Eastern Kentucky is near my family's ancestral home. And like a lot of people, we came from the mountains of Appalachia into the factories of Ohio, Pennsylvania, Michigan, and Wisconsin. >> These are the places that got hit the hardest by the China shock. Now, it's one of the 10 poorest counties in the entire United States of America. They are very hardworking people, and they're very good people. They're the kind of people who would give you the shirt off their back even if they can't afford enough to eat. And our media calls them privileged and looks down on them, but they love this country, not only because it's a good idea, but because in their bones, they know that this is their home and it will be their children's home. and they would die fighting to protect it.

>> So, I'm not sure how you load that onto the blockchain. I don't know how you do that. You might be able to protect your savings from going to zero in a hyperinflation on the blockchain, but you can't upload your entire family's lineage onto the blockchain. You can't be buried next to your wife on the blockchain. You can't visit the tombstone of your great-grandparents on the blockchain. And this is one of the tensions we face as all of these disruptive things hurl our way as the transformation of our society uh continues to accelerate. JD is right there at all the intersections. He's adjacent to this big tech crowd who's wealthy enough and high IQ enough and global enough to just reimagine everything whether it will work or not.

and he's an international family and yet um he comes from the hollers of coal country and I have been to to a bunch of these areas I have spent over a week in INZ Kentucky the place where Lynden Johnson launched his war on poverty which was a war of poverty and I've also been to the slums of uh of Mumbai for a documentary I did about a decade ago now and I've seen the rise of India and been excited to see hundreds of millions millions of people lifted out of poverty by free enterprise really by themselves enabled by free enterprise and I don't think all of their success has come at our expense but some of it has some of it has that's that's the nature of competition there are sometimes in the short run winners and losers and cold country got hit pretty hard if we're going to hold together as a country we're going to need to find a way to navigate these tensions and if we're going to have to manage decline well I'm not up for that I have no interest in managing decline. So, what do we do?

What do we have to offer the world as we move forward besides debt? We still make a lot of stuff. We've got incredible people. We've still got relative freedom. And I think that's what we need to lean into. I think we need to lean in to our unique ability to empower our people through freedom. I think we need to re-engage the forces of decentralization that Biology and I both share a love for. It's one of the things that makes America very very special and unique. We can decentralize governance without destroying the country. We have it built into our structure. We are united but we are United States. We used to say these plural United States. That ended when

Abraham Lincoln helped change our verbiage from these to thee. And for good reason at the time cuz we almost split in two. But if we don't want to split into god knows however many pieces, I think we need a little more of these United States. We need to learn how to live together separately.

That's what pluralism is about. You want to have California communism? Great. You have California. You want to elect a communist as mayor of uh New York City? I mean, that's horrible for our society at large because New York is a big important city, but I don't live there anymore. So, that's what these United States offer us. They offer us a laboratory of democracy and a lot of freedom and freedom to exit while still being Americans. I think that that remains an incredible strength. We are not a monolith like the Asian countries.

We have a lot of things that are diversity that are strengths. Although diversity is not always a strength, but our diversity of governance is. And I think that's the best positive case I can make for why America still in my opinion has the chance for a bright future because we have a lot of great people and we have a pretty good tech stack socially I think still. And one of the best things about America is that we are a very generous people. We are the most charitable people on this planet.

And uh this show is the product of a nonprofit organization I founded. That is how we make this happen through support from many viewers like you. And by you in this case, I mean a very generous supporter named Terren who watches the show, went over to the website, and made a $300 contribution. Thank you, Terrence. I really appreciate you helping us keep the lights on. And if you, not Terrence, want to help, head over to dadsavesamea.com where we've got lots of other content and all the links and an opportunity to subscribe and help support the channel. And of course, hit the like button, subscribe here on YouTube if you haven't already, leave some comments down below if you're coming back. You know, I tend to be in there mixing it up with you, unless it gets crazy and ends up with 5,000 comments and then then I can't keep up.

And of course, have a great weekend. [Music] [Applause]