

The Bill Walton Show

Block Chain Future and the FCC Local Media Rule-Making w/ George Gilder and Hance Haney

Bill Walton:

Are we on airplane mode?

Kenny:

Airplane mode [inaudible 00:00:09]

Bill Walton:

So Kenny, you got any parting words for us?

Kenny:

Yes, thank you for reminding me. Aside from Bill's introduction, which he'll give to camera, he'll be in discussion with you. You guys should totally disregard the cameras. Also, if I have to do something you might see me out of your periphery, walking around, again disregard that. It's just the three of you.

Bill Walton:

Yeah, okay. So we should look at each other rather than toward any ...

Kenny:

Any camera. He'll do the same, except for the beginning. Good, we're in airplane mode. It's a podcast, so we encourage spontaneity, a little bit of informality, humor, whatever comes to you. Okay, alright we are rolling here. This is Common Ground, November ... What are we at? Nine? Nine. November 9th, Common Ground.

Kenny:

All right. Stand by.

George Gilder:

My book was supposed to be finished the end of September.

Bill Walton:

Oh wow. So let me get my clock going, Kenny.

Hance Haney:

Yeah, Amazon says July 18th.

Bill Walton:

And we've got our little guide running/

George Gilder:

They moved it back.

Kenny:

[crosstalk 00:01:28] in terms of knowing when you wanna go into the next segment.

Bill Walton:

I am.

Bill Walton:

[crosstalk 00:01:41]

Kenny:

And the mics are quite in your face, so you'll have to be a little bit careful when you're drinking and all of that.

Bill Walton:

We get an occasional clank on the microphone it doesn't hurt.

George Gilder:

What about the microphone?

Kenny:

Oh, just be careful of it when you're reaching around for your water, that's all.

George Gilder:

Oh, right.

Kenny:

Okay. But you don't have to lean in. It's all good.

George Gilder:

You don't have to lean in, all right.

Kenny:

Like when you really want to make your point, [crosstalk 00:02:08].

Kenny:

All right. Here we go. All right, Bill, you're looking at camera.

Bill Walton:

Yeah.

Kenny:

Good, a little energy. And, when you're ready.

Bill Walton:

I'm here today with George Gilder, my friend, and founder of Discovery Institute. George is the author of many, many books. One of the leading thinkers of our era. [inaudible 00:02:30] books include Wealth and Poverty, Knowledge in Power, and Scandal of Money. He also wrote a very important book called Life After Television, which predicted the internet and also the smartphone. George is also a man who won the National Champion hill racing event a few years ago. Although he said it was for over 70, I'm not sure about, I think you probably have been a runner for a long time. Welcome, George.

George Gilder:

Well, great to be here, Bill. As always.

Bill Walton:

Well, there's so many things we want to talk about. One of the things that's in the news right now, much on people's mind, is tax policy and the Republicans' plan, and you're a long time observer of the tax scene and policy, what do you think about where we are and what's good about it and what's bad about it?

George Gilder:

Well I think it's just maddening that both parties, there's just this obsession with paying for tax cuts. As soon as you agree that you gotta pay for tax cuts, you deny that you need 'em. And you confess that tax cutting is a matter of taking something from one tax group and giving it to another group of tax payers. It's a zero sum game. The fact is that if ... That all tax rate reductions yield more revenue. That's why you do 'em. They spur economic growth and opportunity for everybody, and thus they yield just vastly more revenues in the long run than high tax rates do.

Bill Walton:

So you keep the cash in the productive private sector instead of the government sector.

George Gilder:

That's true, you join knowledge with power. You, the ...

Bill Walton:

Now, you made that point in your book, I thought what was interesting is that capital needs to be in the hands which best understand what to do with it.

George Gilder:

That's right.

Bill Walton:

And so the tax regime ought to be able to leave capital with those who know how to create more capital, innovation, and change.

George Gilder:

Who've already proven by previous experience of successful investment that they can expand wealth. I make the somewhat controversial assertion that a capitalist economy is not an incentive system, chiefly. It's not a matter of carrots and sticks luring people to do good things to avoid punishment, and to gain various goodies.

Bill Walton:

We just described the tax code.

George Gilder:

Yeah, that's right. It's not an incentive system, it's an information system. And the reason Mark Zuckerberg is worth 50 billion bucks or whatever it is is not that he needed \$50 billion to incentivize his activities at Facebook, but because he's, money is invested in Facebook and it's governed by the knowledge that he has to expand it and thus open new opportunities. Incentive has nothing to do with it, really. All economies of course have incentive structures incorporated in 'em, but what makes capitalism special is that it's a knowledge and information system. And wealth is knowledge. That's what wealth is. Wealth is knowledge.

Bill Walton:

I totally agree. Have you thought about how you'd build a tax system to reflect the fact it's a knowledge-driven system, rather than an incentive driven system?

George Gilder:

Yeah. You don't wanna, you want the price signals issued by the tax system to guide a correct entrepreneurial decisions that increase wealth, jobs, and opportunities for everyone. And the best tax system is the one that least distorts investment decisions. [crosstalk 00:06:51]

George Gilder:

The best tax is a flat tax.

Bill Walton:

Right.

George Gilder:

And the closer we get to a flat tax, the more revenues we'll get, the more knowledge we'll be generated, and thus the more opportunities we'll be opened to everybody. And that's why you wanna cut tax rates. But if you say you gotta pay for the tax rates, you're implying that cutting tax rates costs the economy something. And it doesn't. Cutting tax rates does not cost the economy anything. It expands knowledge, and spurs growth, and opens opportunity.

Bill Walton:

I have an idea how you could pay for the tax cuts, you could cut spending.

George Gilder:

Well I don't wanna even-

Bill Walton:

You don't even think about that.

George Gilder:

It has nothing to do with that. Spending, you gotta make spending decisions the best spending decisions you can make. And that's, and obviously you don't wanna waste resources and spending. So you wanna have the optimal spending program. But it has nothing to do with the tax program. With the optimal tax program. Nothing. The tax program is, you wanna optimize and to yield the most growth and the most revenues. And a lot lower rates than we have today.

Bill Walton:

Well by those standards, this tax cut we're talking about in the fall of 2017 is pretty small ball. I mean in fact we've raised the taxes on wealthy individuals. And we narrow the tax base. And we add in more stuff like the child credit and family credit and there's a lot more junk and complexity tossed in there. So by that standard, this tax plan gets an F from George Gilder.

George Gilder:

I just ... I mean ... The only thing it's doing-

Bill Walton:

It's okay to give low grades. We're not in university, where everybody gets an A.

George Gilder:

The only purpose of it is to cut the corporate rate. The corporate rate currently keeps several trillion dollars of profits overseas. I mean, we have one of the highest corporate rates in the world, the highest corporate rate of major economies. [crosstalk 00:09:15]

Bill Walton:

Takes it from 35% to 20%.

George Gilder:

Well that will bring back trillions of dollars from overseas, if we do it. So it'll have a large impact on the US economy.

Bill Walton:

What's your view about, I'm sorry, I don't mean to interrupt. But what's your view about where that trillion, three trillion maybe, some people think more, that's off shore, when it gets brought back in, what happens to that?

George Gilder:

It's held by companies like Google and Apple and it will be reinvested in various ways in the US economy. It will become part of the capital structure of the US economy. And if it's accompanied by deregulation and other urgently needed plans, we may have 5G, for example. Which is this amazing transformation of wireless networks that's being planned today, but which is in jeopardy because the

regulations of telecomm are so oppressive that they've lowered the market values, market caps of infrastructure companies to the point that they won't probably be able to raise the \$300 billion that it's gonna take to create 5G, which is a wireless internet infrastructure that runs at 20 GB a second. That's 20 billion bits a second. That's about a thousand times faster than the average [crosstalk 00:11:03]

Bill Walton:

So then your prediction is that two or three trillion dollars can go towards building a 5G system?

George Gilder:

Yeah. Yep.

Bill Walton:

Well that would be very good. What do you think about the immediate expensing provision of it where you can buy capital equipment and write it off without depreciation?

George Gilder:

That's fine. I mean, it's, I don't ... In general, you see the corporate rates are so high that nobody can afford to really be profitable. So you get a company like Amazon that is immensely profitable intrinsically, that confesses no profits. You know, because of ... And what this means is these big companies get steadily bigger, the stock market shrinks, the stock market is only half the size it was 15 years ago.

Bill Walton:

We've half as many public companies.

George Gilder:

Half as many public companies.

Bill Walton:

Like 10,000 down to 5,000.

George Gilder:

Yeah. And the SCC regulated, which, its assignment is to regulate IPOs and the SCC has extinguished IPOs essentially for technology companies. So the big technology companies buy up their rivals and invest \$30 billion a month in their own shares. And thus steadily shrinking the stock market. And so we don't have a stock market boom, we have a shrinking stock market.

Bill Walton:

Well that's where I'm a little worried about those trillion dollars coming back in, they might just use it to buy their own stock, which is not going to be the stimulus that we really want. The other thing about the corporate tax issue is that we've tried to recognize, or they've tried to recognize in the plan the fact that most businesses are not corporations, they're pass throughs, they're partnerships or s-corps. And they try to bring the tax rate down for those but then they've excluded enormous numbers of industries to try to not cause Wall Street lawyers to declare themselves an s-corp and pay lower taxes. And so it's gonna be a mess when they try to figure out how to really tax these pass throughs. And it begs the

question, and I'm getting a long question, why do we even have a corporate tax? Why don't we just pay taxes as individuals and have all corporations be a pass through?

George Gilder:

The obvious reason is everybody's afraid to cut taxes for the rich. So therefore you create this corporate veil that allows you to have a tax system without constant concerns with who benefits, who loses, and as soon as you get in that game, it's gone. The economy loses. Because if tax cuts aren't good for the economy, you shouldn't cut 'em! So if you say, if I cut tax rates I gotta pay for them some other way, you confess that the tax cuts are bad for the economy. That's what you're saying. And so you're really an opponent of tax cuts if you say you have to pay for 'em.

Bill Walton:

Well I'm in violent agreement with you. This is smart. Let's talk about your book, Life After Google. This is the next one coming up, and from a man who predicted the internet and the smartphone and so many other things, what is life after Google?

George Gilder:

I was young back then.

Bill Walton:

I think you're still pretty young. But what's the book about, and where are we, where are we with the publication? I really wanna know what it's about, I've got a sense of it.

George Gilder:

Well it's, the existing architecture of the internet's bankrupt. It can't preserve anybody's personal information, it can't keep a credit card number secret, it can't inter-operate between the different walled gardens, Apple's walled garden, Google's walled garden, Facebook's walled garden, the Chinese Communist government's walled garden, the Iranian [inaudible 00:15:34] walled garden. It's all a set of vulcanized fragments. And-

Bill Walton:

So for those of us that don't understand, and I've got a sense of it, but the architecture of the internet is today, could you do a quick summary of what that looks like, where we've got servers or, anyway, each company-

George Gilder:

Well the current architecture is called cloud computing. And it consists of these gigantic data centers with huge air conditioning equipment on their roofs to bear off the heat, implanted by hydro electric bands and near glaciers to cool 'em off and near great rivers. And I think this cloud computing regime, which has lasted for 10 years or 12, 13 years now, is obsolete. That we're moving toward dispersing the clouds, and opening to sky computing on the block chain, which is a major development in the industry. It's the most important breakthrough in the last, since the internet itself.

Bill Walton:

You sent me scurrying to the internet to figure out what block chain is, and I've got an article here titled, "What is Block Chain Technology: A Step by Step Guide for Beginners". Could you give us a-

George Gilder:

I think the key thing is that it's a new security model that ends this crazy scheme where hundreds of millions of credit card numbers and social security numbers and mothers' maiden names and favorite dogs and beloved songs are all constantly spewed across the world. And if you can't have security, you can't really have transactions. So-

Bill Walton:

You wrote a brilliant summary, this draft of your introduction of the book which I've had a chance to take a look at it, it says, "Before you read this book, please submit your username and password, we're concerned with your identity, cybersafety, and literary preferences. We want to serve you better. Please transcribe the tangle of case-sensitive capture letters in a box to prove that unlike some 30% of web addresses, you are not a bot. Sorry, your username or password does not match our records. Do you need help? If you wish to change your username your password or your security questions, please click on the URL we supplied on and on." And this goes on for a couple pages. It's like my life, you know. My wife Sarah's not really a computer person, I say it's all really great, and then she gets onto it, she says, [crosstalk 00:18:37]

George Gilder:

And now they want your fingerprint and your face too. So the ...

Bill Walton:

So how does block chain improve that?

George Gilder:

Block chain takes all that out of the transaction. So it changes the transaction to essentially a cache transaction. Which is recorded in a ledger, which is published all across the internet, rather than having the record of transactions all encrypted and put in some data center where a hacker can gain access to millions of personal data points. Instead, you put the essentials of the transaction in a ledger, and then you publish it all around the internet. So all the nodes on the block chain network, all have this ledger. So you can't change anything. Or steal anything or copy anything, without attacking all the nodes on the network.

Bill Walton:

And this is the technology that bitcoin's built on.

George Gilder:

Bitcoin pioneered this technology, and now it's been expanded to new applications like a [theer-ee-um 00:20:06], which is, actually solves the IPO problem. [inaudible 00:20:16] has conducted over 1,000 ICOs, that's Initial Coin Offerings, or crypto-asset offerings or whatever.

Bill Walton:

So these are for companies that don't go public, but they instead raise money through the bitcoin exchange?

George Gilder:

Yeah, they've raised some \$2.5 billion in the last six months. Thousands of these companies. And they're pre-selling their various goods and services. And so they're not equity distributions, they are token issues that give the purchasers of these tokens the right to buy goods and services from the company when those goods and services have been created and developed. And that was all made possible by the block chain.

Bill Walton:

So this is like a pre-selling revenue model where you're basically buying the right to buy something in the future?

George Gilder:

That's right. But however, they've all sorts of devices been created that make it possible to convert one token into another token. There're thousands of 'em. So that the tokens become increasingly liquid.

Bill Walton:

Who's behind this? There was somebody you mentioned, a man who-

George Gilder:

The new Bill Gates of this, there're two people behind it chiefly. One is called Satoshi, who is probably a crazy Australian named Craig [inaudible 00:21:49]. And he invented bitcoin. And then Vitalik Buterin, who Peter Thiel lured out of college to start a-

Bill Walton:

Peter Thiel the venture capitalist who founded PayPal. Yeah.

George Gilder:

Yeah. Peter Thiel gives Thiel Fellowships who are willing to leave the universities behind and start companies. He thinks the universities are the new great sort of oppressive cathedrals of the new era, and they should be-

Bill Walton:

That sounds about right.

George Gilder:

The best students should be indoctrination centers. And Vitalik Buterin was a Russian who came to Canada, got lured out of Waterloo University in Canada and violated all the principles of venture capital, because he's making five changes at once, and venture capitalists as you know don't like companies that make more than one major change in an industry. Well Vitalik was too young to know these rules, so he was 17 when he started. And he invented a new block chain. He invented a new computer platform to implement what he calls smart contracts. And he invented, which are contracts implemented in software. He invented a software language called Solidum to actually implement the smart contracts.

And then he invented a currency called Ether to pay for 'em. And then he invented a valuation metric called Gas, which is compute cycles, to establish a metric for valuations. So he made five inventions at once. He launched them, and the result has been a thousand companies have taken advantage of this new platform. A thousand new innovative companies have raised-

Bill Walton:

And his platform's called Ethereum?

George Gilder:

Ethereum. And they've raised \$2.5 billion, almost \$2.5 billion so far.

Bill Walton:

Is Ethereum a public company, or is it-

George Gilder:

No, Ethereum is a foundation. But-

Bill Walton:

Oh it's a non-profit. Okay.

George Gilder:

But Ether, the currency, is a currency that can be acquired, purchased. It's a crypto currency, like bitcoin. It's about, Ethereum is about half as valuable at the moment as bitcoin is.

Bill Walton:

He's written that block chain solves the problem manipulation. "When I speak about it in the West, people say they trust Google, Facebook, or their banks, but the rest of the world doesn't trust organization and corporations that much." And he means Africa, East Europe, or Russia. "It's not about the places where people are really rich. Block chain's opportunity's the highest in countries that haven't reached that level yet." Now, he says that people trust Google and Facebook. I think that's becoming less so in America. I mean, what does this do for the business models of the giants, Facebook, Google, Amazon?

George Gilder:

Well, it really, one of the first successful ICOs was conducted by Brendan Eich, who was the founder of Mozilla, and one of the founders of Netscape. And who wrote the Javascript software language, which is the most widely used software language in the world today. So Brendan Eich launched the first, one of the first ICOs, and raised \$36 million in a few hours. And invented a new browser called the Brave browser. Which you all can download. And the Brave browser gives the ... Takes back your attention. So you can ... It makes Google or Facebook or any company that wants to advertise to you, has to pay you.

Bill Walton:

Well I like that a lot.

George Gilder:

And they pay you in micro-payments. And they're [inaudible 00:26:26] tokens. Basic [inaudible 00:26:30], actually. Basic attention tokens. And so it turns the tables on the big companies and makes them pay for your attention, rather than tricking you into watching ads in exchange for a search or a video.

Bill Walton:

What are the barriers for this gaining widespread use?

George Gilder:

What are the-

Bill Walton:

How is this gonna roll out? I mean this sounds like-

George Gilder:

It is rolling out. It's rolled out now. The Brave browser has been released, but it's one of hundreds of companies that are making this kind of change. All of them restore rather than, the internet today is a giant copying machine. Everything gets copied endlessly. So nothing, so actual identities and property rights are necessarily slippery, 'cause anything can be copied. What the block chain does is put your identity in an immutable database that you control. So that you divulge any part of your identity only to the extent that you want to, in order to facilitate some transaction or to gain some web publication or whatever you want. But you regain control of your identity. Google doesn't control your identity, you control your identity, and that's the revolution that [inaudible 00:28:17] is doing, a company I called Block Stack is doing, that Brendan Eich and Brave, the Brave browser is doing.

Bill Walton:

So is Google trying to buy these companies now? I bet they are.

George Gilder:

You know, Google is perplexed. They are almost-

Bill Walton:

I bet the investment bankers are lined up at their doorstep saying, let us buy you. 'Cause this is going to be very disruptive.

George Gilder:

It's tremendously disruptive. And it's already has tremendous momentum. And bitcoin is become a kinda new goal that's a new global currency.

Bill Walton:

So this, since I'm with the world's leading futurist, this means that we could end up with a new version of a gold standard, which a lot of people think is the best standard for the money. We deal with cyber security. We deal with the hassles of being on the internet, with all the personal information that you gotta deal with, and we change the business model, the internet. Where all of a sudden I'm gonna get paid for letting you show me your-

George Gilder:

And it moves the rewards from people who manipulate apps on the edge of the network, and bring those back to the providers of the actual infrastructure and protocols and basic infrastructure that makes it possible for the internet to exist. And today, you know, a company like Google has eight times its revenues in market cap. Apple and Facebook, 20 times their revenues in market cap. And the companies that actually build the network, which all these companies depend on, have 1.5 times revenues. In other words, a tenth or less of the market cap per dollar of revenues. And this is why I worry that 5G, which is the new wireless internet, that all the infrastructure companies are committed to build, all the carriers and ... It won't get built. Because it's gonna cost 'em \$300 billion. And-

Bill Walton:

And it's expensive for them to raise capital, whereas for the other companies it's virtually free money.

George Gilder:

That's right.

Bill Walton:

So.

George Gilder:

And I sorta hope that if the corporate tax rate can be very substantially reduced-

Bill Walton:

This'll help make that happen.

George Gilder:

A lot of this money will come back, and it will make its way into the huge opportunities in 5G. Otherwise 5G's gonna be a Chinese technology, or a-

Bill Walton:

So if Ethereum and the related technologies take off, what's the world look like in five years?

George Gilder:

Well, I think it's gonna take ... Well it's happened a lot faster than I expected already. But it's gonna ... It's going to redistribute power. Rather than having the internet being dominated by three companies, essentially, a tri-net as Andre Stoltz-

Bill Walton:

Tri-net?

George Gilder:

Tri-net. It's Facebook, Amazon, and Google, essentially. Each have their walled gardens as they call 'em where they serve their, capture and serve their own customers. And-

Bill Walton:

Sort of a Hotel California, you can check in, but you can never leave?

George Gilder:

Right, right. Hotel California.

Bill Walton:

I want to change gears to talk about something. You're in town, you're inside the belt way as we speak, and we wanna talk about why you're here. And to do that I'd like to introduce another guest. I'd like to introduce Hance Haney, who's a senior fellow at Discovery Institute, and is responsible for technology policy. And you all are here today to talk about some changes in the FCC regimes. And, welcome Hance, and wanna give us a snap shot of what you're here for and what we can expect?

Hance Haney:

Thanks a lot, it's great to see you again. It's a pleasure to be here. Well George and I have been at the Federal Communications Commission. Back in 1996 Congress delegated some authority to the FCC to change its media ownership rules. And for example, it is currently illegal for a newspaper and a broadcast station to be jointly owned in the same market. Well, in the past decade, newspaper revenues have declined by more than half, from \$49 billion down to about \$18 billion. And newspapers have cut costs by reducing, shrinking their newsrooms. The purpose of this rule initially was to prevent consolidation and promote viewpoint diversity. Well now we have a situation, a prominent senator this week has proposed to regulate companies like Google and Facebook as public utilities in order to prevent hateful speech, propaganda during our elections, and fake news. I would argue that these are, all of these phenomena are evidence of more viewpoint diversity than we've ever had before. Now really the urgent challenge is to protect journalism. Local journalism.

Bill Walton:

Right.

Hance Haney:

We call that local listen. Clearing away this rule would enable broadcasters and publishers to cooperate with one another, to jointly invest, invest together in conducting investigative journalism for example. And using the results of that investigation on multiple platforms. In print. On the internet. Over the air. The fact is, the rule that we have now dates back to 1975. Before we had the internet. With Facebook today, with Twitter, with blogs, with podcasts, you name it, there are more opportunities to share our personal opinions than there have ever been in the past. And so the FCC has the authority to do this, it could happen as early as next week. We have five members of the FCC, three of them are Republican. This proposal that I'm talking about was offered by Chairman Ajit Pai, who deserves enormous credit. This is very controversial, and it shouldn't be. The opposition is ideologically driven. And so we were at the FCC to promote the efforts of those commissioners.

Bill Walton:

So this would allow larger companies to invest in local media properties. And I know a little bit about this, I'm a small investor in our newspaper in [inaudible 00:35:20] County Virginia. So I'm a minor media mogul myself. And it's an extremely expensive process to develop local news. I mean it's literally feet on

the ground, it doesn't scale very well. So how do you scale local news, how does being owned by somebody bigger help local news stay in business? Or holding media properties that are other technologies, or techniques that would help these local papers?

Hance Haney:

Well, an investment-

Bill Walton:

I didn't frame the question very well, but I'm trying to figure out-

Hance Haney:

Well no, no, no, it's a good question. I think the point here is that going forward once this rule is cleared away, an investment that is made in local news gathering is an investment that will have a higher return. Because that news will be, can be shared on multiple platforms.

George Gilder:

And, you know, I can read my local Berkshire Eagle when I'm in San Francisco, because it's on the net. I mean, potentially the internet can expand, and is expanding the reach and exposure of local news and thus potentially the yield of local news. The reason the yield isn't rising is because of this very sub-optimal aggregate and advertise regime that tries to feed the pigeons by feeding the horses. Which is-

Bill Walton:

Not a very straightforward way to get fed.

George Gilder:

Which is Google, you know, you pay Google, and Google shows your-

Bill Walton:

Yeah.

George Gilder:

Item and you may get some portion of the advertising revenue, but nobody wants to see the advertising, its value subtracted advertising in general. So it doesn't pay very well, so you need more of it to support less actual news. So I believe that the block chain and bitcoin and ether, will allow micro payments. Hassle free payments all across the internet. And this is what Brendan Eich is also engineering, so that the link between the consumer of local news and the producer of local news is direct. He pays for his news to the news producer. And it doesn't get diverted out into some advertising intermediary and dissipated across the internet.

Bill Walton:

So we produced a story, we got a glimpse of this in the [inaudible 00:38:11] news. Every week we have one or two stories we think might have national interest. And we had a story on snakes, poisonous snakes on the side of our mountain. And it went viral. And it was seen by, I don't know, hundreds of thousands, maybe a couple of million people. And we thought gee, this is lightning in a bottle. How do we get more of this?

Hance Haney:

Did you get compensated for any of those views?

Bill Walton:

That's where I'm going. If we'd a micro payment system, something of that went viral would've actually hit our revenue stream. And that's-

George Gilder:

That's the point.

Bill Walton:

Well, I wanna come back to where we are with the FCC, and I wanna stick with micro payments for just a second 'cause that's pretty exciting. How does that work, how micro micro payments? If I pick up a paper, if I'm looking at my screen and it says I wanna read this story on snakes, what happens?

George Gilder:

When you click on it, their formula, Brendan Eich has a formula whereby the first click is worth a penny or a few pennies, and if you, and then there's a convex curve that you keep paying to read to the end of the story, and ... The total payment might be a dime.

Bill Walton:

Yeah, that's my point. It's a very small number.

George Gilder:

Which is impossible to do on credit cards and the existing-

Bill Walton:

Yeah, the transaction costs are enormous.

George Gilder:

So this is why having bitcoin as an internet currency eliminates all these costs of trusted third parties and credit card companies and security programs that give away millions of your credit card numbers.

Bill Walton:

I have to ask, I had a show on venture capital last week, how do I invest in these technologies?

George Gilder:

You buy ... Scrutinize these companies. There're a thousand of 'em, and they all have interesting business propositions. And you buy their tokens. Or if you wanna just bet in general on those thousand companies, you can buy bitcoin or ether. And bitcoin is on the path to be the new gold, so it could indeed continue to appreciate a lot in the future.

Bill Walton:

Well before I end the show to go call my broker ... I'm joking, George. Let's come back to the FCC and where we are with changing the local ownership rules. Is that something they can do, or does it require congressional action?

Hance Haney:

Fortunately it's something the commission can do on its own. With a single vote.

Bill Walton:

And they're likely to do it.

Hance Haney:

Yeah. Likely to do next week.

Bill Walton:

And when that happens, what changes occur?

Hance Haney:

You know, it's not clear what changes are gonna be noticeable. The point of this is to give these entrepreneurs in publishing and local news gathering the freedom to experiment. And to, you know, survive the transition period that they're in while they wait to supplement advertising and circulation with new sources of revenue like micro payments. And so the results may not be hugely noticeable, we're not sure yet. What we have seen is Jeff Bezos from Amazon rescue The Washington Post. That was wonderful. Aside from him, some of the most likely potential investors would be other players in local news. And that's pretty much broadcasting.

Bill Walton:

And you mentioned ideological opposition. Who's opposed to this, and why?

Hance Haney:

You know ... Principally the opposition is from the Democratic Party on this. Although it's not exclusively. But I would just point out that during the previous administration, during the national broadband plan in 2010, the previous administration expressed great concern, cited enormous job losses in newsrooms that were occurring at that time. Some of the proposals that were actually considered were direct subsidy from tax payer revenues, or relaxing our country's copyright laws, which protect-

Bill Walton:

Gee, those are really bad ideas.

Hance Haney:

Those are bad ideas. Those are bad ideas.

George Gilder:

I mean, what is Reagan's saying?

Hance Haney:

Oh, yeah. Regan. What's the government's view of economy? If it moves, tax it, if it continues moving, regulate it, if it stops moving, subsidize it.

Bill Walton:

Well thanks guys, this has been a great show. I'm glad to have you on, and George final word?

George Gilder:

Yeah, that was a great, I can't believe that final word, quote the great man Ronny.

Bill Walton:

Well George and Hance, thank you. And I'll see you again soon.

George Gilder:

Thank you.

Hance Haney:

thank you.

Bill Walton:

Thanks.

George Gilder:

'Ppreciate it so much.

Bill Walton:

Thanks for joining us on Common Ground.

Hance Haney:

That was fun.

Kenny:

[inaudible 00:43:22] you were about to get up. He's like ready to leave. Good show, everybody.

[crosstalk 00:43:28] Very good.

Bill Walton:

I think we explained a lot of hard stuff.

George Gilder:

You think that was all right?

Bill Walton:

Yeah, I do. I think we got a, I think ... I think we gave a good picture of what's out there. I'm pretty excited.

George Gilder:

To get those tax points across, I really, I think these senators are just going ... They've really forgotten-

Bill Walton:

They're clueless.

George Gilder:

Just basic points.

Bill Walton:

Yeah. Yeah, no, it's bad. They're ... They don't understand one thing about wealth creation. Not one. They don't get it at all.

George Gilder:

Or they get it and contaminate it. They just don't feel confident arguing against the tax cuts for the rich mantra that the Democrats prattle endlessly.