



Review of Josef Tětek, *Bitcoin: Separation of Money and State*
(Prague: Braains, 2023)

by Michael J. Kelly

“[Bitcoin] is the brazen attempt to establish a new monetary standard without anyone asking the government for permission.”
– Josef Tětek, *Bitcoin: Separation of Money and State*, p. xiii

The first thought that comes to mind when reading Josef Tětek’s *Bitcoin: Separation of Money and State* (Prague: Braains, 2023) is to what extent do we really want what we say we want? Are “democracy,” “sovereignty” and “free markets,” even capitalism itself, simply fetishized objects that if ever attained would crash our society as we know and desire it? Bitcoin, and Tětek’s book especially, seems to reveal the answer as quite possibly a yes. The fetishization of perceived perfection, of a flawless model to live by or to reach toward becoming or attaining, is a common phenomenon, from religion to politics, to eros, and more. The fetish sustains the reality. It allows us to admit and accept the prevailing, common hypocrisies, irrationalities and errors as an inherent quality of being detached from perfection, as we continue to strive or set the conditions for it in this life or in the next (whether in a supernatural sense or of future temporalities and generations). Is Bitcoin another one of our fetishes or are we ready to experience it as it is, sound money?

Tětek argues that in our fiat system we are encouraged to have a high-time preference, which means seeking the more immediate fulfillment of our desire over long-term coordination. This is because, he argues, the value of fiat currency like USD diminishes over time, eroding the rationale of long-term, or low-time-preference, life management. BTC (the currency created by the Bitcoin network in the process of mining blocks through the proof-of-work consensus mechanism) has, so far, continued to steadily increase in exchange [and use] value and that past performance elicits a

sense of long-term strategic planning for individuals and institutions, which feel that steady investments today will pay off tremendously in the future. I think that the claim is reasonable, but money is hedonistic: it is suspended pleasure, and therefore it has within it the full spectrum of time preferences.

The significant revelation to the non-Bitcoiner reader would be, I believe, to learn just how instilled into the Bitcoiner this sense of low-time preference is. So, whether or not Bitcoin is the only form of wealth or of money that can and may increase in exchange value over long periods of time is beside the point: the point is that non-state currency, non-debt-based money, non-centrally-controlled power manifested by bank money, viz. BTC, provides a sense that we will in fact have a long future and that our world will continue becoming freer, cleaner, safer and more prosperous because we choose to make it that way and because we have the ability to implement those decisions. Removing money from the clutches of the state has created a sense among Bitcoiners that the distant after-now is bright, that the best of human ingenuity, creativity and fulfillment is yet to come and that we have the full agency as persons to build that post-state society.

On page 28, Tětek claims that “a truly free market also requires money that originates outside of the state power.” None of us has ever experienced that. What happens out in the market is regulated, monitored and directly controlled, even here in the US with the federal government increasingly starting to nationalize industry. What would our daily lives be like in a marketplace of competing currencies functioning not as investments and trading options but as real money that people decide on their own whether to accept? Do we want that type of daily decision-making? Do we want to take on those individual responsibilities, along with the related duties necessary for a democratic society (not a “representative” simulacrum of one), such as education, defense, engineering, Socratic dialogue and participation, continual learning, and the self-custodying of our own respective wealth and resources? Or, is a sound money better off as a fetish?

Another deep fetish that we all hold on to faithfully is the State: how intensely one fetishizes it falls along a spectrum, but the world is organized around this fetish, with a seemingly endless number of proposed and attempted forms, tweaks, plans for and designs of the State to attain its supposed perfectibility. Ayn Rand, through her novel, *Atlas Shrugged*, lamented this state of affairs. In the book, she speaks through the protagonists to refer disparagingly to the State as the

exception, as that entity which will not get out of the way, will not resign, even when faced with knowing full well that it is the cause of a society's collapse. "Public welfare," she claims, is the phrase of thieves, and the state legitimizes theft: as Tětek notes, "State power over the institution of money [...] makes it possible to easily transfer wealth from the productive sector to those who control the money (the state and financial sector)" (p. 75) and "The state is a power agglomeration whereby certain members of society are placed in a privileged position in which they can legally use the political means of sustenance (violence, taxation, commands and prohibitions)" (p. 73). To varying degrees, we all know this, however it is that we negotiate our acceptance of these circumstances in our mind. Similarly, we are well aware that, as Tětek says, "State influence over institutions is like a loaded gun, waiting only for a hand that will not hesitate to pull the trigger." (p. 75) and that "As the "Austrian school also concluded," "human institutions" are the products of the "independent action of thousands of motivated individuals, and when state power intervenes in this evolution, it [has] usually produced unexpected and harmful consequences" (p. 23).

The drive for the fetish leads us down a path of the annihilation of the present. Are we ready for this, to destroy reality and move past the State into a world of our own? One of the most fascinating aspects of capitalism is that it has no morals. Neither does Bitcoin. Are we now at a moment when we are ready, with the help of our creations that include AI, to transcend good and evil, to build a sort of extropian, transhumanist reality that exists without the State and which has fully replaced duality with spectrum in every social and other aspect, and in which we each live for life's sake? Are we ready to abandon our death cults, from our religions to the State?

The Bitcoin ethos has an air of Italian Futurism, with its raw excitement for technology and dismantling of decrepit institutions. One of the most glaring differences from the futurism of the last century and the Bitcoin version today is the entanglement of religion, often Christianity, with the "new futurism," in particular, its desire not to disavow the past but rather to re-enforce, to double-down, on the historical method as a primary truth procedure. The historical method is the core truth procedure of Christianity, Judaism, Islam and almost every other religion on the planet, ancient and modern alike. In Christianity, the historical method is used to provide legitimacy to the theological claims: for example, that God manifested itself on Earth at a specific time and place – God became a historical being – and that that manifestation, Jesus, itself had a clear human lineage, back to Abraham, as, for instance, the Gospel of Matthew relates. The historical method

is simply a field-specific deployment of the scientific method. Like every other truth procedure, to present a truth of its own, history determines evidence, constructs facts from that evidence (its facticity protocol) and then assembles those facts using narration to present a truth, an historical truth (i.e., a truth that is a product of that specific field's deployment of the scientific method).

Bitcoin authors, like Tětek, continue to rely on the historical method to legitimize Bitcoin, a radically new technology with the ability to disrupt history and reorganize our future. In Chapters 3–4 especially, but throughout *Bitcoin: Separation of Money and State*, the reason for Tětek's deployment of this truth procedure, mirroring what much of the rest of Bitcoin literature does, is that popular history – one form of historical-method deployment – is, well, popular, and highly readable: in these chapters, Tětek brings the reader through a legendary and fabulous tale of the origins of states and other social processes and phenomena, in order to place BTC into a specific timeline, to authenticate its *raison d'être*: that it is not entirely original, it appeared from the edges of the logics of our world and therefore both is us and allows us to transcend our present World.

As Tocqueville writes in *Democracy in America*, in his chapter on the “Advantages of Democracy,” democracy is an idea which promises utilitarianism, not prosperity: it is an idea around which we can build a state system. But Bitcoin allows us to do something Tocqueville did not image: to construct a self-governing democratic society without a state, i.e., not state democracy but rather post-state democratic society. That is the bright future that encourages low-time preference when we break free from fiat and the fetish of the State. As Tětek convincingly argues, “State money is the last great tool of the state for controlling society” (p. 69). All the other tools, like physical force, are pointless without either having endless state cash to pay your stormtroopers or an ideology that will motivate them to suppress their neighbors. The appearance of the latter would be a clear recognition of Bitcoin's success, a symptom of the State's recognition of its inability to be the sole producer of money and to maintain its monopoly of power with it.

Tětek's call to separate money and state presents the reader with a framework for asking wider questions about Bitcoin and our systems, and provides tools for addressing those in educated and logical ways. But one of the most productive aspects of Tětek's book is that in it he presents the reader not only with a clear understanding of the why of Bitcoin and the fiat system but also of the how, including the how of the central-bank, debt-to-money system that Bitcoin replaces. How the

fiat system works, as Tětek explains on page 57, is that central banks distribute power, that is, wealth, “to the masters of money at the expense of everyone else.” Specifically, banks “create money out of thin air and provide it to the government” with the following playbook:

1. The government issues government bonds
2. The bank accepts government bonds onto its balance sheet in the assets column
3. The bank creates new money corresponding to the value of the bonds by accounting entries; this “loan” is on the receivables side of the bank’s balance sheet
4. The government can now spend the new money for its expenses

The resulting “Inflation is a reverse tax: the poor pay the rich” (p. 60). Therefore, all the politics of justice, economic liberty and, remember, “public welfare,” are red herrings to deter us from learning how the fiat system actually works. But for Bitcoin to fulfill its post-state, freedom-money potential, individuals need to want to and to learn how to fully self-custody their Bitcoin, as Tětek notes (p. 65). If people do not understand how Bitcoin works and how it can be kept safe, if they do not really know what that truly means, in terms of the engineering and technology, and if they are not taught the risks and continue to rely instead on custodial wallets and centralized exchanges, then this will not work. As Tětek shows in Chapter 5, non-state money must also be decentralized and its policy predictable and immutable: these are battles we are still waging in Bitcoin, with serious attempts being made to decentralize mining, to expand access to running nodes and building them from open-source repositories, and to create more productive and transparent tools for improvement debates and navigating internal strife over the hows and whys.

In the best sense possible, reading Tětek is like reading a disgruntled magician’s guide to all the secrets of the craft: he reveals to us exactly how much of a scam the fiat system is. To do that in a compelling way and with an attachment to the historical method requires popular narrative techniques. One of the downsides of that appealing form that can reach almost any reader is the fumble into the occasional irony leading to a self-defeating thesis. This is a not uncommon feature in Bitcoin books. In *Bitcoin: Separation of Money and State*, Tětek repeats the popular dictum that “**human action** (emphasis in the original) is the purposeful behavior of an individual aiming to satisfy a subjective preference. In contrast to animal action, human action is characterized by intent” (p. 21). Personally, I disagree firstly that humans alone act with intent and secondly that all humans act with intent. But the main issue is that there is simply no provable way to claim human

nature, yet Bitcoin books often claim it as real, thus confusing a historical phenomenon with universality. This distinction is important because if we want Bitcoin to have historical effect, it can only do so within the framework of human nature as historical (as laid out in Genesis). Bitcoin is not an expression of human nature because there is none. The suggestion that there is represents a belief in and defending of the presence of the object or phenomenon [in reality], whether human nature or Bitcoin, by removing it from time. Bitcoin is a timechain, and this is crucial to repeat because it means that Bitcoin has value by connecting what really is universal, for example, electricity and being, to the historical, human natures: this act requires our choices as historical, not the result of hardwired biology. (Although, hey, maybe we'll discover that all our "junk" DNA is in fact encoded predetermination and, if so, kudos to Martin Luther.)

Furthermore, Tětek argues late in Chapter 4 that "bitcoin will appreciate against fiat until such time as income in bitcoin becomes a natural occurrence" (p. 94). At some point, he contends, "fiat money will no longer exist," and therefore the 'price' of BTC will be relative to its "purchasing power against goods and services" (p. 94). It is at this point that a sufficient number of people will have recognized the benefits of BTC and bitcoinization will organically have become the new norm. This teleological perspective is as common within Bitcoin literature as it is ironic, both because it is presented in narratives like Tětek's that rely on origins narratives for authenticating Bitcoin's path (and so, randomness, unpredictability and historicity) and because they do not acknowledge that humanity has no intention or purpose: we have no human goals and humanity has no plan, and we do not simply progress as time goes on (Tětek believes that we do). Perhaps there is a vein of Protestantism's predestination in this bitcoinization imagination, but perhaps the line of thinking here is more aligned with the Austrian economists and the Gnostic gospels: hope for universal salvation through individuals' unceasing pursuit of wisdom (p. 21).

Another ironic position is in the refutation of the concern that as fantastic as Bitcoin is, another better technology may emerge. Tětek contends that even if so, BTC will have become so institutionalized, its adoption a *fait accompli*, that it will be near impossible to overcome: but isn't this precisely the battle that BTC is waging right now and which Tětek believes it can win (p. 111)? And lastly, Tětek claims that "No one can currently imagine the separation of money from the state, although in hindsight, it will appear obvious and inevitable" (p. 101). Sure, but this is not because it was obvious and inevitable but rather because historians in the future may deem it to

have been so. This is the monopoly of power held by the writers of history, unless the science of history too becomes decentralized (this is something else that we should use BTC to do, I think).

In conclusion, in my role as a Bitcoin educator, individuals often relate to me their frustration specifically with the available on-/off-ramp options. I agree that we need a broader marketplace of P2P exchanges. However, *Bitcoin: Separation of Money and State* presents the convincing case that BTC is itself the on-ramp to a cleaner, freer and democratic post-state existence, but only if we are courageous enough firstly to take the path that leads to oneself and then to openly attain our fetishes and embrace the new realities that appear before us when we do. *Parati sumus?*