



# Sound Money Properties Series

## #2: Scarcity & Hard Cap Supply

with @SimplestBTCBook and @DJSATOSHI18

Slide deck by



@SimplestBTCBook



@DJSATOSHI18

- Ⓝ PORTABLE, DURABLE, DIVISIBLE, FUNGIBLE
- Ⓝ TRULY SCARCE WITH A HARD CAP SUPPLY
- Ⓝ DISTRIBUTED & DECENTRALIZED
- Ⓝ CENSORSHIP RESISTANT & UNCONFISCATABLE
- Ⓝ IMMUTABLE & INCORRUPTIBLE
- Ⓝ EASILY VERIFIABLE & CAN'T BE COUNTERFEITED
- Ⓝ PERMISSIONLESS, FRICTIONLESS & PEER-TO-PEER
- Ⓝ NEUTRAL & VOLUNTARY
- Ⓝ TRANSPARENT, OPEN-SOURCE & AUDITABLE
- Ⓝ BORDERLESS
- Ⓝ PROVIDES SETTLEMENT FINALITY
- Ⓝ PSEUDONYMOUS & TRUSTLESS
- Ⓝ SECURE & SCALABLE
- Ⓝ DISINFLATIONARY/DEFLATIONARY

# SCARCE

## Definition of scarce

: deficient in quantity or number compared with the demand : not plentiful or abundant

[merriamwebster.com](http://merriamwebster.com)

# SCARCITY

- Ⓝ Scarcity is the limited availability of a commodity, which may be in demand in the market or by the commons...
- Ⓝ The opposite of scarcity is abundance.

~ [en.wikipedia.org/wiki/Scarcity](https://en.wikipedia.org/wiki/Scarcity)

# HARD CAP SUPPLY

A hard cap is a limit set by the code of a blockchain on the absolute maximum supply...There is no additional supply response to meet higher demand when demand for an item rises.

A hard cap prevents any further production or circulation of the cryptocurrency's units. It is widely regarded as having a good effect since it promotes scarcity, which raises the value of each token.

The supply is therefore entirely inelastic. Regardless of the growth in demand, you will be unable to produce more. The price is the only output that can fluctuate. This is true in the case of Bitcoin; Bitcoin's issuance rate and hard-capped supply stay constant regardless of how much energy is put into mining it.

~ Jagjit Singh

Can Bitcoin's hard cap of 21 million be changed?

Scarcity is the fundamental starting point of all economics, and its most important implication is the notion that everything has an opportunity cost.

~ Saifedean Ammous,  
Author of The Bitcoin Standard

...the opportunity cost of a particular activity is the value or benefit given up by engaging in that activity, relative to engaging in an alternative activity ...

it means if you chose one activity ... you are giving up the opportunity to do a different option.

~ [en.wikipedia.org/wiki/Opportunity\\_cost](https://en.wikipedia.org/wiki/Opportunity_cost)

# Scarcity and bitcoin:

- Scarcity means something that is difficult to produce and resistant to supply manipulation/value dilution.
- Scarcity implies something is desired but not enough quantity exists to satisfy all those who want it. The perfect example is your time and its finality once spent. You cannot create or accumulate more of it. You may only optimize in order to try to preserve it.
- Bitcoin represents the birth of absolute scarcity in an asset. Like time, it has a finite supply, but unlike time, it can be exchanged and accumulated. Hence, scarce resources incite competition over their possession, reflected through market price signals.

~ @anilsaidso

Basic Concepts of Bitcoin

- Bitcoin created digital scarcity.
- It is the first truly scarce resource we have ever known, other than the amount of time we have in our life, which also has a 100% hard cap.
- The difference is, we have no idea how much time we have, while we can know with absolute certainty how much bitcoin we have at any given moment.
- Scarcity leads to increased value creation, because once we understand what it means, we consider far more deeply how and where to 'spend' our scarce resources.
- This ultimately leads us to seeking quality over quantity.



## A SHORT STORY DEMONSTRATING WHY SCARCITY AND A HARD CAP SUPPLY ARE SO IMPORTANT FOR A MONETARY ASSET

Imagine you lived in peace on a beautiful blue-green island with 1000 residents. In order to trade amongst you, you use beautiful blue glass beads, and there are only 10,000 of these beads in existence. No one knows from whence they came, as they have been there for as long as anyone can remember, and no new ones have ever been found.

Everyone knows exactly how many there are, and how many they each have in a given moment. They consider carefully how and when to spend their beads, since they are so rare and hence valuable.

They also make a great effort to create services and items of high quality, such that other residents would be willing to part with their precious beads, to acquire these beautiful and/or useful things.

One cloudy day, a strange creation arrives in the island's bay. It is a large sail boat, something the people had never before seen. They had only ever had small dugout kayaks for their daily use. The people from the boat rowed over to the island, and they brought three ornate chests. Within each, was 100,000 identical blue glass beads, the exact same type as the islanders had always used.

At first, everyone was ecstatic! As the boat people exchanged the beads for food, water and shelter, the islanders acquired more and more beads and thought the boat people were gods bringing good fortune!

Over time however, a problem arose. Suddenly everyone was confused, and no longer sure what anything was worth. Since there were now so many blue beads everywhere, they were no longer scarce, and the people no longer saw them as valuable.

Some of the islanders began raising the prices on their trades, to try and get more of the new total share of beads. Others soon realized what was happening, and did the same.

People stopped making an effort to produce beautiful and useful goods and services, as nothing seemed to have value anymore.

They became confused, and their confusion led to them bickering and fighting amongst themselves and behaving in ways that no longer served themselves or one another.

The once beautiful, peaceful people had lost the profound value that a scarce monetary asset had provided, as a perfect measure to keep the flow of time and energy between them moving in harmony.

And that, my friends, is a (very) simplified story of where we are at as a global family at the mercy of the inflated, manipulated, corrupted, fiat central bank system.

however, there is this one thing...

We are beyond fortunate that today, 14 years ago, the mysterious Satoshi Nakamoto unleashed his innovation on the world!

May we continue to learn, understand and teach those around us, such that we may bring forth a new age of cooperation, of storing our time in an asset that serves as a battery to store our energy for later use.

A truly scarce monetary asset that is set to absorb all the value in all the world!



Happy Birthday Bitcoin!

Thank You Satoshi!



Thanks for listening!

Feedback always welcome!

Next week we will discuss how bitcoin is

Truly Scarce with a hard cap supply

