

century of soft money. Money “by decree” is no different from that which is counterfeit. No group of humans in history with the power to print money has ever proven itself capable of resisting it. From the earliest traders with glass beads, through the coin-clipping Roman emperors, to the counterfeiting politicians and central bankers of today, as well as many modern-day institutions engaging in Bitcoin. Individuals have never been able to decree money, nor have they had a strong ability to resist the decree. A decree that cannot be resisted is considered tyranny. Bitcoin frees individuals from a kind of tyranny that most people don’t realize exists.

The individual owners of bitcoin and their personal attributes are a primary determinant in the life cycle of that bitcoin, as well as the economy emerging around the bitcoin protocol. Satoshi Nakamoto built and released bitcoin to empower individuals to exchange money without any intermediary between them. Individuals have a lot of power over the fate of their bitcoin. Like entrepreneurs, the strongest among them are likely to accumulate the best form of it. It is a misconception that the game is to build the biggest stack. The game is to accumulate the most powerful form of capital and, while all bitcoin is treated as fungible (indistinguishable from one another), the truth is that the power of the capital is determined by its owner.

A bitcoin holder who has strong earning potential via their ability to add value to society is going to have a lot more

optionality and power with their bitcoin than one who is destitute and who accumulated their stack through borrowing. The more powerful holder can build relationships that turn into circular economies and can, more quickly, find themselves at the center of a network of users trading bitcoin for goods and services. Vendors can rely upon them and will compete for their bitcoin. An individual who only acquires bitcoin but doesn't build an economy runs the risk of never being able to convert that bitcoin back into anything. Their capital is not as productive, but holding a bitcoin balance is still a useful act, as it concentrates wealth into the hard and verifiable version of money, and away from the counterfeit version. Individuals who own bitcoin will vary as to their objectives and effort in entrepreneurship, but they will do far more than institutions in this regard.

Institutions will also vary in how powerful their bitcoin can be as capital. Some will see bitcoin as a way to solve a particular problem, like cross-border payments or compensating employees who prefer to be paid in bitcoin. Others might attempt to counterfeit bitcoin by a variety of methods, like custodians fractionally reserving it (or, in the case of FTX, not holding any at all to back exchange balances). Across this spectrum, even the most dedicated institutions, like Strategy (formerly Microstrategy), will not necessarily be building a circular economy and will act like individuals with limited power.