"The capacity to bear anxiety is fundamental to psychological growth." — Melanie Klein

Melanie Klein’s Favorite Crypto Funds

Introduction

• Melanie Klein, one of the pioneers of psychoanalysis, developed the theory of object relations.

• She emphasized how individuals relate to “objects,” meaning both people and symbolic things, through unconscious processes.

• For Klein, early psychic life is dominated by splitting, projection, envy, and reparation.

• Money, and by extension investment, can be understood as a psychological object charged with these unconscious dynamics.

• Crypto funds provide a contemporary case where primitive anxieties and phantasies are enacted.

Klein and Money

• Klein linked psychic life to the earliest infant experiences of satisfaction and frustration.

• Money can become a symbolic “object,” representing nourishment, security, or deprivation.

• A financial product may be experienced as a “good object” when it offers stability and gain.

• The same product can also be experienced as a “bad object” when it causes loss or disappointment.

• Investors relate to crypto funds through unconscious phantasies of safety, betrayal, envy, and repair.

Splitting in Crypto Funds

• Splitting is a defense mechanism in which objects are divided into wholly good or wholly bad.

• Investors often split crypto funds into two categories:  
• Bitcoin-only funds as pure, safe, and good.  
• Altcoin or high-risk funds as corrupt, dangerous, and bad.

• This division allows investors to manage anxiety by keeping good and bad separate.

• Splitting creates rigid positions, such as maximalism or hostility toward alternative projects.

• It prevents integration of complexity, mirroring early infantile modes of thought.

Projection in Crypto Funds

• Projection occurs when unwanted feelings are attributed to external objects.

• Investors may project greed, fear, or hostility onto market actors such as exchanges, regulators, or hedge funds.

• For example, losses may be explained as the result of manipulation by whales rather than personal risk-taking.

• Crypto funds become targets for projections of distrust and betrayal.

• Projection allows the investor to disown uncomfortable feelings, but it also distorts perception of reality.

Envy and Rivalry in Crypto

• Klein described envy as a destructive impulse directed at the good object.

• In crypto, envy is visible when investors resent others who profit from meme coins or early entries.

• Instead of appreciating gains of others, envy may lead to undermining or reckless attempts to match them.

• Funds that succeed can evoke rivalry, leading investors to take excessive risks in pursuit of similar returns.

• Envy thus destabilizes rational investment and fosters impulsive speculation.

Reparation and Healing

• Reparation is the unconscious attempt to repair damage done to the good object.

• In crypto, this is seen when investors shift from risky speculative funds to community-based or cooperative funds.

• Examples include DAO-managed funds or stablecoin funds designed for collective benefit.

• The act of choosing these funds can be read as an unconscious wish to restore trust and stability after destructive phases of speculation.

• Reparation reflects the desire to heal the split between good and bad objects and to integrate them.

Kleinian Typology of Crypto Funds

Bitcoin Funds

• Symbolize the idealized good object.

• Experienced as pure, stable, protective.

• Provide psychological security and attachment.

High-Yield DeFi Funds

• Symbolize the bad object.

• Tempting but anxiety-provoking, associated with danger and betrayal.

• Reflect unconscious fears of depletion and loss.

Privacy Coin Funds

• Ambivalent object, both protective and frustrating.

• Offer security from surveillance but limited adoption.

• Represent the tension between safety and exclusion.

Community or Cooperative Funds

• Reparative objects, oriented toward trust and mutual benefit.

• Symbolize healing after destructive envy and splitting.

• Reflect desire to restore balance and integration.

Klein’s Warnings for the Crypto Age

• Klein would warn that investment behavior often reflects infantile dynamics rather than rational judgment.

• Splitting creates rigid camps and prevents nuanced evaluation of projects.

• Projection of fear and hostility fosters distrust and conspiracy thinking.

• Envy undermines solidarity, driving destructive competition and reckless speculation.

• Without recognition of these unconscious processes, investors may remain trapped in cycles of idealization and disillusionment.

• Klein emphasized the need for integration: acknowledging both good and bad aspects of an object, rather than keeping them split.

• Applied to crypto, this means recognizing both the possibilities and dangers without collapsing into extreme positions.

Conclusion

• Klein would see crypto funds not as neutral instruments but as objects invested with deep unconscious meaning.

• Investors relate to them through splitting, projection, envy, and reparation.

• Bitcoin funds are idealized as good objects, speculative funds feared as bad objects, privacy funds embody ambivalence, and community funds symbolize repair.

• These unconscious dynamics explain the intensity of emotions that surround crypto debates and investment choices.

• Klein’s lesson is that maturity requires integration, recognizing complexity instead of clinging to primitive divisions.

• In the end, crypto funds reveal not only market strategies but also the inner world of unconscious phantasy and desire.

"Love enables us to bridge the gap of loneliness that surrounds each individual." — Melanie Klein