

# The Bitcoin Ideology

By [ALAN FEUER](#) DEC. 14, 2013

IF you've only recently tuned in to the seemingly endless conversation about bitcoin, you could be forgiven for thinking that the digital currency is little more than the latest Wall Street fetish or a juiced-up version of PayPal. After all, so many headlines in the last few weeks have focused on its market price and the cool stuff you can get with it: Bitcoin breaks [\\$1,000](#)! Bitcoin [plunges by a half](#)! Bitcoin [has a banner Black Friday](#)! Use bitcoin to buy a ride on [Richard Branson's starship](#)!

But all the talk about bitcoin's value (or lack thereof) obscures the fact that it was never really meant as an investment nor primarily as a way to purchase [sex toys](#) or [alpaca socks](#) — let alone a brand-new [Lamborghini](#). One could argue that bitcoin isn't chiefly a commercial venture at all, a funny thing to say about a kind of online cash. To its creators and numerous disciples, bitcoin is — and always has been — a mostly ideological undertaking, more philosophy than finance.

“The ideas behind it — that's what attracted me,” said Elizabeth Ploshay, a regular writer for [Bitcoin magazine](#), which describes its mission as being “the most accurate and up-to-date source of information, news and commentary about bitcoin.” And if the magazine has a mission, so, too, does the subject that it covers. As Ms. Ploshay explained it, bitcoin isn't merely money; it's “a movement” — a crusade in the costume of a currency. Depending on whom you talk to, the goal is to unleash repressed economies, to take down global banking or to wage a war against the Federal Reserve.

For those with an uncertain understanding of its history, bitcoin entered the world on Jan. 3, 2009, when a shadowy hacker — or team of hackers —

working under the name Satoshi Nakamoto released an ingenious string of computer code that established a system permitting people to transfer money to one another online, directly, anonymously and outside government control, in much the way that Napster once allowed the unrestrained transfer of music files. In a 500-word essay that accompanied the code, Nakamoto suggested that the motive for creating bitcoin was anger at the financial crisis: “The root problem with conventional currencies is all the trust that’s required to make it work. The central bank must be trusted not to debase the currency, but the history of fiat currencies is full of breaches of that trust.”

It was fundamentally a political document and, as such, it attracted followers among libertarian and anarchist groups who saw in bitcoin a means of removing the money supply from the grasping hands of government. In blog posts and at [bitcoin conferences](#) around the globe, these evangelists began to spread its gospel. It is only in the last few months, as bitcoin has attracted the attention of [political parties](#), [regulators](#) and [speculative investors](#) that the narrative of bitcoin as a tool for change has been drowned out by a simpler story line: that of bitcoin as a kind of crypto-credit card — or, even more, as a digitized casino game.

“Price is the least interesting thing about bitcoin,” said [Roger Ver](#), an early investor who is often called, in a typical movement phrase, the Bitcoin Jesus. “At first, almost everyone who got involved did so for philosophical reasons. We saw bitcoin as a great idea, as a way to separate money from the state.”

While the bitcoin hype has inspired Ron Paulian dreams of evading inflation and undermining the Federal Reserve, the currency has also gained cachet among less conspicuously conservative adherents, like the founders of [BitPesa](#), a start-up firm in Nairobi, Kenya, that plans to help Africans abroad send money to their families at home. According to the World Bank, \$1.3 billion in remittances is sent each year to Kenya, a process that costs about

\$110 million in fees. By using bitcoin's peer-to-peer technology to avoid banks and wire-transfer companies like Western Union, BitPesa hopes to reduce these fees by two-thirds, saving ordinary Africans \$74 million annually.

You know you're talking to a true bitcoin believer if you hear the word "disruption." But that's how bitcoin is seen within the broader movement: as an unruly tool with potentially transformative effects on entrenched businesses like retail payment and asset management.

"Right now in the United States, bitcoin is mainly considered a get-rich-quick scheme with a little financial privacy thrown in," said Jon Matonis, the executive director of the [Bitcoin Foundation](#), the self-proclaimed center of the decentralized crusade. "But its larger implications down the road are major disruptions to certain legacy industries."

Mr. Matonis added that the ideology of bitcoin was wide enough to accommodate people on all points on the spectrum — "from libertarian capitalists to socialists." It not only has a following among the anti-central bank crowd, he said; it has also proved attractive to communitarians like the residents of the [Kreuzberg neighborhood in Berlin](#), which now boasts the highest density of businesses accepting bitcoin in the world.

There are even those who see bitcoin as the ultimate alternative to the global banking system. Ryan Singer, a co-founder of the bitcoin exchange [Tradehill](#), based in San Francisco, compared the currency to email, conjecturing that it would gradually supplant traditional banking, just as digital messaging displaced handwritten letters. "When kids wake up to the fact that they don't need their parents' help to create a bitcoin wallet," Mr. Singer said, "when they can use bitcoins for free international transactions, at any hour, in every major city on the planet, then you'll know that something has changed."

Perhaps the best proof of bitcoin's ideological underpinnings is that a schism has emerged in recent weeks between moderate elements in the movement who sense the necessity of cooperating with officialdom, and a more uncompromising faction that wants to keep bitcoin free from any government regulation. The hard-line bloc is exemplified by the crypto-anarchist developers of a bitcoin product called [Dark Wallet](#), which is scheduled to be introduced next year and will include extra protections to ensure that bitcoin transactions remain secure, anonymous and difficult to trace.

"We see this as part of the total sublation of the state," said Cody Wilson, Dark Wallet's director, who gained fame earlier this year when he published online the blueprints to [a pistol that could be manufactured with a 3-D printer](#). "I know I sound like some kind of weird Jehovah's Witness, but we've only just begun. We admit that we are ideologues."

### ***Correction: January 5, 2014***

*A news analysis article on Dec. 15 about the ideology behind bitcoin, the digital currency, misstated the percentage of banking fees that BitPesa — a firm in Nairobi, Kenya, that seeks to help Africans abroad send money to their families at home — wants to save its customers using bitcoin technology. The company seeks to reduce by two-thirds, not one-third, the \$110 million in annual fees currently being paid, for savings of \$74 million a year.*