

Bitcoin Is Hiring Lobbyists

By Meghan Neal

May 12, 2014

Does bitcoin need an army of lobbyists to stop the government from overregulating or stomping out the emerging currency? It depends who you ask. The bitcoin community is divided on this point, as you can see from a passionate [Reddit discussion](#) on the subject yesterday.

In one camp, bitcoin advocates figure, you can't win the game if you don't play by the same rules as everyone—even if cozying up to politicians generally doesn't jive well with the cypherpunk ethos.

"For bitcoin to reach its potential, we have to start by playing with the rules. The government may be doing incredibly immoral things however it still has power over you," wrote the Reddit OP, 'DunneCapital.'

In the other camp, crypto-anarchist purists believe a global economic necessity will be what launches bitcoin into the mainstream, and money poured into wining and dining K Street suits would be better spent innovating, developing, and improving the virtual currency.

But like it or not, the Bitcoin Foundation—the closest thing to a governing body that the decentralized monetary system's got—is already ramping up its lobbying efforts. It recently hired Jim Harper from the libertarian think tank the Cato Institute to advocate the cryptocurrency cause in Washington. And he'll be paid in bitcoin.

[According to the Wall Street Journal](#), Harper's official job description is to "identify political impediments to bitcoin adoption, and build confidence in bitcoin among governments around the world."

Presumably, the newspaper is referring to recent political impediments like the IRS taxing bitcoin as a commodity rather than a currency, the upcoming Commodity Futures Trading Commission decision on whether the virtual coins should be traded as the former, and Attorney General Eric Holder's recent warning to Congress about how bitcoin enables criminal activity.

The Foundation also brought Harper on not long before the [Federal Election Commission approved political campaign donations be made in Bitcoin](#). I'm not saying the political muscle influenced the decision, but the timing is certainly notable.

Meanwhile, bitcoin's public image is taking a beating, after [the Mt. Gox bankruptcy](#), millions in BTC missing, Russia and China condemning the digital currency, and the value tanking. Amid that unhappy picture, the Foundation also hired a PR pro, Amy Weiss, who served as Bill Clinton's deputy press secretary.

Thing is, the Bitcoin Foundation doesn't speak for the whole cryptocurrency community, and in fact some diehards wholeheartedly disagree with its effort to play nice with federal regulators and law enforcement.

Folks in this ideological camp would rather see the anonymous payment system dive deeper underground and retain its fundamental anti-government ethos rather than be cooped by the capitalist establishment.

At the more radical end of that mindset is techno-libertarian Cody Wilson of 3D-printed gun fame, who [just recently launched Dark Wallet](#), a virtual currency payment system designed to assure that all transactions are secure, anonymous, and difficult to trace.

Plenty of comments on yesterday's chain echoed this sentiment. "Bitcoin's greatest chance of success is by ignoring regulation rather than lobbying against it. The more anarchist Bitcoin is, the more valuable it is to investors, wrote Daniel Krawisz on the Reddit chain. He's director of the Satoshi Nakamoto Institute, which works to preserve and continue the cryptocurrency's founding principles.

In an essay last month called "[How Bitcoin Adoption Works](#)," Krawisz elaborated. "Does Bitcoin need to be sanitized and separated from its anarchist, black-market roots in order to become acceptable to the general population?" he wrote. "Absolutely not! Those making this argument totally misunderstand the way that Bitcoin adoption will proceed and are consequently wrong-headed about how to market it."

Some worry that lobbying encourages cronyism, and once you're in bed with the establishment, it begets a capitalist, centralized system where the government can influence the currency, which goes against the initial point of a decentralized financial system unshackled by the government or big banks.

Others argue to let the code stand on its own, let necessity drive adoption, encourage a grassroots financial ecosystem by developing better products that make the digital currency more friendly to use, and keep the "DC bozos" out of it.

But DunneCapital's retort is the million-BTC question: "Do you honestly believe bitcoin can reach its full potential without initially winning over some of the DC bozos?"

One concern is that the bitcoin community is so fragmented and disorganized it could be a determinant to their shared cause.

"This is a very crucial phase and the situation reminds me a bit of the pirate party here in Germany, which rapidly gained some success and now is pretty much done because all they do is

argue with themselves over often ridiculous stuff," wrote Redditor spkrdt. Another apt analogy is the Occupy Wall Street movement.

The 'if you can't beat 'em join 'em' group argues that the reality of the system is: money talks, not a gang of passionate netizens, even if it's a very big gang.

"The 120,000 readers of r/bitcoin do not have a voice loud enough to counter anything," one poster wrote, comparing it to the ongoing fight against the FCC's proposed net neutrality rules. "The vast majority of the internet is opposed to it, however TW [Time Warner Cable] and Comcast have good lobbyists."

And so does MasterCard, pointed out DunneCapital. A powerful one. Indeed, [a recent federal lobbying disclosure report](#) found that MasterCard has five devoted lobbyists focused on policy issues related to the rise of digital currencies like bitcoin.

Which brings us back to Harper, whose background is in politicking for eBay, PayPal, and ViriSign, the *Journal* noted.

Now, at this point, Harper and the Bitcoin Foundation [say they're not technically lobbying](#), but rather providing information to educate Washington about bitcoin. In [an announcement blog post](#), Harper laid out the need to educate governments and answer the myriad questions that loom about the mysterious digital money.

Is Bitcoin anonymous, pseudonymous, privacy-protective, or privacy-destructive? Policymakers around the world need to understand these concepts," he wrote. "What's the interaction going to be between Bitcoin and law enforcement? That's an issue every country will grapple with."

But for the cyberpunk bitcoiners purists, any government cooperation is too much.

"People who created bitcoin knew that is going to happen. This is why they built resiliency features into the system, making it very hard for any government to interfere," wrote Redditor wk4327. "Using these features, and building upon them is our only chance. If they work, no lobby can harm bitcoin. If they don't, no amount of lobbying will help.

Either way, save your time, and do not play by their rules, cuz there is no winning."