

Opinion **Bitcoin**

## Trump and the politics of bitcoin

Big tech libertarians see crypto as a way of blowing up the Fed

**EDWARD LUCE**



Donald Trump gives a keynote speech at the Bitcoin 2024 conference in Nashville, Tennessee, last week © Jon Cherry/Getty Images

**Edward Luce** YESTERDAY

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Bitcoin is to its devotees what the wafer is to Catholics — an article of faith. It also goes with a collection box. It is a safe bet that Donald Trump's recent conversion to bitcoin is motivated by the big donations that come with it. Which puts his Democratic opponent Kamala Harris in a bind. Harris would like to protect retail investors from an asset class that often resembles a Ponzi scheme. But America has an army of crypto investors — roughly 40mn — that in a tight election cannot be disrespected.

In practice, most of the serious crypto investors will already [be voting for Trump](#). To Trump's surprise, he discovered at a bitcoin conference last weekend that their *bête noire* is Gary Gensler, chair of the Securities and Exchange Commission. Gensler believes crypto should be regulated. "I didn't know he was that unpopular," said Trump following a prolonged cheer. "Let me say it again, on day one I will fire Gary Gensler." This was also a surprise to many Democrats, who had little idea that Gensler was a George Soros-type demon in the crypto world.

[America's bitcoin politics](#) is both electoral and substantive. The voting piece is easiest

to grasp. Many have questioned Trump's decision to select JD Vance, the Ohio senator, as his running mate. By conventional measures, Vance has been a disastrous pick. His approval ratings are underwater. His standing with most women voters is unsurprisingly low given his disdain for those who choose not to give birth, or are unable to.

But Vance is backed by some of America's wealthiest people. These include the Silicon Valley giants Elon Musk, Peter Thiel, Marc Andreessen and Ben Horowitz. Each of them is invested, both financially and philosophically, in cryptocurrency. While analysts pore over Vance's [allegedly populist economics](#) — his support for trust-busting, for example, and his blame of Wall Street for working-class America's woes — others are following the money. In his short Senate career, Vance has sponsored legislation to deregulate cryptocurrency. He calls Gensler “the worst person” to oversee the asset class.

This chimes precisely with the views of Vance's [west coast sponsors](#). Thiel contributed \$15mn to Vance's Senate campaign. Musk promised, but has since cast doubt on, the \$45mn a month that he pledged to Trump the day before Vance was announced. Andreessen and Horowitz have come out for Trump. Among the crypto donors to Trump's campaign are Cameron Winklevoss, co-founder of the exchange Gemini, and Jesse Powell, co-founder of the exchange Kraken.

The name Kraken gives a clue to the substantive politics behind bitcoin. The mythic Nordic sea monster is a symbol on the alt-right of the populist rage against America's federal machine. Kraken will arise from the waters to reclaim the US republic from degeneracy. The monetary piece of Kraken's revenge is bitcoin. Much like the gold bugs of yesteryear, crypto's enthusiasts believe that “fiat money” — government-issued money not backed by a commodity such as gold — is the root of all financial evil.

To the likes of Thiel and Musk, bitcoin is both the technological and political expression of what they believe. Bitcoin only exists because of block chain technology, which points to the genius of west coast innovation. Bitcoin is also a key weapon with which their more fantastical political dreams can be realised. Both men believe that they are Gullivers tied down by a low-IQ government. Thiel has even suggested that democracy is incompatible with capitalism. In their view, the US Federal Reserve is the deep state in its most harmful form. Bitcoin is how they blow it up.

All this is gobbledegook to most voters. To Harris, [the sensible position](#) is benign neutrality towards crypto investors without making deregulatory pledges she would

regret it elected. If Franklin Roosevelt could win in 1940 without tipping his hat towards fighting fascism, Harris could surely manage the necessary ambiguity on cryptocurrency. She ought to be careful not to repeat that the Fed is likely to issue a digital unit of account. Bitcoin devotees see the CBDC — central bank digital currency — as a surveillance tool of the deep state.

If Harris and Trump ever debate — a big if — it would be astonishing were Trump to recall the meaning of CBDC. Since China's central bank has launched a digital currency, the US has to preserve that option. Were Trump to be elected, deregulated bitcoin would get a rocket boost. He has also pledged to import the roughly \$13bn in government-confiscated bitcoin on to the Fed's balance sheet. That would be a Trojan Horse. Add war on the dollar to the radical changes a second Trump presidency would bring.

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