



## Bitcoin cosmopolitans

### Description

**Narrative economics** is the study of the viral spread of popular narratives that affect economic behavior (3) spending, investing, starting a business, hiring staff, etc. Economic narratives influence government policies and the formation of institutions.

Economist Robert J. Shiller introduces his book *Narrative Economics: How Stories Go Viral and Drive Major Economic Events* by considering cryptocurrencies. Bitcoin narratives provide

stories about inspired cosmopolitan young people, contrasting with uninspired bureaucrats; a story of riches, inequality, advanced information technology, and involving mysterious impenetrable jargon (4).

The technicalities of cryptocurrencies fascinates some, but the theories about how they function are not essential to cryptocurrency's viral success as narratives.

Few people who trade Bitcoins understand this technology. When I encounter Bitcoin enthusiasts, I often ask them to explain some of its underlying concepts and theories, such as the Merkle tree or the Elliptic Curve Digital Signature Algorithm, or to describe Bitcoin as an equilibrium of a congestion-queuing game with limited throughput. Typically the response is a blank stare (5).

Shiller situates the origins of Bitcoin narratives, at least their emotional elements, at the start of the anarchist movement of 1880s building on the socialist philosophy of Pierre-Joseph Proudhon (1809-1865). Shiller quotes modern day self-identified anarchist [Sterlin Lujan](#),

Bitcoin is the catalyst for peaceful anarchy and freedom. It was built as a reaction against corrupt governments and financial institutions. It was not solely created for the sake of improving financial technology. But some people adulterate this truth. In reality, Bitcoin was meant to function as a monetary weapon, as a cryptocurrency poised to undermine

authority.â?•

Lujan adds

â??Its purpose is sometimes concealed in order to make the tech palatable to the unwashed masses and power elite. However, no one should forget or deny why the protocol was written.â?•

For Shiller, cryptocurrency narratives, stories about ethical hacking and the sharing economy help us cosmopolitan liberals focus our latent resistance to authority in a safe space. For Shiller, the Bitcoin narrative is

â??well crafted for contagion, effectively capturing the anarchist spirit; and, of course, that is why most of us have heard of it. It is part bubble story, part mystery story. It allows nonexperts and everyday people to participate in the narrative, allowing them to feel involved with and even build their identity around Bitcoin. Equally appealing, the narrative generates stories of untold richesâ?• (7).

The human interest story also contributes to the success of Bitcoin narratives, e.g. the mystery around its apparent founder Satoshi Nakamoto. I would add the fascination with [crypto-scams](#).

## Technical, painful, boring

In explaining its viral success, Shiller also identifies narratives about empowering the economically disadvantaged. He also suggests that the Bitcoin narrative provides an emotional palliative against the dehumanising effects of rapidly developing digital automation and artificial intelligence, that threaten our livelihoods and sense of our humanity. Bitcoin seems â??at least superficially to offer some imaginable hope of mastering the computersâ?• (9) for the current generation otherwise denied hope of productive and fulfilling work. The future resides with those people who manage to control the computers that otherwise control us.

The Bitcoin narrative and its variants also provide simple points of entry to subject matter that is complicated and arcane â?? â??technical, painful, boringâ?• (10) â?? e.g. digital encryption, security protocols, finance.

â??Bitcoin is about the â??future.â?? That sound bite is easily remembered, a topic to bring up with enthusiasm in conversation at a social gathering. In short, Bitcoin is a gem of a storyâ?• (10).

## Membership tokens

Anyone can enter the story by buying a bit of Bitcoin, as a â??membership tokenâ?• that provides for some a sense that they are joining a coterie of â??winners.â?• Modest outlay entitles the investor to enjoy the rises and falls of the Bitcoin money market: â??these fluctuations thrive on and produce

contagious narratives? (10).

The importance of narrative has influenced my own understanding of digital technologies. See Coyne, Richard. *Technoromanticism: Digital Narrative, Holism, and the Romance of the Real*. Cambridge, Mass.: MIT Press, 1999; Coyne, Richard. *Cornucopia Limited: Design and Dissent on the Internet*. Cambridge, Massachusetts: MIT Press, 2005; as well as more recent [books](#).

## References

- Lujan, Sterlin. "Bitcoin was built to incite peaceful anarchy." *News: Bitcoin.com*, 9 January. Accessed 28 May 2022. <https://news.bitcoin.com/bitcoin-built-incite-peaceful-anarchy/>
- Proudhon, Pierre Joseph. *What is Property? An Inquiry into the Principle of Right and of Government*. Trans. Benj. R. Tucker. Toronto, Ontario, Canada: Dover, 1970.
- Shiller, Robert J. "Narrative economics." *The American Economic Review* 107, no. 4 (2017): 967-1004.
- Shiller, Robert J. "The Bitcoin Narratives." In *Narrative Economics: How Stories Go Viral and Drive Major Economic Events*, 3-11. Princeton, NJ: Princeton University Press, 2019.
- Shiller, Robert J. *Narrative Economics: How Stories Go Viral and Drive Major Economic Events*. Princeton, NJ: Princeton University Press, 2019.

## Notes

- For the geographical adoption of Bitcoin (or its lack) see Coinmap: <https://coinmap.org/view/#/world/26.74561038/-31.28906250/2>
- Featured image is the Museum of the Future, Dubai, designed by Killa Design architecture studio and engineered by Buro Happold, open 22/02/2022.

## Category

1. Economics

## Tags

1. bitcoin
2. cryptocurrency
3. economics
4. narrative

## Date Created

May 28, 2022

## Author

rcoyne99