

*Claremont McKenna College*

**Bitcoin and the American Conflict Over Money and Property**

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## Abstract

I argue that Bitcoin is the latest expression of the recurring American conflict over who controls the terms of money and property, and that the political coalition formed around Bitcoin shares the same characteristics as earlier coalitions formed around this struggle. I review three historical cases that each produced a coalition opposing the existing monetary order: the Bank War of the 1830s, the Free Silver movement of the 1890s, and the populist backlash against the Federal Reserve during the 1979 Farm Crisis and the 2008 Great Recession. I find that Bitcoin's architecture, which allows for self-custody, permissionless access, and an algorithmically fixed supply, is an answer to the old conflict. Four qualities are found across each of the historical coalitions: relative economic insecurity, distrust of institutional management, ordinary Americans confronting the wealthy and powerful, and heterogeneous political affiliations. Using data from the Nakamoto Project's 2025 *Bitcoin Adoption and Sentiment Study*, I find each of the four qualities present in the contemporary Bitcoin coalition. I conclude that the Bitcoin coalition today resembles the pre-Bryan silver coalition of the 1880s rather than the consolidated movement of 1896, and its outcome may depend in part on whether it produces a unifying political champion.

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Finally, to my parents and to my brother Alec, thank you for everything outside this document that made it possible. The work is yours as much as it is mine.

*“The line is now drawing so clearly as to shew, on one side, 1. the fashionable circles of Phila., N. York, Boston & Charleston (natural aristocrats), 2. merchants trading on British capitals. 3. paper men, (all the old tories are found in some one of these three descriptions) on the other side are 1. merchants trading on their own capitals. 2. Irish merchants. 3. tradesmen, mechanics, farmers & every other possible description of our citizens.”*

*— Thomas Jefferson to James Madison, May 13, 1793*

## CHAPTER 1: Introduction

What property can ordinary people own that political and financial institutions cannot dilute, gatekeep, or seize?

This question illustrates a recurrent conflict in American history over property regimes—the political, legal, and economic systems that determine what can be owned, by whom, and on what terms.<sup>1</sup> This thesis argues that Bitcoin is the latest challenge in the American struggle over who controls the terms of money and property. It further contends that the political coalition formed around Bitcoin exhibits the key characteristics of earlier American coalitions formed around conflicts over money and property. This thesis examines challenges to previous regimes in the Bank War of the 1830s, the Free Silver movement of the 1890s, and the populist backlash against the Federal Reserve (colloquially known as “the Fed”) during both the 1979 Farm Crisis and 2008 Great Recession.

Conflicts over property predate the founding of the United States. When the Royal Proclamation of 1763 prohibited settlement beyond the Appalachian Mountains, it strained relations between the Crown and the soldiers, explorers, religious exiles, felons, the disinherited, and wealthy speculators who had ventured to the New World for the chance to stake a claim on the land.<sup>2</sup> Many colonial soldiers and land speculators had expected land grants in the West, particularly in the Ohio Valley, after the Seven Years’ War. At the prospect of being denied that

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<sup>1</sup> Matthew Canfield, “Property Regimes,” *The Oxford Handbook of Law and Anthropology*, October 8, 2020, 381–99, <https://doi.org/10.1093/oxfordhb/9780198840534.013.23>.

Matthew Canfield defines property regimes as “the political, legal, and economic systems through which societies order their relationships between people with respect to valued things.” This thesis narrows that definition to institutional rules governing access to, control over, and security of property.

<sup>2</sup> King George III, “The Royal Proclamation - October 7, 1763,” Yale Law School (Lillian Goldman Law Library, 2019), [https://avalon.law.yale.edu/18th\\_century/proc1763.asp](https://avalon.law.yale.edu/18th_century/proc1763.asp).

opportunity, the disparate groups that made up the colonies found common ground in rejecting the Crown and, with it, the property hierarchies entrenched in the Old World. These groups became the American Revolution, and successfully revolted against King George III and the British Empire.

The Founding Fathers of the United States recognized the tension between those who owned property and those who did not. In *Federalist No. 10*, James Madison warned that factionalism was the greatest danger to the young republic, and that “the most common and durable source of factions has been the various and unequal distribution of property.”<sup>3</sup> Thomas Jefferson also recognized property as an essential part of the American founding. Jefferson believed that land, if widely distributed, would allow citizens to become self-reliant, and in turn give them the ability to resist “artificial aristocracy.”<sup>4</sup> To Jefferson, artificial aristocracy was privileged by wealth and birth without virtue or talent. Jefferson saw artificial aristocracy as inferior to natural aristocracy, which rested on virtue and talent. In his 1791 letter to President George Washington, Jefferson argued that Congress lacked the authority to charter a national bank, and that its power to issue money would create the artificial aristocracy the Revolution was fought to prevent.<sup>5</sup> Jefferson failed to convince Washington to veto the bank bill, and the bank was chartered. Both Founders knew that when property conflict constricted opportunity, conflict would inevitably arise. They were correct: throughout American history, political coalitions have repeatedly formed to challenge existing property regimes.

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<sup>3</sup> James Madison, “The Federalist Papers No. 10,” Yale Law School (Lillian Goldman Law Library, November 23, 1787), [https://avalon.law.yale.edu/18th\\_century/fed10.asp](https://avalon.law.yale.edu/18th_century/fed10.asp).

<sup>4</sup> Thomas Jefferson, “Equality: Thomas Jefferson to John Adams,” press-pubs.uchicago.edu, October 28, 1813, <https://press-pubs.uchicago.edu/founders/documents/v1ch15s61.html>.

<sup>5</sup> Thomas Jefferson, “Opinion on the Constitutionality of a National Bank,” Lillian Goldman Law Library (Yale Law School, 1791), [https://avalon.law.yale.edu/18th\\_century/bank-tj.asp](https://avalon.law.yale.edu/18th_century/bank-tj.asp); Andrew Hill, “The First Bank of the United States | Federal Reserve History,” www.federalreservehistory.org (Federal Reserve History, December 4, 2015), <https://www.federalreservehistory.org/essays/first-bank-of-the-us>.

In three historical cases, property regime conflicts produced diverse political coalitions. First was the Bank War of the 1830s, which revolved around the proposed recharter of the second federally authorized national bank (the Second Bank) of the United States, a privately controlled quasi-central<sup>6</sup> bank. The Second Bank influenced credit conditions nationwide by regulating the note issuance and specie<sup>7</sup> reserves of state banks.<sup>8</sup> Jackson's coalition perceived the Bank as limiting access to credit for ordinary competitors while extending it to political allies.<sup>9</sup> The sentiment of unequal treatment mobilized a coalition of Western settlers, farmers, businessmen, and state banks to challenge the Second Bank.

Then came the struggle against the Coinage Act of 1873, which effectively moved the United States toward a gold-based monetary system by eliminating the standard silver dollar from coinage.<sup>10</sup> This new standard weakened the value of silver, which was principally held in western deposits. Gold, on the other hand, disproportionately advantaged wealthy families and bankers in the East. Farmers and debtors formed a coalition to oppose the demonetization of silver, as it impaired their ability to pay back their dollar-denominated debt.

Third, political coalitions developed in response to the Federal Reserve's monetary policies during the 1979 Farm Crisis and 2008 Great Recession. The Fed moved in opposite directions in these two episodes, tightening credit in 1979 and flooding the system with emergency lending in 2008. Both interventions left hundreds of thousands of farmers and

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<sup>6</sup> The Bank was for profit, yet held federal funds and controlled credit and currency similar to a central bank.

<sup>7</sup> Coins, typically made of precious metals like gold or silver.

<sup>8</sup> Phil Davies, "The 'Monster' of Chestnut Street," Minneapolisfed.org (Federal Reserve Bank of Minneapolis, 2024), <https://www.minneapolisfed.org/article/2008/the-monster-of-chestnut-street>.

<sup>9</sup> Andrew Hill, "The Second Bank of the United States," Federal Reserve History, December 5, 2015, <https://www.federalreservehistory.org/essays/second-bank-of-the-us>.

<sup>10</sup> "Coinage Act of 1873," February 12, 1873, SEC 14, <https://www.gold.org/sites/default/files/documents/1873feb12.pdf>.

millions of homeowners to lose their property. This purportedly unbalanced treatment created distrust and feelings of economic exclusion across the political spectrum.<sup>11</sup>

### **Bitcoin as a Property Regime**

Today, Bitcoin and its political coalition are the most recent challenge to the existing property regime, the traditional financial system. On October 31, 2008, the pseudonymous Satoshi Nakamoto, whose identity remains unknown,<sup>12</sup> published a white paper titled “Bitcoin: A Peer-to-Peer Electronic Cash System.”<sup>13</sup> The paper explores an “electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party” by utilizing a new technology called the “blockchain.”<sup>14</sup>

Only a few months later, on January 3, 2009, Satoshi launched Bitcoin. Bitcoin’s design drew on an existing cypherpunk lineage. The cypherpunks were a loose network of programmers, cryptographers, and privacy activists who believed that individuals could not rely on governments or large institutions to protect privacy. The cypherpunks experimented with code, cryptography, and digital signatures to build electronic money. Wei Dai’s b-money and Nick Szabo’s bit gold had attempted to make pseudonymous cash and digital scarcity across the decade before 2009.<sup>15</sup> While these specific systems did not become money, Bitcoin combined

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<sup>11</sup> “Most Say Government Policies since Recession Have Done Little to Help Middle Class, Poor,” Pew Research Center - U.S. Politics & Policy, March 4, 2015, <https://www.pewresearch.org/politics/2015/03/04/most-say-government-policies-since-recession-have-done-little-to-help-middle-class-poor/>.

<sup>12</sup> Kelly Gisonna, “Satoshi Nakamoto | Definition, Bitcoin, & Facts | Britannica,” *www.britannica.com*, March 20, 2024, <https://www.britannica.com/biography/Satoshi-Nakamoto>.

<sup>13</sup> Satoshi Nakamoto, “Bitcoin: A Peer-To-Peer Electronic Cash System,” *Bitcoin.org*, 2008, <https://bitcoin.org/bitcoin.pdf>.

<sup>14</sup> *Ibid.*

<sup>15</sup> Wei Dai, “B-Money,” *Weidai.com*, 1998, <http://www.weidai.com/bmoney.txt>; Nick Szabo, “Bit Gold,” *nakamotoinstitute.org* (Satoshi Nakamoto Institute, December 29, 2005), <https://nakamotoinstitute.org/library/bit-gold/>.

their ideas into a working system that could function as digital cash: self-custody without intermediaries, permissionless access, and algorithmic scarcity.

In its early years, critics dismissed Bitcoin as an experimental novelty. Its early users were libertarians, cryptographers, and anyone interested in novel ways to facilitate transactions online.<sup>16</sup> Eventually, some individuals and businesses began to accept Bitcoin as payment. In 2020, interest in Bitcoin had become so significant that firms started to integrate it into institutional finance. Public companies like MicroStrategy (now Strategy) acquired and held billions of dollars in bitcoin as a store of value.<sup>17</sup> In 2024, BlackRock and Fidelity launched Bitcoin exchange-traded funds (“ETFs”), allowing other institutions and traditional investors to gain exposure to the asset without having custody of it themselves.<sup>18</sup> By 2024, after just 15 years, Bitcoin had transitioned from a niche experiment to one of the world’s largest assets, briefly reaching a peak market capitalization of over \$2 trillion.<sup>19</sup>

Concurrently, Bitcoin became a major political issue. The Bitcoin Policy Institute, founded in 2021, and the Satoshi Action Fund, founded in 2022, have organized and advanced Bitcoin-specific advocacy and policy in Washington and in state capitals.<sup>20</sup> Senator Cynthia Lummis (R-WY) introduced the BITCOIN Act in 2024 to establish a Strategic Bitcoin Reserve,<sup>21</sup> and state legislatures in more than a dozen states have followed by introducing their own Bitcoin

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<sup>16</sup> Watson, Joey. 2019. “Cypherpunks, Extropians and Anarchists — Meet the Radical Characters behind Cryptocurrencies.” *Abc.net.au*. ABC News. July 17, 2019. <https://www.abc.net.au/news/2019-07-18/history-of-cryptocurrency-cypherpunks-extropians-bitcoin/11289788>.

<sup>17</sup> “Bitcoin as an Aspirational Store of Value Revisited” (Fidelity Digital Assets, February 2024), <https://www.fidelitydigitalassets.com/sites/g/files/djuvja3256/files/acquiadam/1125481.2.0%20-%20FDA%20Bitcoin%20as%20an%20Aspirational%20Store%20of%20Value%20Revisited%20V2.pdf>.

<sup>18</sup> “iShares Bitcoin Trust (IBIT) | Spot Bitcoin ETP | BlackRock,” BlackRock, 2020, <https://www.blackrock.com/us/financial-professionals/investments/products/bitcoin-investing>.

<sup>19</sup> “Bitcoin USD Historical Data,” CoinGecko, 2024, [https://www.coingecko.com/en/coins/bitcoin/historical\\_data](https://www.coingecko.com/en/coins/bitcoin/historical_data).

<sup>20</sup> “Bitcoin Policy Institute,” Bitcoin Policy Institute (Bitcoin Policy Institute, 2024), <https://www.btcpolicy.org/>; “Satoshi Action Fund | Bitcoin Policy & Digital Asset Advocacy,” Satoshi Action Fund, 2025, <https://www.satoshiaction.io/>.

<sup>21</sup> “Lummis Introduces Strategic Bitcoin Reserve Legislation” Senator Cynthia Lummis, July 31, 2024, <https://www.lummis.senate.gov/press-releases/lummis-introduces-strategic-bitcoin-reserve-legislation/>.

reserve bills since 2024.<sup>22</sup> In March 2025, President Donald Trump signed Executive Order 14233, which established a Strategic Bitcoin Reserve from forfeited federal holdings and future budget neutral acquisitions.<sup>23</sup> The politics of Bitcoin have also extended beyond American politics, as the Human Rights Foundation’s Bitcoin Development Fund has supported Bitcoin as a censorship resistant and permissionless financial asset for refugees and dissidents in authoritarian regimes.<sup>24</sup>

The politicization of Bitcoin suggests there is a political constituency that cares about it. In March 2025, the Nakamoto Project’s *Bitcoin Adoption and Sentiment Study*, in partnership with Qualtrics, surveyed a nationally representative sample of 3,538 U.S. adults, matched to the U.S. population on age, gender, income, and race.<sup>25</sup> Measuring ownership of Bitcoin held on exchanges, through ETFs or mutual funds, in retirement accounts, jointly with a spouse or partner, or through a business entity, the survey found that 18.6% of American adults—roughly 48 million people—owned bitcoin.<sup>26</sup> The survey also found that Bitcoin owners skew younger and more male than the general population, and that non-white Americans are significantly more likely to own Bitcoin than white Americans, with Hispanic and Latino respondents leading demographic groups at 24.2% ownership.<sup>27</sup> As for political attitudes, the survey found that Bitcoin owners are distributed across the political spectrum and concentrated in the ideological center. The survey also found that the strongest correlates of Bitcoin ownership were attitudinal:

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<sup>22</sup> “State Reserve Race | Bitcoin Laws,” Bitcoin Laws, 2026, <https://www.bitcoinlaws.io/reserve-race>.

<sup>23</sup> “Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile,” The White House, March 6, 2025, <https://www.whitehouse.gov/presidential-actions/2025/03/establishment-of-the-strategic-bitcoin-reserve-and-united-states-digital-asset-stockpile/>.

<sup>24</sup> “Bitcoin Development Fund,” Human Rights Foundation, December 12, 2025, <https://hrf.org/program/financial-freedom/bitcoin-development-fund/>.

<sup>25</sup> “Understanding Bitcoin Adoption in the United States: Politics, Demographics, & Sentiment,” The Nakamoto Project (The Nakamoto Project, 2025), <https://www.thenakamotoproject.org/report>.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

knowledge about Bitcoin, trust in the technology, belief in its utility, and the perception that Bitcoin is morally good.<sup>28</sup>

To determine whether Bitcoin fits within the tradition of American conflict over money and property, one must first understand Bitcoin as a form of property. Over its 17-year existence, Bitcoin has been described as an emerging technology, a payment network, and a speculative investment. For purposes of this thesis, Bitcoin is discussed as a form of property.<sup>29</sup> The conflicts examined in the following chapters were conflicts over property regimes, meaning the legal and institutional rules that determined what could be owned and how. Comparing Bitcoin to the Second Bank, the gold standard, or the Federal Reserve on those terms requires that Bitcoin be understood as a thing that can be owned. The following chapters examine the characteristics of earlier coalitions: relative economic insecurity, distrust of institutional management, ordinary Americans confronting the wealthy and powerful, and heterogeneous political affiliations. The Bitcoin coalition can only be defined as part of the American tradition of conflict over money and property if the same dynamics that drove earlier coalitions are present.

## **CHAPTER 2: The Bank War**

The Bank War marked an early example of an American political coalition forming in response to economic opportunity being restricted to insiders at the public's expense. On July 4, 1832, Congress presented President Andrew Jackson with a bill to recharter the Second Bank of the United States.<sup>30</sup> Six days later, President Jackson vetoed the bill and returned it to the Senate. At the time, the Bank was the most powerful financial institution in the country. It held the

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<sup>28</sup> Ibid.

<sup>29</sup> The Internal Revenue Service (IRS), for example, classifies digital assets such as Bitcoin as property for tax purposes.

<sup>30</sup> Andrew Jackson, "Bank Veto Message (1832)," National Constitution Center (National Constitution Center, 1832), <https://constitutioncenter.org/the-constitution/historic-document-library/detail/andrew-jackson-bank-veto-message-1832>.

federal government's deposits, issued the closest thing the United States had to a national paper currency, and exercised an unusual amount of control over state banks.<sup>31</sup> In his veto, Jackson objected to the fact that the Bank's charter served elite foreign and domestic stockholders at the expense of ordinary Americans. As a young man, Jackson had speculated on land and promissory notes—a number of these deals failed, and he narrowly escaped financial ruin.<sup>32</sup> These early experiences had instilled in Jackson a deep distrust of banks.<sup>33</sup> He referred to the national bank as “the Monster,” and believed it to be unnatural and dangerous.<sup>34</sup> More important than his personal distaste for the Bank, Jackson's veto was representative of the widespread anger toward the Bank that had been building for more than a decade.<sup>35</sup>

### **The Origins of the Bank**

The Second Bank “owed its origin to the disasters of the war of 1812.”<sup>36</sup> After Congress allowed the First Bank's charter to expire in 1811, the federal government went to war with Britain from 1812 to 1815 without any common medium of exchange.<sup>37</sup> By 1814, state banks would neither redeem each other's notes in specie nor accept them at face value, forcing the federal government to receive revenue in paper currencies<sup>38</sup> “of all degrees of depreciation.”<sup>39</sup> In 1816, Congress chartered the Second Bank to prevent the depreciation chaos the War of 1812 had caused from occurring again. The charter gave the Bank a 20-year term and \$35 million in capital, making it the largest financial corporation in the nation.<sup>40</sup> In exchange, the federal

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<sup>31</sup> Andrew Hill, “The Second Bank of the United States,” Federal Reserve History (Federal Reserve History, December 5, 2015), <https://www.federalreservehistory.org/essays/second-bank-of-the-us>.

<sup>32</sup> Daniel Walker Howe, *What Hath God Wrought* (Oxford University Press, 2007), 376.

<sup>33</sup> *Ibid.*, 375.

<sup>34</sup> *Ibid.*, 376.

<sup>35</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 184.

<sup>36</sup> *Ibid.*, 1.

<sup>37</sup> *Ibid.*, 4.

<sup>38</sup> Andrew Hill, “The Second Bank of the United States,” Federal Reserve History, December 5, 2015, <https://www.federalreservehistory.org/essays/second-bank-of-the-us>.

<sup>39</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 4.

<sup>40</sup> *Ibid.*, 18.

government received one-fifth of the Bank's stock and the right to appoint one-fifth of its directors.<sup>41</sup>

The Bank's early years were disastrous. Under pressure from Congress to extend credit to stockholders and borrowers, the Bank over-extended its liabilities. During the Panic of 1819, the Bank faced a run on its reserves, pushing it to reverse course and demand repayment from borrowers.<sup>42</sup> Resentment toward the Bank was strongest in the South and West where the Panic hit hardest, making it an object of hostility that subsided but was never quite extinguished.<sup>43</sup>

As a result of the crisis, the Bank appointed thirty-six-year-old Nicholas Biddle as bank president in 1823. Princeton-educated and born into a prominent Philadelphia family, Biddle was a part of the political and commercial elite.<sup>44</sup> Under Biddle's direction, the Bank became a clear symbol of concentrated financial power, with twenty-five branches spread across twenty states and the District of Columbia by 1830.<sup>45</sup> The branch system was "the most essential feature" of the Bank's design.<sup>46</sup> It allowed Biddle to force state banks to settle their paper currency debts in specie, which prevented them from expanding their credit beyond the limits of state bank specie reserves. This gave the Bank a "comprehensive and effectual" restraint on the lending power of the state banks, thus removing the need for the Bank to compete with them.<sup>47</sup> The more restraint the Bank placed on state banks, however, the more powerful and hated it became.<sup>48</sup>

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<sup>41</sup> Ibid., 18.

<sup>42</sup> Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton ; Oxford: Princeton University Press, 1991), 257.

<sup>43</sup> Ibid., 259.

<sup>44</sup> Ibid., 288.

<sup>45</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 398; Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton; Oxford: Princeton University Press, 1991), 315.

<sup>46</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 376.

<sup>47</sup> Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton ; Oxford: Princeton University Press, 1991), 301.

<sup>48</sup> Ibid., 278.

In January 1832, four years ahead of the Bank's charter expiration date, Biddle requested a recharter from Congress.<sup>49</sup> Biddle was gambling that Jackson would not risk a direct confrontation with supporters of the Bank during an election year, and would thus allow the recharter to pass despite his personal reservations.<sup>50</sup> Jackson's Whig political opponent, Senator Henry Clay, took up the Bank recharter as an issue in his 1832 presidential campaign. Clay recognized that if Jackson vetoed the recharter, he would hurt his chances of reelection.<sup>51</sup> Jackson did not back down. "The bank, Mr. Van Buren, is trying to kill me, but I will kill it!" Jackson famously said to Vice President Martin Van Buren.<sup>52</sup> Jackson called Biddle's bluff, and openly opposed the rechartering of the Bank during his campaign.

### **Jackson Versus the Bank**

Jackson was concerned that the Bank's ownership was concentrated amongst wealthy domestic stockholders and foreign investors. Of the 4,145 Bank stockholders, 466 were foreigners, some of whom were British nobility.<sup>53</sup> According to Jackson, more than \$8 million of the Bank's \$28 million in private stock were held by these foreigners, and the charter bill proposed to renew the Bank for fifteen more years beyond the expiration of the existing charter while continuing to exempt the Bank's profits from state taxation.<sup>54</sup> This tax exemption made Bank stock worth 10-15% more to foreign holders than to American citizens, as American citizens faced state taxes on the value of their Bank stock, while foreigners did not.<sup>55</sup> The

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<sup>49</sup> Daniel Walker Howe, *What Hath God Wrought* (Oxford University Press, 2007), 378.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Martin Van Buren, *The Autobiography of Martin van Buren*, 1920, 625.

<sup>53</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 168.

<sup>54</sup> Andrew Jackson, "Avalon Project - President Jackson's Veto Message Regarding the Bank of the United States; July 10, 1832," Yale.edu, 2020, [https://avalon.law.yale.edu/19th\\_century/ajveto01.asp](https://avalon.law.yale.edu/19th_century/ajveto01.asp).

<sup>55</sup> Ibid.

remaining domestic stock was held by “a few hundred of our own citizens, chiefly of the richest class.”<sup>56</sup>

These wealthy shareholders earned interest paid by debtors in the West and Southwest, who had taken a risk establishing themselves in a cash-scarce frontier where access to credit often determined whether a farm or business could survive at all. State banks wanted to service these borrowers, but the Bank’s ability to demand repayment in specie at any time placed a limit on how much and to whom state banks could lend.<sup>57</sup> In 1831, citizens of the western and southwestern states together held \$140,200 in Bank stock, but had generated roughly \$6 million in revenue for the Bank over the prior two years. More than half a million of that revenue was paid to foreign shareholders in Europe.<sup>58</sup>

Jackson challenged the 20-year federal charter, and viewed the Bank as a private entity reaping the rewards of being treated like a federal institution. The Supreme Court had ruled in *McCulloch v. Maryland* (1819) that Congress has the power to grant a federal charter to a national bank and exempt federal instruments from state taxation.<sup>59</sup> Jackson rejected the precedent set by *McCulloch v. Maryland*, which barred states from taxing a national bank. Jackson argued that every public officer swears to uphold the Constitution as he understands it, not as others understand it for him. To Jackson, the opinion of the Court carried no more authority over Congress than the opinion of Congress held over the Court, with the President independent from both.<sup>60</sup>

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<sup>56</sup> Ibid.

<sup>57</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 436.

<sup>58</sup> Andrew Jackson, “Avalon Project - President Jackson’s Veto Message Regarding the Bank of the United States; July 10, 1832,” Yale.edu, 2020, [https://avalon.law.yale.edu/19th\\_century/ajveto01.asp](https://avalon.law.yale.edu/19th_century/ajveto01.asp).

<sup>59</sup> *McCulloch v. Maryland*, 17 U.S. 316 (1819)

<sup>60</sup> Andrew Jackson, “Avalon Project - President Jackson’s Veto Message Regarding the Bank of the United States; July 10, 1832,” Yale.edu, 2020, [https://avalon.law.yale.edu/19th\\_century/ajveto01.asp](https://avalon.law.yale.edu/19th_century/ajveto01.asp).

Jackson also argued that a private bank should be subject to state taxes applied to every other enterprise operating within their borders, even if it had federal privileges. As evidence of the Bank's unfairness, Jackson cited the Mobile, Alabama branch, which had made \$95,140 in profits in a single year, yet had no Alabamian shareholders and did not pay any taxes to the state.<sup>61</sup>

In 1832, Jackson won reelection and secured a majority of the popular vote for the second consecutive time (a feat not repeated until 1872).<sup>62</sup> In September of 1833, he ordered that federal deposits be removed from the Bank and redistributed to state banks. The Bank's leadership was "not only frightened by Jackson's attacks, but angry; not merely angry, but vindictive, and vindictive with calculation."<sup>63</sup> Accordingly, Biddle and the Bank's directors decided to call in loans to contract national credit, hoping that the resulting distress would force Jackson and the Congress to restore the charter.<sup>64</sup>

Biddle's credit contraction created enough distress to give the Bank a brief political advantage. In March 1834, the Senate, led by Henry Clay, censured President Jackson and called for the restoration of federal deposits to the Bank.<sup>65</sup> The House, however, voted against the resolutions to recharter and return deposits to the Bank, extinguishing hopes of a federal recharter.<sup>66</sup>

In trying to make the Bank indispensable, Biddle inadvertently validated Jackson's case against it. It became clear that this privately managed institution, which had been granted the ability to expand or tighten credit, could unilaterally manufacture hardship and wield it as a

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<sup>61</sup> Ibid.

<sup>62</sup> "Elections from 1832 to 1872," Virginia Museum of History & Culture, n.d., <https://virginiahistory.org/learn/getting-message-out-presidential-campaign-memorabilia-collection-allen-frey/elections-1832-1872>.

<sup>63</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 329.

<sup>64</sup> Ibid., 331.

<sup>65</sup> Daniel Walker Howe, *What Hath God Wrought* (Oxford University Press, 2007), 389.

<sup>66</sup> Ralph Catterall, *The Second Bank of the United States* (University of Chicago, 1902), 346.

weapon against political enemies. When the federal charter expired in 1836, Biddle kept the institution alive under a Pennsylvania charter, renaming it the Bank of the United States of Pennsylvania.<sup>67</sup> Without federal privileges, however, Biddle failed to reproduce the Bank's earlier levels of success. He authorized risky loans and investments, and stockpiled massive amounts of cotton in an attempt to corner the market and drive up prices.<sup>68</sup> Cotton prices continued to fall, dashing Biddle's hopes to use any profit to pay off the bank's debts.<sup>69</sup> After retiring in 1839, Biddle and other former directors were indicted for fraud and theft in connection with the cotton scheme, though the charges were ultimately dismissed.<sup>70</sup> Creditors quickly lost faith in the bank and it failed in 1841.<sup>71</sup> Biddle died in 1844, his fortune and reputation destroyed.<sup>72</sup>

Having vanquished the Bank and Biddle, Jackson's coalition claimed victory. The Bank's absence, however, resulted in the very credit instability it had been created to prevent. Without the Bank's regulatory oversight, state banks expanded credit rapidly, fueling a volatile speculative boom that contributed to the Panic of 1837.<sup>73</sup> Jackson's coalition had successfully destroyed the property regime it opposed, but failed to replace it with a better one. With no central regulator of credit, the country entered what became known as the "wildcat" era, in which state-chartered banks issued their own notes backed by inadequate reserves and varying degrees

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<sup>67</sup> Ibid., 372.

<sup>68</sup> Stephen W. Campbell, "The Transatlantic Financial Crisis of 1837," *Oxford Research Encyclopedia of Latin American History*, March 29, 2017, <https://doi.org/10.1093/acrefore/9780199366439.013.399>.

<sup>69</sup> Ibid.

<sup>70</sup> Phil Davies, "The 'Monster' of Chestnut Street," Minneapolisfed.org (Federal Reserve Bank of Minneapolis, 2024), <https://www.minneapolisfed.org/article/2008/the-monster-of-chestnut-street>.

<sup>71</sup> Phil Davies, "The Rise and Fall of Nicholas Biddle | Federal Reserve Bank of Minneapolis," [www.minneapolisfed.org](http://www.minneapolisfed.org), September 1, 2008, <https://www.minneapolisfed.org/article/2008/the-rise-and-fall-of-nicholas-biddle>.

<sup>72</sup> Ibid.

<sup>73</sup> Baird Shuman, "Panic of 1837," [www.ebsco.com](http://www.ebsco.com) (EBSCO Information Services, 2023), <https://www.ebsco.com/research-starters/history/panic-1837>.

of state oversight.<sup>74</sup> Banks regularly failed, and note holders often discovered that bills accepted at face value in one state traded at steep discounts or were worthless in another.<sup>75</sup> The National Banking Acts of 1863 and 1864, passed during the Civil War to finance the Union created a uniform currency that restored federal authority over note issuance, and a subsequent 1865 statute taxed state bank notes out of existence.<sup>76</sup> Jackson's victory had been effectively repudiated, and "the monetary order they destroyed was in principle restored."<sup>77</sup>

For Jackson's coalition, the Second Bank represented a system in which access to credit (and, in turn, property) had been captured by domestic and foreign elites. Credit was constrained for ordinary borrowers even as profits flowed to eastern stockholders and foreign investors. Many Americans understood the conflict over the Bank in moral terms: there was a stark divide between those who built the country and those who profited from it.

### **Bitcoin and the Bank War**

The Bank War was fought over whether a private institution should be granted federal privileges and power. The Bitcoin coalition uses the same moral terms as Jackson's coalition did when describing the Bank: a purportedly neutral and stabilizing system that has discretionary monetary power. The Bitcoin coalition takes issue with the post-1971 "fiat dollar." A fiat dollar is a currency untethered from any commodity, like gold or silver, and relies on public trust for its valuation. Some economists have described monetary expansion as a wealth transfer: inflation imposed on those without inflation-resistant property (e.g. real estate, gold, stocks) for the

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<sup>74</sup> "Wildcat Bank," Britannica Money (Encyclopedia Britannica, n.d.), <https://www.britannica.com/money/wildcat-bank>.

<sup>75</sup> Ibid.

<sup>76</sup> Jason Dunn and David C. Wheelock, "National Banking Acts of 1863 and 1864 | Federal Reserve History," [www.federalreservehistory.org](https://www.federalreservehistory.org/essays/national-banking-acts), July 31, 2022, <https://www.federalreservehistory.org/essays/national-banking-acts>.

<sup>77</sup> Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton ; Oxford: Princeton University Press, 1991), 325.

benefit of those who already possess it.<sup>78</sup> The wealthy disproportionately benefit from this dynamic, as they own the vast majority of assets.<sup>79</sup> Today, 38% of Americans do not own any stock.<sup>80</sup> For the Bitcoin coalition, the 2008 Great Recession and ensuing bailouts played a role similar to the Panic of 1819 for Jackson’s coalition, as they both revealed that the interests of the wealthy would be protected in a crisis at the expense of the general populace. The Bitcoin coalition ultimately came to challenge the existing financial order, just as Jackson’s coalition had against the banking elite.

The Bitcoin coalition is structurally similar to Jackson’s. The coalition consists of people who are neither wealthy nor institutionally connected; these disconnected individuals and interest groups, however, are united against the existing monetary regime. The next challenge against a property regime came forty years later, when Congress demonetized silver and forced debtors onto the gold standard.

### **CHAPTER 3: Free Silver**

Until Congress passed the Coinage Act of 1873, the United States operated under bimetallism (silver and gold were accepted as mintable currency). The Coinage Act removed the standard silver dollar from the list of coins the mint was authorized to create, and made gold dollars the sole standard for the nation’s money supply.<sup>81</sup> At the time of the Act, silver dollars had not circulated since 1836. Because silver’s market price was above the mint price, the omission of silver dollars from future coinage raised little concern at the time.<sup>82</sup> By removing

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<sup>78</sup> A. Brewer, “An Essay on Economic Theory: An English Translation of Richard Cantillon’s *Essai Sur La Nature Du Commerce En General*,” *History of Political Economy* 44, no. 4 (December 1, 2012).

<https://doi.org/10.1215/00182702-1811397>.

<sup>79</sup> Allan Sloan, Cezary Podkul, “How the Federal Reserve Is Increasing Wealth Inequality,” ProPublica, April 27, 2021, <https://www.propublica.org/article/how-the-federal-reserve-is-increasing-wealth-inequality>.

<sup>80</sup> Lydia Saad, “What Percentage of Americans Owns Stock?,” Gallup.com (Gallup, May, 2025), <https://news.gallup.com/poll/266807/percentage-americans-owns-stock.aspx>.

<sup>81</sup> “Coinage Act of 1873,” February 12, 1873, <https://www.gold.org/sites/default/files/documents/1873feb12.pdf>.

<sup>82</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 114, <https://www.jstor.org/stable/j.ctt7s1vp>.

silver, however, the Act left gold as the de facto “unit of value,” providing the initial support for what would become the gold standard.<sup>83</sup>

### **The Crime of 1873**

During the year preceding the Coinage Act and for a few years after, new mines in the American West significantly increased silver supply.<sup>84</sup> Silver-mining interests were caught off guard when newly mined silver could no longer be minted into standard silver dollars.<sup>85</sup>

Silver-mining interests came to view this Coinage Act as “a conspiracy of eastern bankers and legislators” attempting to disenfranchise silver as money, and denounced the Act as the “Crime of 1873.”<sup>86</sup>

To remedy the Coinage Act, silver-mining interests called for the free and unlimited coinage of silver at a sixteen-to-one ratio to gold.<sup>87</sup> Debtor farmers in the South and Midwest joined them.<sup>88</sup> As Western silver-mining interests and debtor farmers (and later Populists and Silver Democrats) converged around the demand for free coinage, they became known as the “silverites.”<sup>89</sup> In the post-Civil War boom, these farmers had borrowed heavily against the value of their land to carry out their normal course of business, such as purchasing equipment and seed.<sup>90</sup> Fixed in dollar terms, these loans relied on there being ample money in circulation, which would keep credit cheap and crop prices high.<sup>91</sup> When the Coinage Act ended the minting of standard silver dollars, it closed off a significant pathway for continued monetary expansion. The

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<sup>83</sup> “Coinage Act of 1873,” February 12, 1873, SEC 14, <https://www.gold.org/sites/default/files/documents/1873feb12.pdf>.

<sup>84</sup> “Comstock Lode | Mineral Deposit, Nevada, United States,” Encyclopedia Britannica, n.d., <https://www.britannica.com/place/Comstock-Lode>.

<sup>85</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 114, <https://www.jstor.org/stable/j.ctt7s1vp>.

<sup>86</sup> *Ibid.*, 114.

<sup>87</sup> *Ibid.*, 115.

<sup>88</sup> *Ibid.*, 115.

<sup>89</sup> “Merriam-Webster Dictionary,” “Silverite” (Merriam Webster, 2026), <https://www.merriam-webster.com/dictionary/silverite>.

<sup>90</sup> Charles Postel, *The Populist Vision* (Oxford: Oxford Univ. Press, 2009), 151-152.

<sup>91</sup> *Ibid.*, 154.

deflationary years that followed increased the real value of existing dollar-denominated debts, making them costlier to repay and leaving farmer debtors in distress.<sup>92</sup>

In an attempt to appease agitated silver producers and Western farmers, Congress passed the Bland-Allison Act as a partial concession in 1878.<sup>93</sup> The statute created demand for silver by requiring the Treasury to purchase between two and four million dollars worth of silver each month to coin into silver dollars.<sup>94</sup> While this Act was an improvement, it was not the free and unlimited coinage that had existed pre-1873. In practice, the Treasury tended to purchase toward the lower end of the limit, so the impact of the Bland-Allison Act on the expansion of silver's monetary role was modest at best, and failed to compete with gold as part of the broader monetary regime.<sup>95</sup>

### **The Silver Coalition**

Following the Bland-Allison Act, the groups aggrieved by the “Crime of 1873” formed a coalition called the Farmers’ Alliance.<sup>96</sup> The Farmers’ Alliance was composed of rural cooperatives hostile to middlemen, railroads, banks, and monopolistic interests.<sup>97</sup> At first, the Farmers’ Alliance was nonpartisan, but by the late 1880s, it had begun to educate farmers on the “science of economical government,” teaching them to view low prices, tight credit, and debt as directly connected to monetary policy, not random misfortune.<sup>98</sup> While the Farmers’ Alliance internally differed on their views on how monetary policy should be adjusted, they were united in the conviction that with an increase in the money supply, farm prices would also increase, and

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<sup>92</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 87, <https://www.jstor.org/stable/j.ctt7s1vp>.

<sup>93</sup> *Ibid.*, 132-133.

<sup>94</sup> *Ibid.*

<sup>95</sup> *Ibid.*

<sup>96</sup> *Ibid.*, 116.

<sup>97</sup> Charles Postel, *The Populist Vision* (Oxford: Oxford Univ. Press, 2009), 103-104.

<sup>98</sup> *Ibid.*, 139.

that existing debt would be diluted and easier to repay.<sup>99</sup> To achieve this goal, rural Americans demanded currency expansion “by any means,” and routinely combined paper money, silver, and gold rather than choosing only one.<sup>100</sup> By the late 1880s, Farmers’ Alliance activists had begun to demand currency expansion, and applied serious political pressure on both Democrats and Republicans.<sup>101</sup> They often operated outside of traditional party lines and joined the Independent or Greenback-Labor parties.<sup>102</sup>

Bland-Allison failed to satisfy the demands of Western silver producers and farmers. In response to political pressure from the ongoing unrest, Congress passed the Sherman Silver Purchase Act of 1890. The Sherman Silver Purchase Act required the Treasury to purchase approximately double<sup>103</sup> the amount mandated by Bland-Allison (4.5 million ounces of silver each month).<sup>104</sup> Nonetheless, the Act was not the free and unlimited coinage that the silverites had demanded since the Coinage Act passed nearly two decades beforehand.

In 1892, a new political party arose out of this mounting frustration. The People’s Party—later nicknamed the Populist Party—drew its base from members of the Farmers’ Alliance from across the nation, but especially in the South and Great Plains.<sup>105</sup> The People’s Party’s convention on July 4, 1892, led to the creation of the “Omaha Platform.” The Platform pushed for the free and unlimited coinage of silver and gold at a sixteen-to-one ratio, as well as a graduated income tax, direct election of senators, and government ownership of railroads and

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<sup>99</sup> Ibid., 151.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid., 138.

<sup>102</sup> Ibid.

<sup>103</sup> The Bland-Allison Act was denominated in dollars, while Sherman Silver Purchase was denominated in silver.

<sup>104</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 106, <https://www.jstor.org/stable/j.ctt7s1vp>.

<sup>105</sup> Ibid., 116.

telegraphs.<sup>106</sup> It quickly became the most powerful third-party movement in the country since the Republican Party emerged in the 1850s.<sup>107</sup>

In 1893, investors fearing economic instability redeemed assets and paper notes for Treasury gold. The ensuing panic led to a run on national gold reserves and a wave of business and bank failures.<sup>108</sup> To address the “Panic of 1893,” President Grover Cleveland called Congress into a special session to repeal the Sherman Silver Purchase Act.<sup>109</sup> For the People’s Party and other silverites, the repealing of the Act confirmed that the government would defend gold and the interests of the wealthy before it would defend debtors and producers.<sup>110</sup> The nullification of the purchase clause split the Democratic Party between its Eastern gold wing and its Southwestern silver wing, and brought the silver issue to the forefront of the 1896 presidential election.<sup>111</sup>

### **Bryan and the Cross of Gold**

By 1896, the silver coalition spanned “silver mining interests, Populists, and others concerned with the problems of debtor farmers, prominent Democrats in the South and West, a few officers of labor organizations, some businessmen, and leading Republicans from silver-mining states.”<sup>112</sup> The coalition found a champion in William Jennings Bryan, a former Democratic congressman from Nebraska.<sup>113</sup> A skilled orator and outspoken advocate of free

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<sup>106</sup> Ignatius Donnelly, “The Omaha Platform: Launching the Populist Party” (American Social History Project/Center for Media & Learning, July 4, 1892), <https://historymatters.gmu.edu/d/5361/>.

<sup>107</sup> Charles Postel, *The Populist Vision* (Oxford: Oxford Univ. Press, 2009), 139.

<sup>108</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 108, <https://www.jstor.org/stable/j.ctt7s1vp>.

<sup>109</sup> *Ibid.*

<sup>110</sup> *Ibid.*, 116.

<sup>111</sup> William Jennings Bryan, “Bryan’s ‘Cross of Gold’ Speech: Mesmerizing the Masses” (American Social History Project/Center for Media & Learning, July 9, 1896), <https://historymatters.gmu.edu/d/5354/>.

<sup>112</sup> Robert W Cherny, *A Righteous Cause: The Life of William Jennings Bryan* (University of Oklahoma Press, 1985), 52-53, <https://archive.org/details/righteouscauseli0000cher>.

<sup>113</sup> *Ibid.*, 52-53.

coinage during his time in office, Bryan quickly rose to national prominence and traveled the country speaking on behalf of the Free Silver movement.<sup>114</sup>

On July 9, 1896, Bryan spoke at the Democratic National Convention in Chicago. In his “Cross of Gold” speech, Bryan attacked the demonetization of silver and pointed to the repeal of the Sherman Silver Purchase Act as evidence that the government had decisively chosen gold and creditors over debtors and producers.<sup>115</sup> Silver Democrats had spent years working to take charge of the Democratic Party, and Bryan viewed the Convention as the party’s time to determine whether its leadership had served its constituents’ interests, and, if not, which rising leaders could.<sup>116</sup>

Bryan argued that the wage earner, the country lawyer, the crossroads merchant, the farmer, and the miner were all “as much businessmen as the few financial magnates who in a backroom corner the money of the world.”<sup>117</sup> In doing so, he collapsed the distinction between businessman and producer. By expanding the definition of who counts as a producer, Bryan distinguished the struggle between gold and silver supporters as a class divide.

Bryan likened the dynamics created by the gold standard to those that caused the controversy over the rechartering of the Second Bank. “What we need,” Bryan declared, “is an Andrew Jackson to stand as Jackson stood, against the encroachments of aggregated wealth.”<sup>118</sup> Although both Bryan and Jackson railed against wealthy interests, they had opposing political agendas. Jacksonian Democrats advocated for both silver and gold, and opposed a private institution with federal powers; meanwhile, silverites favored monetary expansion. What

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<sup>114</sup> Ibid., 53-55.

<sup>115</sup> William Jennings Bryan, “Bryan’s ‘Cross of Gold’ Speech: Mesmerizing the Masses” (American Social History Project/Center for Media & Learning, July 9, 1896), <https://historymatters.gmu.edu/d/5354/>.

<sup>116</sup> Ibid.

<sup>117</sup> Ibid.

<sup>118</sup> Ibid.

inspired Bryan to invoke Jackson in his “Cross of Gold” speech was that they both rooted their positions in the Democratic anti-monopoly and anti-privilege tradition.

No common people, Bryan argued, had ever “declared themselves in favor of a gold standard.”<sup>119</sup> Instead, gold was the money of the wealthy and powerful, allowing elites to retain the value of their wealth via monetary scarcity. Bryan accused Gold Democrats of hypocrisy, noting that some Democrats “who are in this convention today...tell you that we ought to declare in favor of international bimetallism” are the “very people four months ago were open and avowed advocates of the gold standard and telling us that we could not legislate two metals together even with all the world.”<sup>120</sup>

To demonstrate his point, Bryan referenced John G. Carlisle, President Cleveland’s Treasury Secretary and leading supporter of the gold standard, whose own 1878 description framed the conflict as a struggle between “idle holders of idle capital” and the “struggling masses who produce the wealth and pay the taxes of the country.”<sup>121</sup> By invoking Carlisle, Bryan exposed that establishment Gold Democrats had once understood the conflict in class terms, but abandoned that view once in power. To silverites, the gold standard was not just damaging, but at odds with Democratic values.

Bryan tied the debate over gold and silver to the purpose of government, contrasting those who “just legislate to make the well-to-do prosperous, that their prosperity will leak through on those below” rather than “the Democratic idea [that] has been that if you legislate to make the masses prosperous their prosperity will find its way up and through every class that rests upon it.”<sup>122</sup> In tying the essence of governing philosophy to monetary policy, Bryan

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<sup>119</sup> Ibid.

<sup>120</sup> Ibid.

<sup>121</sup> Ibid.

<sup>122</sup> Ibid.

established free silver as a precondition for the success of any other democratic program. In anticipation of criticism of centering free silver, Bryan argued that “when we have restored the money of the Constitution, all other necessary reforms will be possible, and that until that is done there is no reform that can be accomplished.”<sup>123</sup>

Bryan and the Silver Democrats staked their future on overturning the property regime instituted by the Coinage Act of 1873. He believed this outcome was inevitable, as producers who materially sustained the nation were the bedrock of the republic, and therefore would eventually prevail. Preempting critics who might point out that “the great cities are in favor of the gold standard,” Bryan replied that “these great cities rest upon these broad and fertile prairies. Burn down your cities and leave our farms, and your cities will spring up again as if by magic. But destroy our farms and the grass will grow in the streets of every city in the country.”<sup>124</sup> This argument carried a distinctly Jeffersonian undertone in asserting the political legitimacy of producers, not with the narrow urban and financial elite that represented an “artificial aristocracy.” Appealing to the convention, Bryan insisted that they were capable of acting on behalf of the public “without waiting for the aid or consent of any other nation on earth.”<sup>125</sup>

Bryan closed with an appeal to the ultimate moral cause for which the speech later became famous, “You shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold.”<sup>126</sup> By infusing biblical imagery into the struggle for free silver, Bryan cast producers as innocent sufferers, and the gold standard as an unjust sacrifice. The Free Silver movement was inextricably and intimately moral.

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<sup>123</sup> Ibid.

<sup>124</sup> Ibid.

<sup>125</sup> Ibid.

<sup>126</sup> Ibid.

Bryan’s “Cross of Gold” speech invigorated the Democratic Party and vaulted Bryan from an outsider to the top candidate for the nomination.<sup>127</sup> While triumphant at the convention, Bryan and the silver coalition lost the presidential election of 1896 to Republican William McKinley, ending the silver coalition’s mandate for free and unlimited coinage.<sup>128</sup>

Gold had won politically, and the economic forces driving the Free Silver movement faded away after the discovery of new gold mines in Yukon and South Africa in 1897.<sup>129</sup> These mines expanded the global gold supply, and delivered the monetary inflation and relief for debtors that silverites had sought to deliver through the free coinage.<sup>130</sup> President McKinley would go on to sign the Gold Standard Act of 1900 into law, which declared the gold dollar the monetary standard of the country and mandated a Treasury reserve of \$150 million for the redemption of paper money.<sup>131</sup>

### **Bitcoin and Free Silver**

The silver coalition shows that challenges to existing property regimes are agnostic to specific monetary policy. In his “Cross of Gold” speech, Bryan named both Jefferson and Jackson and pointed to them as his predecessors in the same recurring conflict. From Jefferson, Bryan drew on the agrarian ideal that the republic rests on the labor of those who materially sustain it, and that concentrated financial privilege is an artificial aristocracy. From Jackson, he drew on the anti-monopoly and anti-privilege politics that defined the Democratic Party. The

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<sup>127</sup> Robert W Cherny, *A Righteous Cause: The Life of William Jennings Bryan* (University of Oklahoma Press, 1985), 61, <https://archive.org/details/righteouscauseli0000cher>.

<sup>128</sup> *Ibid.*, 70-71.

<sup>129</sup> “Klondike Gold Rush - Definition, Map & Facts | HISTORY,” HISTORY, January 17, 2018, <https://www.history.com/articles/klondike-gold-rush>; James T. Campbell, “Johannesburg - History,” Encyclopedia Britannica, n.d., <https://www.britannica.com/place/Johannesburg-South-Africa/History>.

<sup>130</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 119, <https://www.jstor.org/stable/j.ctt7s1vp>.

<sup>131</sup> *Ibid.*

political coalition that formed around Bryan and free silver was a continuation of these traditions.

Bryan demanded federal remonetization of silver, while anti-Bank Jacksonian Democrats favored hard money and the destruction of a federally enabled quasi-central bank. Bitcoin is a fixed supply digital asset independent of governments or banks, and its advocates criticize the discretionary fiat monetary system that replaced the gold standard.<sup>132</sup> Each coalition was different, but emerged from ordinary people’s questioning of a monetary order they believed protected insiders and those closest to financial power at the expense of the many. The Bank War and the Free Silver movement questioned whether a privileged institution or monetary standard that benefited the wealthy should enjoy statutory protection at the public’s expense. The Federal Reserve is the modern form of this question, as a federally created, quasi-public institution with extraordinary power over the nation’s credit, liquidity, and money.<sup>133</sup>

#### **CHAPTER 4: The Federal Reserve**

After the Second Bank's charter expired in 1836, the nation had no central bank. Because the supply of notes was “inelastic” (could not expand quickly enough to meet sudden liquidity demands), crises such as the Panic of 1907 required J.P. Morgan and other private financiers to rescue the nation.<sup>134</sup> To prevent the next crisis, Congress passed the Aldrich-Vreeland Act of 1908, which created a Commission<sup>135</sup> to study reforming the financial system.<sup>136</sup> In 1912, the Commission proposed a new central bank. The plan faced criticism for giving too much power to

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<sup>132</sup> Saifedean Ammous, *The Bitcoin Standard: The Decentralized Alternative to Central Banking* (Hoboken, New Jersey: John Wiley & Sons, Inc, 2018).

<sup>133</sup> Paul A. Volcker, “Statement before the U.S. House of Representatives Committee on Financial Services” (statement, Washington, DC, March 17, 2010), 4–5, <https://financialservices.house.gov/media/file/hearings/111/volcker.pdf>.

<sup>134</sup> *Ibid.*

<sup>135</sup> The National Monetary Commission.

<sup>136</sup> David Wheelock, “Overview: The History of the Federal Reserve | Federal Reserve History,” [www.federalreservehistory.org](http://www.federalreservehistory.org), September 13, 2021, <https://www.federalreservehistory.org/essays/federal-reserve-history>.

bankers and too little to the government.<sup>137</sup> The Federal Reserve Act of 1913 created a hybrid system with twelve regional Reserve Banks and a Federal Reserve Board. The Board consisted of the Secretary of the Treasury and Comptroller of the Currency as ex officio members, and five presidentially appointed members.<sup>138</sup>

The early Federal Reserve (the “Fed”) was more limited than the modern institution. At first, the Fed focused on borrowing and lending, with each Reserve Bank adjusting discount rates and trading government securities.<sup>139</sup> This changed in the 1920s, when the Federal Open Market Committee (FOMC) centralized open-market operations to “proactively to achieve broad economic objectives—that is, to conduct monetary policy.”<sup>140</sup>

When the Federal Reserve purchased securities, it influenced interest rates lower and credit availability higher, with sales having the opposite effects.<sup>141</sup> This newly deployed ability suggested that the Fed might be capable of “...tam[ing] the business cycle and preserv[ing] price stability.”<sup>142</sup> The Fed’s inability to “tame” the Great Depression of 1930 proved this perceived capability false.<sup>143</sup> In response to the failures of the Great Depression, Congress passed the Banking Act of 1935, which restructured the Federal Reserve into its modern form.<sup>144</sup> The Act removed the Treasury Secretary and Comptroller of the Currency as ex officio members, reshaped the Federal Reserve Board into a Board of Governors with seven presidentially appointed members serving fourteen-year terms, and created the modern Federal Open Market

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<sup>137</sup> Ibid.

<sup>138</sup> Ibid.

<sup>139</sup> Ibid.

<sup>140</sup> David Wheelock, “The Fed’s Formative Years | Federal Reserve History,” [www.federalreservehistory.org](http://www.federalreservehistory.org), November 22, 2013, <https://www.federalreservehistory.org/essays/feds-formative-years>.

<sup>141</sup> Ibid.

<sup>142</sup> David Wheelock, “Overview: The History of the Federal Reserve | Federal Reserve History,” [www.federalreservehistory.org](http://www.federalreservehistory.org), September 13, 2021, <https://www.federalreservehistory.org/essays/federal-reserve-history>.

<sup>143</sup> Ibid.

<sup>144</sup> Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States, 1867-1960*, JSTOR (Princeton University Press, 1963), 445-446, <https://www.jstor.org/stable/j.ctt7s1vp>.

Committee composed of those seven Governors and five Reserve Bank presidents.<sup>145</sup> The Federal Reserve was still constrained in the 1930s and 40s, but the Treasury-Fed Accord of 1951 “create[d] a new kind of monetary regime” that ended interest rate controls and enabled the Fed to manage inflation.<sup>146</sup>

### **The Farm Crisis**

By the late 1970s, the Federal Reserve had expanded far beyond its original purpose, responsible for inflation, employment, and financial stability. The Fed had been unsuccessfully fighting inflation for over a decade.<sup>147</sup> G. William Miller, the Carter-appointed chair of the Federal Reserve, inherited this struggle. Miller raised the federal funds rate (interest rates) as the Fed’s solution to rising inflation, yet inflation and long-term bond rates continued to climb through the middle of 1979 as turmoil in Iran and global oil markets created instability and fears of an impending recession.<sup>148</sup> On February 5, 1979, farmers across the country organized a tractorade to Washington, D.C., to protest high interest rates and low prices for their grain harvest. As part of the tour, the tractor protest specifically stopped in front of the Federal Reserve Headquarters, which was significant as “No one had ever bothered to picket the Federal Reserve, at least no one that anyone can remember.”<sup>149</sup>

A *Washington Post* reporter covering the tractor protest at the Federal Reserve remarked on the class differences between America’s farmers and the Fed staff: “‘Look at all that marble,’ [the farmer] said to a reporter with him, awed by the solid mass and alabaster hue of the

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<sup>145</sup> Ibid.

<sup>146</sup> Robert L. Hetzel, “From the Treasury-Fed Accord to the Mid-1960s | Federal Reserve History,” [www.federalreservehistory.org](https://www.federalreservehistory.org), n.d., <https://www.federalreservehistory.org/essays/treas-fed-accord-to-mid1960s>.

<sup>147</sup> Marvin Goodfriend and Robert G. King, “The Incredible Volcker Disinflation,” *Journal of Monetary Economics* 52, no. 5 (July 2005): 981–1015, <https://doi.org/10.1016/j.jmoneco.2005.07.001>.

<sup>148</sup> Ibid.

<sup>149</sup> Bradley Graham, “The Farmers in the Fed,” *The Washington Post*, 1979, <https://www.washingtonpost.com/news/business/wp/2018/06/01/the-farmers-in-the-fed/>.

headquarters of the nation's central bank. 'I wonder where they get it all.'"<sup>150</sup> The farmers met with representatives on Capitol Hill as well as a few members of the Fed staff, but not anyone from the Board of Governors. As the article noted, "[t]he farmers wore jeans, flannel shirts, caps and protest buttons. The bank regulators wore suits."<sup>151</sup> The farmers failed to persuade the Fed staff to change policy:

The farmers left the Fed peacefully but saying their venture into the banking world had been a disappointment. They had asked some questions, they said, but hadn't received many answers. The same had been true on Capitol Hill. They would be driving their tractors out of Washington, they said, with the same sense of despair they had come with—a despair that takes in not only the future of the small, independent farmer but encompasses the whole, inflation-prone U.S. economic system as well. "I thought we could come and just present the facts and they'd agree with us here," Kersey said. "Boy, was I naive. I've learned you can't play a basketball game in a football field. Next time, we'll just have to define our game better."<sup>152</sup>

In July of 1979, President Carter nominated Miller as Secretary of Treasury and Paul Volcker to replace him as chair of the Federal Reserve.<sup>153</sup> During his time as President of the New York Fed, Volcker had favored more aggressive inflation management, and believed current

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<sup>150</sup> Ibid.

<sup>151</sup> Ibid.

<sup>152</sup> Ibid.

<sup>153</sup> Marvin Goodfriend and Robert G. King, "The Incredible Volcker Disinflation," *Journal of Monetary Economics* 52, no. 5 (July 2005): 981–1015, <https://doi.org/10.1016/j.jmoneco.2005.07.001>.

measures had failed to do enough to curb inflation.<sup>154</sup> Miller noted this stance in a FOMC meeting, remarking “Paul, you’re just a constant no.”<sup>155</sup>

To counteract the “excessive rate” of inflation, Volcker announced new operating procedures for the FOMC on October 6, 1979, in order to tighten control over the monetary supply in an attempt to bring inflation down.<sup>156</sup> Less than two weeks later, Congress called Volcker before the Joint Economic Committee to explain the FOMC policy shift.<sup>157</sup> In the hearing, Volcker explained to the Committee that “part of the job of returning to a more stable and more productive economy must be to break the grip of inflationary expectations,” and that the October 6th press conference was to make it “abundantly clear our unwillingness to finance a continuing inflationary process.”<sup>158</sup> Volcker said he was “conscious of the fact that there are important areas of the economy—home building, smaller businesses, and others—that are particularly dependent on a continuing flow of credit,” but was determined to take a hard line with inflation, no matter the economic consequences.<sup>159</sup>

*Successful Farming*, a national magazine focused on agriculture, described October 6, 1979 as the moment the Federal Reserve “slammed the brakes on inflation” through monetary restraint.<sup>160</sup> Volcker’s restraint made “the cost of borrowing money...prohibitive for all Americans, but it was particularly punishing for farmers and rural bankers.”<sup>161</sup> Farmers across the country struggled as land values collapsed as farm operating-loan applications nearly tripled

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<sup>154</sup> Ibid.

<sup>155</sup> Ibid.

<sup>156</sup> David Wheelock, “Overview: The History of the Federal Reserve | Federal Reserve History,” [www.federalreservehistory.org](http://www.federalreservehistory.org), September 13, 2021,

<https://www.federalreservehistory.org/essays/federal-reserve-history>.

<sup>157</sup> Paul A Volcker, “Statement before the Joint Economic Committee,” [Stlouisfed.org](http://Stlouisfed.org), October 17, 1979,

<https://fraser.stlouisfed.org/title/statements-speeches-paul-a-volcker-451/statement-joint-economic-committee-8205>.

<sup>158</sup> Ibid., 5.

<sup>159</sup> Ibid., 5.

<sup>160</sup> Cheryl Tevis, “The 1980s Farm Crisis: A Boots-On-The-Ground Retrospective,” *Agricultural History* 96, no. 4 (November 1, 2022): 580–93, <https://doi.org/10.1215/00021482-10009811>.

<sup>161</sup> Ibid.

from September 1978 to March 1980.<sup>162</sup> By 1982, interest rates ranged between 14 to 17 percent, leading to mass foreclosures across the country.<sup>163</sup> Penny auctions, where local communities bid anywhere between a single penny to a dollar on foreclosed farms in an attempt to prevent bank repossession, reappeared for the first time since the Great Depression.<sup>164</sup> This period was known as the Farm Crisis.

The impact of high interest rates and inflation extended beyond financial losses. Throughout the crisis, *Successful Farming* covered the emergency hotlines, stress workshops, depression, suicides, domestic violence, and alcoholism that had appeared or increased as the results of highly distressed agricultural communities across the country.<sup>165</sup> Farmers in Wayne County, Iowa, planted white wooden crosses outside their local courthouse to symbolize the death of farms and businesses.<sup>166</sup>

The Farm Crisis ended with the *Agricultural Credit Act of 1987*, a \$4 billion rescue package for the Farm Credit System, the largest independent federal agency and agricultural lender.<sup>167</sup> While the package prevented thousands of farmers from bankruptcy and foreclosure, “an estimated three hundred thousand farmers had defaulted on their loans” by the end of the decade.<sup>168</sup> The Farm Crisis reverberated throughout American society for more than a decade after, with the “decline being felt in rural America is from a system of economics that reduces food to its lowest possible cost without regard to the infrastructure that produces it (and the damage being done to it).”<sup>169</sup>

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<sup>162</sup> Ibid.

<sup>163</sup> Ibid.

<sup>164</sup> Ibid.

<sup>165</sup> Ibid.

<sup>166</sup> Ibid.

<sup>167</sup> Ibid.

<sup>168</sup> Ibid.

<sup>169</sup> Ibid.

Volcker demonstrated that the Federal Reserve not only had the capacity but the willingness to dramatically adjust interest rates and credit to accomplish its goals. Farmers faced severe consequences from the Fed's decisions, and found themselves protesting at the doors of the marbled building that had the sole authority to determine whether their rural farms would survive. The old conflict over a federally privileged institution disadvantaging everyday Americans in the name of stability had reappeared, and media outlets and journals like the *Washington Post* honed in on this contrast in their coverage of the Farm Crisis.<sup>170</sup>

### **The Great Recession of 2008**

Volcker's 1979 restraint demonstrated that the Federal Reserve was willing to contract credit. The Great Recession of 2008 proved that it was capable and willing to expand credit on a scale previously unimaginable. A decline in the housing market in 2006 led to the collapse of housing-related securities, backed by subprime mortgage loans, in 2007.<sup>171</sup> Uncertainty about the revaluation of near-worthless mortgage-related funds and assets and the solvency of major financial firms drove up the rates banks charged one another for funds.<sup>172</sup> These dynamics brought interbank lending to a halt, tightening available liquidity and credit.<sup>173</sup>

In March 2008, Bear Stearns, the country's fifth-largest investment bank, was near collapse. To prevent total chaos, the Federal Reserve invoked its emergency authority under Section 13(3) to authorize a bridge loan as part of a \$30 billion lending arrangement to encourage other banks to acquire the firm.<sup>174</sup> After negotiating the terms of the loan with the

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<sup>170</sup> Blaine Harden, "Farmers Dig in for Long Siege," *The Washington Post*, February 8, 1979, <https://www.washingtonpost.com/archive/politics/1979/02/08/farmers-dig-in-for-long-siege/73f909e8-608f-40b5-93dc-af426ebc49df/>.

<sup>171</sup> "FEDERAL RESERVE SYSTEM Opportunities Exist to Strengthen Policies and Processes for Managing Emergency Assistance Report to Congressional Addressees," *Government Accountability Office*, (2011): 12, <https://www.gao.gov/assets/gao-11-696.pdf>.

<sup>172</sup> *Ibid.*, 13.

<sup>173</sup> *Ibid.*

<sup>174</sup> *Ibid.*, 180-181.

Federal Reserve Bank of New York, JPMorgan Chase agreed to acquire Bear Stearns.<sup>175</sup> In September, Lehman Brothers, the fourth-largest investment bank, filed for bankruptcy, sending the stock market into freefall.<sup>176</sup> Both times, the Federal Reserve sprang into action and took unprecedented steps to expand its rescue operations. The Fed widened the range of assets it would accept for emergency loans, offered credit support to more major firms, and flooded the system with more money, doubling a lending support program from \$150 billion to \$300 billion, and adding \$330 billion to pre-existing foreign currency swap agreements.<sup>177</sup>

From 2007 to 2009, household wealth declined by almost \$17 trillion in inflation-adjusted terms.<sup>178</sup> The decline disproportionately impacted young and middle-aged African-American and Hispanic families, and families headed by individuals without a college degree.<sup>179</sup> These families tended to have a more significant portion of their net worth in real estate (their homes) and often smaller equity stakes, and thus were more exposed to the severe housing market crash.<sup>180</sup> This negative wealth effect was compounded by job loss.<sup>181</sup>

While jobs were lost and homes foreclosed, the Fed continued to stabilize financial institutions and markets, backstopping them with an unfathomable influx of capital. The United States Government Accountability Office (GAO) audited the Federal Reserve in 2011, and found that from 2008 to 2010, emergency loans to financial institutions peaked at more than \$1 trillion, and that eight of the 10 largest contracts out of a total 103 contracts were awarded

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<sup>175</sup> Ibid., 182.

<sup>176</sup> Ibid., 27.

<sup>177</sup> Ibid.

<sup>178</sup> William R Emmons and Bryan J Noeth, "Household Financial Stability: Who Suffered the Most from the Crisis?," Stlouisfed.org (Federal Reserve Bank of St. Louis, July 1, 2012), <https://www.stlouisfed.org/publications/regional-economist/july-2012/household-financial-stability--who-suffered-the-most-from-the-crisis>.

<sup>179</sup> Ibid.

<sup>180</sup> Ibid.

<sup>181</sup> Ibid.

noncompetitively (\$659.4 million).<sup>182</sup> The audit also found weaknesses in the Fed's conflict-of-interest, documentation, and vendor guidance policies.<sup>183</sup>

The Federal Reserve exercised extraordinary and inconsistent discretion in determining who received emergency support, how much, and on what terms. The Fed concluded that certain large banks and other players in the financial system were “too big to fail,” and had committed over a trillion dollars in public backing to prevent complete collapse.<sup>184</sup> American workers and homeowners bore the costs. Nearly nine million Americans lost their jobs during the recession, and over 10 million lost their homes, with 46.5 million living in poverty by 2012.<sup>185</sup>

The American International Group (“AIG”), a major insurance company, which had received \$180 billion in government bailout support, sparked mass outrage towards the Fed after disclosing in May 2009 that it had paid \$454 million in 2008 performance bonuses, totaling over \$1.5 billion when combined with retention bonuses and payments.<sup>186</sup> The funds for these bonuses came directly from taxpayer bailout funds, which made immediate headlines in the *Wall Street Journal* among other major publications.<sup>187</sup> In the aftermath, Americans demanded to know exactly what had happened behind the scenes. Congressman Ron Paul (R-TX), a libertarian, and

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<sup>182</sup> “FEDERAL RESERVE SYSTEM Opportunities Exist to Strengthen Policies and Processes for Managing Emergency Assistance Report to Congressional Addressees,” *Government Accountability Office*, (2011): 1, <https://www.gao.gov/assets/gao-11-696.pdf>.

<sup>183</sup> Ibid.

<sup>184</sup> “Full Text of Inquiry into Continental Illinois Corp. And Continental Illinois National Bank : Hearings before the Subcommittee on Financial Institutions Supervision, Regulation, and Insurance of the Committee on Banking, Finance, and Urban Affairs, House of Representatives, Ninety-Eighth Congress, Second Session, September 18, 19 and October 4, 1984 | FRASER | St. Louis Fed” (Federal Reserve Bank of St. Louis , 2026), 300, <https://fraser.stlouisfed.org/title/inquiry-continental-illinois-corp-continental-illinois-national-bank-745/fulltext>; “FEDERAL RESERVE SYSTEM Opportunities Exist to Strengthen Policies and Processes for Managing Emergency Assistance Report to Congressional Addressees,” *Government Accountability Office*, (2011): 1, <https://www.gao.gov/assets/gao-11-696.pdf>.

<sup>185</sup> Colleen Shalby, “The Financial Crisis Hit 10 Years Ago. For Some, It Feels like Yesterday,” *Los Angeles Times*, September 15, 2018, <https://www.latimes.com/business/la-fi-financial-crisis-experiences-20180915-htmlstory.html>.

<sup>186</sup> Reuters Staff, “AIG Reveals \$454 Million in 2008 Performance Bonuses,” *Reuters*, May 6, 2009, <https://www.reuters.com/article/world/aig-reveals-454-million-in-2008-performance-bonuses-idUSTRE5446VC/>.

<sup>187</sup> Naftali Bendavid, “Rage at Government for Doing Too Much and Not Enough,” *Wall Street Journal*, August 13, 2009, <https://www.wsj.com/articles/SB125539072998381441>.

Sen. Bernie Sanders (I-VT), a leading progressive voice, introduced companion versions of the Federal Reserve Transparency Act of 2009. They aimed to remove indefinite audit deadlines and to make any independent audit of the Fed available to Congress. As more information came to light, it became clear that some banks received secret advantageous terms during the bailouts.<sup>188</sup> In response to new court-ordered disclosures of which banks received loans during the bailout, Sanders held a press conference on March 31, 2011 to denounce the Federal Reserve’s “welfare for the rich and powerful and you-are-on-your-own rugged individualism for everyone else” and demand a comprehensive audit of the Federal Reserve.<sup>189</sup>

### **Bitcoin and the Federal Reserve**

As with the Jacksonians who fought a national bank that privileged eastern creditors over western debtors, and the Bryanites who denounced a monetary standard that preserved wealth at the expense of producers, the farmers of 1979 and the workers and homeowners of 2008 confronted an institution with extraordinary power over the distribution of credit. Paul and Sanders, like Jackson and Bryan before them, did not share the same outlook on how the country should be run, but shared in their distrust of an unaccountable, unelected central bank to manage the monetary order fairly. Taken together, the Bank War, Free Silver movement, and the financial crises of 1979 and 2008 reveal a pattern of financial institutions generating immense backlash and distrust when they are perceived to have distributed the costs and benefits of the monetary system inequitably. Bitcoin emerged from this cloud of distrust. Its genesis block, mined by Satoshi Nakamoto on January 3, 2009, embedded the headline “The Times 03/Jan/2009

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<sup>188</sup> Bob Ivry, Bradley Keoun, and Phil Kuntz, “Secret Fed Loans Gave Banks \$13 Billion Undisclosed to Congress,” *Bloomberg.com*, November 28, 2011, <https://www.bloomberg.com/news/articles/2011-11-28/secret-fed-loans-undisclosed-to-congress-gave-banks-13-billion-in-income>.

<sup>189</sup> Bernard Sanders, “Release: Sanders Statement on New Federal Reserve Lending Disclosures» Senator Bernie Sanders,” Senator Bernie Sanders, March 31, 2011, <https://www.sanders.senate.gov/press-releases/release-sanders-statement-on-new-federal-reserve-lending-disclosures/>.

Chancellor on brink of second bailout for banks,” and timestamped Bitcoin’s origin to the crisis of institutional monetary management.<sup>190</sup>

In 1971, the United States left the gold standard, ending the convertibility of dollars to gold, which left the dollar unanchored to any commodity. The transition to an untethered “fiat” currency meant the supply of dollars had become purely discretionary.<sup>191</sup> Bitcoin advocates argue that fiat currency, administered by an opaque central bank like the Federal Reserve, could be expanded at will to ease the expansion of credit and enable deficit spending.<sup>192</sup>

From the Bank War and the Free Silver movement through the financial crises of the late twentieth and early twenty-first centuries, many Americans came to distrust central banks and federally determined monetary standards as neutral stewards of the monetary order. The Bitcoin white paper offered a form of digital cash enabled by the internet: a peer-to-peer network with no central issuer, an algorithmically fixed supply, and no way for a central bank or government officials to seize or destroy the network.<sup>193</sup> Bitcoin would eventually become the basis for another political struggle over property and ownership.

## **CHAPTER 5: Bitcoin in the American Tradition**

Each case study above established a recurring pattern of property regime conflicts that distributed the benefits to the wealthy at the expense of the average American. Across the Second Bank, the Coinage Act, and the Federal Reserve, each property regime defended itself as stabilizing or necessary. In response, political coalitions rose in opposition by framing the

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<sup>190</sup> Satoshi Nakamoto, Block 0 (Genesis Block), Bitcoin Blockchain, January 3, 2009, <https://blockstream.info/tx/4a5e1e4baab89f3a32518a88c31bc87f618f76673e2cc77ab2127b7afdeda33b>. Message decoded from hex input: "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks,"

<sup>191</sup> Sandra Ghizoni, “Nixon Ends Convertibility of US Dollars to Gold and Announces Wage/Price Controls | Federal Reserve History,” Federal Reserve History, November 22, 2013, <https://www.federalreservehistory.org/essays/gold-convertibility-ends>.

<sup>192</sup> Saifedean Ammous, *The Bitcoin Standard: The Decentralized Alternative to Central Banking* (Hoboken, New Jersey: John Wiley & Sons, Inc, 2018).

<sup>193</sup> Satoshi Nakamoto, “Bitcoin: A Peer-To-Peer Electronic Cash System,” *Bitcoin.org*, 2008, <https://bitcoin.org/bitcoin.pdf>.

conflict as a struggle for equal control over one's own money, property, and fate. Across the centuries these coalitions lost their fight. Jackson's 1832 victory was rejected within a decade. Bryan lost his election in 1896 and the gold standard was formalized in 1900. The Federal Reserve today is more powerful than it was during each crisis, and has not faltered in the face of the challenges to its scope and discretion.<sup>194</sup>

When Satoshi Nakamoto embedded "Chancellor on brink of second bailout for banks" into the first block of the Bitcoin blockchain, the Great Recession was at one of its bleakest points.<sup>195</sup> By January 2009, the economy had already lost 2.6 million jobs in a single year, 524,000 of which were in December 2008 alone.<sup>196</sup> Unemployment had climbed to 7.2%, home values had fallen \$2.4 trillion from a year earlier, and one in ten mortgages was delinquent or in foreclosure.<sup>197</sup> Satoshi wrote that "the root problem with conventional currency is all the trust that's required to make it work."<sup>198</sup> Bitcoin was designed to address that older problem.

### **The Bank War and the Problem of Intermediation**

Jackson tried to kill the Bank, while Bitcoin attempts to make it unnecessary. The Bank War was fought over access to credit. By forcing state institutions to settle in specie and by constraining their lending capacity, the Bank restrained state banks and determined the limits of national lending programs. Farmers, settlers, and small businesses often could not acquire or maintain productive property outright. To obtain land, equipment, or the working capital necessary to survive, they had to persuade lenders operating under the

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<sup>194</sup> "What Is the U.S. Federal Reserve?," Council on Foreign Relations (Council on Foreign Relations, December 17, 2009), <https://www.cfr.org/backgrounders/what-us-federal-reserve>.

<sup>195</sup> "Bitcoin Genesis Block," [www.blockchain.com](http://www.blockchain.com), n.d., <https://www.blockchain.com/explorer/blocks/btc/000000000019d6689c085ae165831e934ff763ae46a2a6c172b3f1b60a8ce26f>.

<sup>196</sup> Christian E. Weller, "Economic Snapshot for January 2009" (Center for American Progress, January 13, 2009), <https://www.americanprogress.org/article/economic-snapshot-for-january-2009/>.

<sup>197</sup> Ibid.

<sup>198</sup> Satoshi Nakamoto, "Bitcoin Open Source Implementation of P2P Currency," The Satoshi Nakamoto Institute, February 11, 2009, <https://satoshi.nakamotoinstitute.org/posts/p2pfoundation/1/>.

Bank's discipline that they were creditworthy, pledge collateral on terms those institutions controlled, and pay interest into a system whose profits flowed upward to a relatively small class of domestic stockholders and foreign investors rather than back to them or any public system. Jackson's veto message synthesized this grievance: the Bank created "artificial distinctions" that made "the rich richer and the potent more powerful," leaving "the humble members of society—the farmers, mechanics, and laborers" dependent on an institution whose gains flowed to "a few hundred of our own citizens, chiefly of the richest class" and to foreigners holding more than a fourth of the stock.<sup>199</sup>

Bitcoin does not solve the Jacksonian problem of credit allocation. It provides no working capital, makes no loans, and replaces none of the developmental roles banks played in the early republic. Anyone who needs to borrow against future income to acquire land, equipment, or inventory still requires an institution willing to extend that credit. However, Bitcoin removes the dependence on independent privileged intermediaries because it can be self-custodied,<sup>200</sup> and accumulated fractionally.<sup>201</sup> A farm, a parcel of land, or a substantial inventory typically had to be acquired whole or financed through debt. Bitcoin, by contrast, does not need to be acquired in full in order to be meaningfully owned. A holder who self-custodies their Bitcoin can acquire small fractions over time and still possess the asset directly rather than as a claim mediated by a privileged institution.

One might argue that the ability to self-custody and fractionally own Bitcoin has already been addressed by precious metals. This is true, as Bitcoin did not invent direct ownership. Gold and silver could also be held directly, divided into smaller units, and kept outside banks. What

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<sup>199</sup> Andrew Jackson, "Avalon Project - President Jackson's Veto Message Regarding the Bank of the United States; July 10, 1832," Yale.edu, 2020, [https://avalon.law.yale.edu/19th\\_century/ajveto01.asp](https://avalon.law.yale.edu/19th_century/ajveto01.asp).

<sup>200</sup> Direct control over the private cryptographic keys that control bitcoin without a third-party custodian.

<sup>201</sup> Bitcoin is divisible to 100 million satoshis per coin.

distinguishes Bitcoin from precious metals is its decentralized and verifiable architecture. A farmer holding gold still depended on third parties to authenticate, divide, or move it. Gold was also vulnerable to confiscation, as Executive Order 6102 demonstrated in 1933 when the federal government compelled Americans to surrender gold holdings to the Treasury at a fixed dollar price.<sup>202</sup> Bitcoin's architecture removes the assayer, the mint, and the warehouse. The storage and transfer of Bitcoin requires only an internet connection to grant it the properties of gold without 19th- or 20th-century dependencies.

Jackson's coalition fought over who would govern the credit that determined whether ordinary people could keep or improve their property. His coalition lost that fight. The Second Bank's absence produced the Panic of 1837, the monetary order was restored, and the power and role of privileged financial institutions in the United States returned. Rather than attempt to create a fairer privileged intermediary, Bitcoin asks and answers a different question the Jacksonians could not have imagined possible. Can property exist in a form that requires no intermediary at all and be accumulated incrementally? Bitcoin allows us to answer yes.

### **Free Silver and the Problem of Permission**

The Free Silver movement and "Cross of Gold" speech cement these coalitions as part of an American tradition rather than a sequence of unrelated episodes. The Bank War revealed the danger of depending on a privileged intermediary, and the Free Silver movement revealed the danger of having political authorities decide which assets count as legitimate money in the first place. The Coinage Act of 1873 privileged gold and excluded silver from monetary standing just as new mines in the American West were significantly increasing silver supply. Western silver

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<sup>202</sup> Gary Richardson, Alejandro Komai, and Michael Gou, "Roosevelt's Gold Program | Federal Reserve History," [www.federalreservehistory.org](https://www.federalreservehistory.org), November 22, 2013, <https://www.federalreservehistory.org/essays/roosevelts-gold-program>.

producers and indebted farmers felt excluded from a standard in which they had no say over the terms set in Washington, D.C.

William Jennings Bryan championed the silver coalition 64 years after Jackson vetoed the Bank and 37 years before Roosevelt took the country off the gold standard. The Bank War and Free Silver movement had diametrically opposed policy goals. Jackson favored hard money and an end to a federally enabled quasi-central bank and silverites wanted remonetization and expansion. Nonetheless, Bryan saw himself as the continuation of Jackson in the fight against privilege. In casting the silver question as the latest expression of an older struggle, Bryan framed the free coinage debate as a class conflict between those who built the country and those who extracted from it.

While Bryan's and Jackson's policy answers differed, their motivations were the same. The same can be said about Bitcoin and its advocates. At the surface level, Bitcoin advocates and the silverites appear incompatible, as Bryan demanded expansion of currency while Bitcoin is fixed-supply, a form of hard money akin to Jackson's monetary goals. Both coalitions chafe at the same frustration: that a powerful institution can determine what is and what is not money for the rest of the nation. The silverites wanted the silver mint restored by Congressional action. Bitcoin does not require Congress to declare it admissible, a mint to coin it, or a Treasury to purchase it before individuals can own and transfer it. Bitcoin functions with or without that input. The government can and does regulate access to crypto markets, restrict on-ramps, and demand taxes and reporting obligations, but Bitcoin is structurally independent of institutional acceptance. The silver coalition lost in 1896. Gold was formally enshrined by the Gold Standard Act of 1900. What ultimately delivered the monetary expansion silverites sought was increased

gold supply from new mines in 1897. Bryan and the silver coalition needed Congress, but Bitcoin does not.

### **The Federal Reserve and the Problem of Discretion**

The conflict Bitcoin most directly addresses is the power wielded by the Federal Reserve. As the central institution of American monetary management, Fed discretion produced grievances. In 1979, Volcker kept interest rates punishingly high to break inflation, which eventually cost hundreds of thousands of farmers their wealth and property. In 2008, the Federal Reserve moved in the opposite direction, extending emergency lending on a massive scale to stabilize major financial institutions while households lost jobs, homes, and wealth. While the direction of intervention reversed, the discretion the Fed wielded did not.

In response to tightening credit and higher rates managed by the Fed, farmers drove tractors to Washington and unsuccessfully pleaded for relief outside the Washington Fed in February 1979. Three decades later, millions of American homeowners and workers watched the Fed extend over a trillion dollars in emergency lending to the institutions whose failures to manage risk had destroyed their equity and their jobs. Both crises ended with ordinary Americans bearing the cost of decisions made by officials in an institution they did not elect.

The post-2008 crisis created an unusual coalition around auditing and constraining the Fed. This was reflected in the collaboration between Congressman Paul and Senator Sanders, who shared little else in common. For a privileged institution that had the discretion to expand or contract credit at will and to determine which actors to rescue, the Federal Reserve had little transparency or democratic accountability, and opposition to that had transcended ideology.

The distributional effects of the new money created in 2008 became visible afterwards. This is known as the Cantillon effect: discretionary monetary expansion does not affect the

economy uniformly as new money enters through specific channels.<sup>203</sup> This effect benefits those closest to financial assets and institutions before its consequences propagate across the economy.<sup>204</sup> As the nation came out of the Great Recession, the stock market propped up by the Fed recovered and disproportionately benefited those who owned assets. Households without substantial market exposure, particularly younger and non-white households whose wealth had been concentrated in housing equity destroyed by the crisis, did not share equally in the recovery.

Bitcoin's response to this problem is an algorithmically fixed supply. Its issuance schedule is set in advance, visible to all participants, and not contingent on the judgment of central bankers responding to crisis, macroeconomic mandates, or political pressure. The total supply is capped at 21 million whole units, and the release schedule halves every four years.<sup>205</sup> This structure does not preclude Bitcoin's distribution from being unequal, but it cannot be diluted by an emergency lending program, because no emergency lending program can issue additional Bitcoin.

### **The Bitcoin Coalition Today**

The Bitcoin coalition is distinct from the broader crypto industry's political presence. Fairshake and its affiliated PACs spent more than \$134 million in the 2024 election cycle, and Stand With Crypto, backed by Coinbase, built a voter database and legislative scorecard on digital asset legislation.<sup>206</sup> Crypto industry actors support the full range of digital assets including altcoins, stablecoins, trading platforms, and decentralized finance ("DeFi") protocols. Jackson's

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<sup>203</sup> A. Brewer, "An Essay on Economic Theory: An English Translation of Richard Cantillon's *Essai Sur La Nature Du Commerce En General*," *History of Political Economy* 44, no. 4 (December 1, 2012). <https://doi.org/10.1215/00182702-1811397>.

<sup>204</sup> Ibid.

<sup>205</sup> "How Does Bitcoin Work?," The Bitcoin Project (The Bitcoin Project, 2009), <https://bitcoin.org/en/how-it-works>.

<sup>206</sup> Tony Romm, "Crypto Cash Is Flooding the 2024 Election. Here's Who Benefiting.," *Washington Post* (The Washington Post, October 18, 2024), <https://www.washingtonpost.com/business/interactive/2024/crypto-firms-candidates-house-senate-election-2024/>; "Stand with Crypto," Stand With Crypto, 2025, <https://www.standwithcrypto.org/>.

anti-Bank coalition and Bryan's silverites opposed precisely the kind of concentrated corporate money that the crypto industry represents. The Bitcoin coalition's legitimacy within the tradition depends on it being distinct from it. The Bitcoin coalition is more ideologically concentrated and organized around the monetary and property claims of Bitcoin specifically, rather than blockchain applications at large. Bitcoin may be part of crypto, but crypto is not Bitcoin. Conflating them obscures the fact that the Bitcoin coalition belongs in the American tradition of conflict over money and property.

The Bitcoin coalition today is most comparable to the silver coalition of the 1880s rather than the silver coalition of 1896. The Farmers' Alliance had organized in the decade after the Crime of 1873 but had not yet found its national champion or its defining moment. Congress had passed partial concessions, the Bland-Allison Act of 1878 and the Sherman Silver Purchase Act of 1890, that fell short of the coalition's demand for free and unlimited coinage but confirmed the movement's political weight. The Bitcoin coalition today sits at a similar point. Spot Bitcoin ETFs and the Strategic Bitcoin Reserve established by Executive Order 14233 (without statutory permanence) are partial concessions in the same sense, institutional acknowledgments that fall short of the coalition's full claims about Bitcoin's proper monetary role. State-level Bitcoin reserve legislation and lobbying around the country show a similar proto-institutional infrastructure to what the Farmers' Alliance provided through local cooperatives. Senator Lummis is the most prominent sitting advocate, but has announced her retirement at the end of the 119th Congress, leaving the coalition without a major institutional political figure.<sup>207</sup> The Bitcoin coalition has not yet produced a figure who can speak across all aspects of the coalition and consolidate decades of different grievances into a single national contest. This is not to say

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<sup>207</sup> "Cynthia Lummis of Wyoming Won't Seek Reelection to US Senate in 2026," AP News, December 19, 2025, <https://apnews.com/article/cynthia-lummis-reelection-2026-3a911a023b7ad613a7f44a2b7648279f>.

that the Bitcoin coalition has failed: recall that the silver coalition organized for twenty-three years before it found Bryan, while Bitcoin is only seventeen years old.

### **Coalition Qualities**

Across the case studies, four qualities recur within the coalitions: relative economic insecurity, distrust of institutional management, ordinary Americans confronting the wealthy and powerful, and heterogeneous political affiliations. Survey evidence from the Nakamoto Project allows these features to be tested against the Bitcoin coalition directly.

The Bitcoin coalition’s economic insecurity claim is generational. The Nakamoto Project’s 2025 survey found Bitcoin owners resembled the general population on race, ethnicity, income, education, religion, and financial literacy, differing only in age (younger) and gender (more male).<sup>208</sup> The 2025 survey documented an emerging shift: non-white Americans had become significantly more likely to own Bitcoin than white Americans, with Hispanic and Latino respondents leading at 24.2%. After 2008, the Federal Reserve’s interventions rewarded asset ownership while leaving young and poorer households to confront rising housing costs, eroded cash savings, and a higher bar for property ownership. Over the past decade, the share of people under 25 with investment accounts has increased sixfold<sup>209</sup> as young adults no longer see “save” as a plausible answer to the question of how they will ever afford what 82% of Americans still regard as a core part of the American Dream: owning a home.<sup>210</sup> A cohort that believes the

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<sup>208</sup> “Understanding Bitcoin Adoption in the United States: Politics, Demographics, & Sentiment ,” The Nakamoto Project (The Nakamoto Project, 2025), <https://www.thenakamotoproject.org/report>.

<sup>209</sup> Madison Mills, “Exclusive: Lower-Income, Gen Z People Are Investing at Record Rates, Data Shows,” Axios, August 27, 2025, <https://www.axios.com/2025/08/27/stock-market-housing-market-gen-z>.

<sup>210</sup> “82% Consider Homeownership to Be Part of the American Dream” (Bankrate, n.d.), <https://www.bankrate.com/f/102997/x/4c4dbaabb0/april-fsp-press-release-final.pdf>.

path to property ownership is blocked will predictably be suspicious of the institutions that structured and benefited from the blockage, and be more receptive to alternatives.<sup>211</sup>

The Bitcoin coalition conceives of itself as opposing artificial aristocracy. Jacksonians accused the Second Bank of exclusively extending credit to its supporters. Silverites accused gold-standard advocates of preserving eastern creditor wealth. Post-2008 critics accused the Fed of picking and choosing which institutions were worth intervening for.

These movements perceived themselves as ordinary producers confronting monopolists, creditors, or favored institutions. Bitcoin slogans like “don’t trust, verify” and “fix the money, fix the world” show that the pattern of distrust toward institutions that manage the monetary system has continued.<sup>212</sup> The Farmers’ Alliance, precursor to the silver coalition, was hostile to middlemen, railroads, banks, and monopolistic interests.<sup>213</sup> AIG’s 2008 performance bonuses in the face of their \$180 billion government bailout validated the common outrage toward institutions that had been saved or favored in the aftermath of the Great Recession.

Lastly, the Bitcoin coalition cuts across party lines more than the current political rhetoric suggests. Jacksonians, silverites, and Fed critics all united combinations of farmers, debtors, silver producers, Democrats, and Republicans together under their causes. Bitcoin owners are distributed across the full political spectrum and concentrated in the ideological center. The Bitcoin coalition's composition, which includes progressives, libertarians, populists, technologists, debt hawks, and minority communities distrustful of legacy financial institutions, is itself heterogeneous in a way that is reminiscent of the pre-Bryan silver coalition, which

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<sup>211</sup> Jacob Smagula and Zoe Yu, “Young People Can’t Afford a Home. So They’re Day Trading and Investing in Crypto.” *Boston Globe*, December 21, 2025, <https://www.bostonglobe.com/2025/12/21/opinion/gen-z-crypto-investing-home/>.

<sup>212</sup> “Don’t Trust, Verify Meaning & Definition,” Bitbo.io, 2026, <https://bitbo.io/glossary/dont-trust-verify/>; Aleksandar Svetski, “Fix the Money, Fix the World,” *Bitcoin Magazine*, June 25, 2021, <https://bitcoinmagazine.com/culture/fix-the-money-fix-the-world>.

<sup>213</sup> Charles Postel, *The Populist Vision* (Oxford: Oxford Univ. Press, 2009), 103-104.

spanned Populists, silver Democrats, Republicans from silver states, and labor organizations before Bryan consolidated them in 1896. The Bitcoin coalition's progressive flank argues that fiat dollar-based monetary systems impose costs on populations excluded from the banking system. This includes over 5 million American households that remain unbanked and are disproportionately Black, Hispanic, and low-income.<sup>214</sup> Institutional Bitcoin advocacy visible on Capitol Hill has been concentrated in Republican offices, with Senator Lummis as its most prominent elected champion and the bulk of recent legislative activity originating from Republican-led offices. The Bitcoin coalition will likely require a catalyzing event, a fiscal or monetary crisis like the Great Recession that forces the left flank to confront the power of discretionary monetary policy similar to the Paul-Sanders alliance around Federal Reserve transparency after 2008.

While the Bitcoin coalition exhibits the four qualities that produced Jackson's coalition, Bryan's coalition, and the post-2008 bipartisan alliance against Federal Reserve discretion, there are important concerns to address. One of the most serious is that Bitcoin's claim of independence from the financial system is undermined by its integration into it. Bitcoin has been incorporated into the institutional financial system it was designed to circumvent, as centralized entities like institutional custodians, public companies, and large exchanges hold coins on behalf of millions of users.

This dynamic gives institutions the ability to set the terms on how many users hold and use Bitcoin. A custodian holding Bitcoin on behalf of clients does not gain the capacity to expand the supply or exclude others from the network, but more closely resembles the ownership and control similar to that of concentrated gold holdings in banks. If the Bitcoin you own is in

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<sup>214</sup> FDIC, "2023 FDIC National Survey of Unbanked and Underbanked Households | FDIC," Fdic.gov, 2023, <https://www.fdic.gov/household-survey>.

the form of an IOU from an institution, there is no “right” to self-custody or permissionless access. Regardless, even if a holder gives up their independence by delegating custody, Bitcoin’s scarcity and permissionless architecture remains intact. The choice to self-custody remains available to every holder, which was never true of gold held in a national bank or dollars held in a system managed by the Federal Reserve. The Nakamoto Project’s 2025 finding that roughly 11 million people self-custody their own Bitcoin, a population larger than those who hold Bitcoin through ETFs, suggests that a meaningful part of the coalition practices self-custody.<sup>215</sup> Thus, Bitcoin’s role in the American tradition over money and property continues to be defined by the availability of that choice, not by the choices individual holders make within it.

## **CHAPTER 6: Conclusion**

Bitcoin is the latest expression of a recurring conflict over who controls the terms of money and property. The Bank War, the Free Silver movement, and the long fight over the Federal Reserve each revealed a different version of that conflict. Each produced a coalition that lost the institutional fight in its own century. Bitcoin belongs in that tradition because it offers a new mechanism for pursuing an old aim: self-custody, permissionless access, and an algorithmically fixed supply.

Madison warned that the most common and durable source of factions is the unequal distribution of property. Jefferson warned against banking establishments and the concentration of issuing power in institutions that could create what he called an artificial aristocracy. Jackson invoked that anti-aristocratic suspicion against the Bank. Bryan invoked both Jackson and Jefferson against the gold standard. Farmers and homeowners felt the same animus toward the Federal Reserve. The Bitcoin coalition was derived from the same anti-aristocratic conclusion.

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<sup>215</sup> “Understanding Bitcoin Adoption in the United States: Politics, Demographics, & Sentiment ,” The Nakamoto Project (The Nakamoto Project, 2025), <https://www.thenakamotoproject.org/report>.

Bitcoin has not yet solved the problem they identified. Bitcoin is the newest challenge to the existing property regime in recurring American conflict over money and property, and its corresponding political coalition has formed around it like previous coalitions in the tradition. The coalition today sits at the pre-champion phase its predecessors also occupied, organized through institutions like the Bitcoin Policy Institute, the Satoshi Action Fund, and the Human Rights Foundation's Bitcoin Development Fund, with support from Senator Cynthia Lummis and partial concessions of spot Bitcoin ETF approvals, the Strategic Bitcoin Reserve, and state-level Bitcoin reserve legislation. What property can ordinary people own that political and financial institutions cannot dilute, gatekeep, or seize? The Bitcoin coalition offers the most recent answer. Whether it prevails, or joins Jackson's and Bryan's in the long ledger of American coalitions that did not, remains to be seen.

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