

Virtual Currencies: The Elusive Creator of Bitcoin

Satoshi Nakamoto

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“The Beta of Bitcoin is live tomorrow. This is decentralized... We try until it works.” – Craig S. Wright, Jan 10, 2009

One of the co-creators of Bitcoin, the supposedly named and frustratingly elusive Satoshi Nakamoto, has become the subject of police attention in Australia. The person in question was identified in two investigations by ‘Wired and Gizmodo’ as Craig Wright. (Both outlets differ about their material – the former using the term “leaked”, the latter “hacked”).

Wired began by considering the awkward bits and bobs man who was Skyped into the D Hotel ballroom’s screen at the Bitcoin Investor’s Conference in Las Vegas. When asked about his role with Bitcoin, he too three, long seconds. “Um. I’ve been involved with all this for a long time.”[1]

Gizmodo ran with an interview that is said to have taken place between Wright and the Australian Tax Office. “I did my best to try and hide the fact that I’ve been running Bitcoin since 2009 but I think its getting – most – most – by the end of this half the world is going to bloody know.”[2]

Ten Australian Federal Police personnel arrived at the Sydney suburban house in Gordon during Wednesday afternoon – around 1.30 pm. Two sported white gloves, and set to work on the garage. The letter box was full; the garbage bin was still outside. The Wright family were scheduled to move out on December 22. An empty house, about to be emptied. This was heavy-handed stuff.

As for the occupants in question, Wright’s abundant “computer stuff,” as pointed out by a 17-year-old witness across the road, was considerably impressive to strike onlookers as abnormal. Maybe, surmised witness, “they just need heaps of computers, I don’t know.” Abnormality – the greatest sin in Australian suburbia.

The *Guardian Australia*, in sniffing about, suggested that the raid may not have been directed specifically at Bitcoin per se, but against Wright’s tax records. Further digging may find that the two are intrinsically linked. When financial innovations are created, notably those that facilitate entirely new currencies, you can be assured that inland review officers will be interested. As Australia’s own Administrative Appeals Tribunal has decided, cryptocurrency is very much an asset and should be assessed for capital gains purposes.

There is still too much speculation about identity and attribution. Various outlets have been on the case about Nakamoto. *Newsweek*, *Fast Company* and the *New Yorker* have all have their conjectures. The *Gizmodo* transcripts have yet to be verified.

The absence of any public documentation about Wright's supposed involvement with the Administrative Appeal's Tribunal, a body that covers appeals on tax matters, is also puzzling. And running is hardly the same as founding and directing. At no point does the transcript reveal the attribution between Wright and Nakamoto.

That said, it is hard to refute the accumulated evidence suggesting that Wright and Nakamoto are, if not the same person, then certainly linked. Wright was certainly no stranger to Bitcoin's functions, announcing last year that he had plans to pioneer the first Bitcoin bank.[3]

His own company, DeMorgan Ltd., is described on his LinkedIn page as "a pre-IPO Australian listed company focused on alternative currency." [4] And Wright does make a slew of claims to being Nakamoto starting in 2008, just prior to the publication of the white paper that did make Bitcoin a reality.[5]

Events such as these tend to add unnecessary innuendos of guilt to a perfectly valid and powerful currency. The narco-trafficking legacy of the Silk Road and activities of Darknet markets have terrified and thrilled, the result being that some of the suspicions are self-perpetuating.

Then come an assortment of figures who feel that such virtual currencies are the puffery of the moment, and will never reach wide circulation. Nothing will replace solid, acceptable currencies. Such dreary views come from central bankers and monetary fund directors who have to justify their continued relevance. The scepticism of Christine Lagarde of the International Monetary Fund and Jamie Dimon of JP Morgan is far more telling than they let on.

Dimon, before the Fortune Global Forum last month, was happy to heap upon the currency. "There will be no-real time, non-controlled currency in the world. There is no government that is going to put up with it for long." [6] No currency, he suggests, will get around government controls, an odd assertion given that the banking system was bucking against and attempting to circumvent government controls for the years leading up to the 2008 global collapse.

Kashmir Hill in *Fusion*, one who has spent some time beavering in the Bitcoin community, suggests that Wright may well have been the tipster behind the attribution. "What does seem clear... is that Craig Wright was involved in doxing himself." [7]

WikiLeaks has done its own speculating about Wright. As ever, it is trying to cover a range of options. First, is Wright even credible? Then, the site's Twitter feed featured a link to an old discussion – some might say spat – between Wright and Assange in their salad days. "Do we really need your amateur political views?" writes Assange in an email on September 18, 1996 with the subject line: "Risk v Charity". Some prickliness never changes.

Irrespective of whether Wright is the one, WikiLeaks puts its finger on a famed cultural and political tendency in Australia. The Australian "tall poppy" syndrome might be at work – the price for success is punishment. Sydney-based scribbler J.R. Hennessy would lament that Australians were "responsible for WikiLeaks AND Bitcoin. Our primary export is weenie libertarianism."

Corruption breeds alternatives. Virtual currencies, like any innovation, come with their

problems, but they also come with a radical assortment of means to conduct transactions between citizens. A currency mined algorithmically, without a central bank or backing assets, smacks of revolution.

Innovation, as the history books tend to show, often starts with a crime – or at least one deemed so by the powers that be. Whether Wright is Bitcoin’s actual founder, or a spectacular hoaxer with nerdish proclivities, is irrelevant. This virtual currency is far from being a fad.

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Notes:

[1]

<http://www.wired.com/2015/12/bitcoins-creator-satoshi-nakamoto-is-probably-this-unknown-australian-genius/>

[2] <http://gizmodo.com/this-australian-says-he-and-his-dead-friend-invented-bi-1746958692>

[3]

<http://www.businessinsider.com.au/aussie-technologists-are-opening-the-worlds-first-bitcoin-based-bank-this-year-2014-2>

[4]

<http://www.reuters.com/article/us-australia-bitcoin-exclusive-idUSKBN0TS0AB20151209#MVhHUqdOKfo8Kg6P.97>

[5] <http://gizmodo.com/this-australian-says-he-and-his-dead-friend-invented-bi-1746958692>

[6]

<http://www.telegraph.co.uk/finance/currency/11978435/Bitcoin-battered-by-Jamie-Dimon-and-Christine-Lagarde.html>

[7] <http://fusion.net/story/243056/alleged-bitcoin-creator-craig-wright/>

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