



HODL, Patiently: On Vice and Virtue in the World of Bitcoin #BitcoinDynamics

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On 18 of December 2013, amid another nerve-wrecking drop in the Bitcoin price, a pseudonymous user called GameKyuubi published a post on the Bitcoin Talk online forum titled 'I AM HODLING'. He wrote:

I typed that tyitle twice because I knew it was wrong the first time. Still wrong. w/e. GF's out at a lesbian bar, BTC crashing WHY AM I HOLDING? I'LL TELL YOU WHY. It's because I'm a bad trader and I KNOW I'M A BAD TRADER. Yeah you good traders can spot the highs and the lows pit pat piffy



wing wong wang just like that and make a millino bucks sure no problem bro. Likewise the weak hands are like OH NO IT'S GOING DOWN I'M GONNA SELL he he he and then they're like OH GOD MY ASSHOLE when the SMART traders who KNOW WHAT THE FUCK THEY'RE DOING buy back in but you know what? I'm not part of that group. When the traders buy back in I'm already part of the market capital so GUESS WHO YOU'RE CHEATING day traders NOT ME~! Those taunt threads saying "OHH YOU SHOULD HAVE SOLD" YEAH NO SHIT. NO SHIT I SHOULD HAVE SOLD. I SHOULD HAVE SOLD MOMENTS BEFORE EVERY SELL AND BOUGHT MOMENTS BEFORE EVERY BUY BUT YOU KNOW WHAT NOT EVERYBODY IS AS COOL AS YOU. You only sell in a bear market if you are a good day trader or an illusioned noob. The people inbetween hold. In a zero-sum game such as this, traders can only take your money if you sell. so i've had some whiskey. actually on the bottle it's spelled whisky. w/e. sue me. (but only if it's payable in BTC)[\[1\]](#). [sic]

Although the author was admittedly drunk, online respondents immediately praised his creative use of the typo error HODL. One of them, for example, posted a meme bearing the fiercely defiant face of actor Gerard Butler's lead role in the 2006 Walt Disney historical-fantasy epic "300". Butler holds his sword firmly as he rages a scream, his face scarred and bloody, behind him piles of dead Spartan soldiers and in front the inscription "HODLING" postfixed with three exclamation marks. The logic was clear: the longer you HODL - despite difficulties, temptations, fears and other inhibitions - the richer you will become in the future.

The term HODL has thus quickly become iconic in the global Bitcoin community, ultimately turning into a self-fulfilling prophecy about the benefits of keeping your Bitcoin rather than spending or selling for quick profits in the wild cryptocurrency boom and bust cycles.

After all, the Bitcoin value against the Dollar has surged exponentially since the post was written in the end of 2013, rising about 10 folds. By 2018 successful HODLers have consequently capitalized on their investments and in some cases



even became 'crypto-millionaires'. Building on this dynamic, prominent analysts, early-adopters and cryptocurrency gurus still routinely advise Bitcoin enthusiasts across the globe to 'HODL'. For them, it is a crucial step in the coming into being of what they call 'the New Decentralized Economy' (Nelms et al. 2018: 24-26).

In this post, however, I would like to complicate this picture slightly and argue that more than a mere investment strategy, the notion of HODLing among contemporary Bitcoiners increasingly becomes a crucial virtue that informs both the ideal-type image of a Bitcoin holder/user (who 'lives' the cryptocurrency vision in their everyday life) and the greater egalitarian values that undergird the future emergence of a properly 'decentralized' social organization in the global Bitcoin community at large. I base this argument on fieldwork I have been conducting for the last 14 months at [the Bitcoin Embassy](#) in Tel Aviv, Israel - a social club for Bitcoin enthusiasts which is collectively owned and managed by a group of Bitcoin early adopters, most of them members of the Israeli Bitcoin Association.

Vice

As it has already become clear, HODLING in the Bitcoin world reflects the desire that Bitcoin will one day become an alternative to the state-sponsored 'fiat' monetary system. This includes two potential scenarios: (1) that Bitcoin will be regularized as a means of exchange and become a widely accepted financial technology for payment; or (2) that Bitcoin will become an unprecedented store of value, 'going to the moon' as the slang goes, consequently acting like a precious metal (cf. Swartz 2018).

Precisely because HODL is a future-oriented practice it nonetheless remains a paradox: while many of the core Bitcoin enthusiasts across the globe have initially purchased the currency to liberate themselves from intermediaries, third-parties and the Big Other more generally, they are still largely 'stuck' with assets they cannot realize. Their economic autonomy thereby remains contingent on hazy



potentialities, as well as the necessity to receive salaries in and pay for services with 'centralized' fiat money. Somewhat surprisingly, my friends and interlocutors at the Bitcoin Embassy in Tel Aviv disagreed with this assertion.

Nissim, for example, a prominent member of the Israeli Bitcoin community, has once told me in an interview:

Holding Bitcoin is not about being stuck, it's about being patient... If you have money and put it in the bank and it accumulates interest, you keep it for your own needs. But you don't spend all of it at once. You also put it in a savings account. Bitcoin says (sic) that instead of putting your money in the bank and get one percent, or a quarter of percent for a year or whatever, here you become your own bank. This relates to HODLING - if you don't need the money immediately, why spend it?

And yet, HODLING is not an easy game precisely because it is an act marred by vices and temptations.

Every person involved in Bitcoin sociality - as a trader, programmer, investor, tech 'evangelist' or otherwise - is familiar with stories about people who compromised their HODL and lost money as a result. One famous scenario is that of persons spending too much Bitcoin in the early days on the Dark Net to buy drugs. Another common story is about people selling out all their holdings when the Bitcoin value was priced under two thousand dollars, only to bitterly regret this as it jumped to incredibly high values just a year or two later. And of course there are plenty of reminders about people trying to make money by betting on trends, trying to sell high and buy low, but nevertheless fall in the market manipulations of bigger 'whales' and end up in deficit. In all these cases the simple conclusion is that one must consciously overcome temptations to make a quick momentary profit or to satisfy some other Dionysian whim by practicing caution and continence. A research interlocutor called Nathan said:

HODLING is a restriction you put on yourself, it's not an external force that



stands in your way to spending... but the meaning behind it is that you avoid from commerce, you are not going to compete against sharks with lots of money that shake the market, you believe in the long-term value and just hold, you don't get into this game. Restricting oneself while waiting for the long-term value to justify spending can consequently also result in growing frustration. Those who break down and sell out thereby seek to actively 'unstuck' themselves in the pursuit of movement and emotional alleviation, which liberate you from the significant stress associated with waiting to an event that may happen in the future, and may not. The threat from the backstage here is a sudden and quick collapse of the value of Bitcoin, which in some cases may be as severe as bankruptcy, a 'run to the bank' or a 2008-style sub-prime market collapse.



The Bitcoin Embassy's toilet wall, Tel Aviv. Note the term HODL . Photo by Matan Shapiro.

For example, when in February 2018 Bitcoin had dropped sharply from an All Time High of nearly 20 thousand dollars in December 2017 to less than six thousand, some analysts were speculating an inevitable crash. Ariel, a research interlocutor from Tel Aviv, called me one day saying he is under 'a serious FUD



(Fear, Uncertainty and Doubt) attack' and is considering selling everything he has. 'If Bitcoin crashes it means losing a lot of money', he gasped, 'and when I say a lot I mean a lot of money'.

Although Ariel did not sell out he did find some creative ways to keep HODLING while nevertheless reducing his risk factors, such as, for example, transferring fragments of bitcoin ('Satoshis') for people who would pay his utility bills in fiat. When the 'FUD attack' passed, he nonetheless returned to a more traditional HODL position. By practicing continence Ariel ultimately managed to calm himself down and remain patient. Nissim said:

What is HODLING? It means you have money. But it doesn't mean that because you have money you're going to buy a Rolls Royce and drive around town, even if you can. This is because it [Bitcoin] doesn't tell you to show yourself and how much you've got. HODLING... means that you don't have to waste you money away just because you have it [in your pocket]... [and because the Bitcoin value will only rise] this money is not static, its dynamic, as opposed to fiat, in which you can't make any profit at all in recent years. The real meaning of being stuck is in the Matrix world.

Virtue

For some of my research interlocutors at the Bitcoin Embassy in Tel Aviv, HODLING then becomes an ongoing test through which you can keep your vices in plain sight and learn to control them.

In that sense HODLING requires virtuous control and responsibility at the personal level, which, at the collective level, communicates fidelity (or even loyalty) to Satoshi Nakamoto's (2008: 1) economic and political vision to create 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’.

Under these conditions HODLing is no longer regarded a passive inhabitation for the Bitcoin dream to come about, but, rather forcefully, an *active* form of cash-flow management which makes this dream realizable in the first place. Nissim’s quote concerning the crucial role of patience in fact explicitly refers to ‘patience’ not in the narrow technical sense as mere passive ‘waiting’; but as a dynamic process rooted in the active acquisition of knowledge, self-confidence and virtuous personality. It is a quest for self-improvement through which one can learn about oneself and the world around, pragmatically practicing the concrete, grounded, vernacular implications of being your own bank. And for Nissim all this is a form of spiritual edgework. He said:

Bitcoin gives you the tools to improve and upgrade your internal being as a person. Only the person who understands he has an internal essence, and understands he is walking in a path, can do that. Bitcoin as a system is about filtering. Not every person is capable of studying the Torah, so in the same way not every person can deal with Bitcoin. If you put a kipah on the head so that people will say that you are religious and you say ‘believe me that I am religious because I bought this kipah for a 1000 shekels’ it’s not enough. Religion is something you must use, a spade with which you dig [rather than show off]... HODLING [consequently] means freezing the material dimension in your thinking... HODLING guides you in putting the money aside, [so that] it will do what it can do for itself [i.e. grow in value], while you will be dealing with the important things in life, which is solving your own problems and [developing] your own skills, [investing] in your own actions that are sublime, those refined things you want to achieve as a human being....

Nissim’s powerfully claims that you can only realize the deep meaning of Bitcoin when you HODL for prolonged periods of time despite periodic value drops or gains. Going beyond narrow economism, for him HODLing ultimately consists in practicing self-discipline both during recurrent instances of Fear, Uncertainty and Doubts (FUDs) in the market *and* through the collective euphoria that prevails



when the market achieves new All Times Highs.

Within these terms an exercise of patience through HODLING facilitates the strength and fortitude necessary in order to endure difficult situations in life at large, as well as the process of personal development and self-improvement that comes with such endurance.

It is an active, dynamic process, which requires discipline, attention and even some sense of inner peace. Patience here also gives time, literally, to appreciate the collective aspirations that unite people in the Bitcoin vision, namely, the 'decentralized' sociality they promulgate as this manifests in a radical message about freedom from intermediaries and the emphasis on mutuality, communication, exchange, transaction and cooperation through peer-to-peer relationships that always primarily incentivize personal responsibility and the protection of individual boundaries.

Conclusion

It is widely accepted these days to think of technological innovation in terms of acceleration and exponentiality, which lead to entropy. Things become faster, we are told, processes get shorter, contemporary technologies quickly becoming obsolete in the face of rapid invention and the power of new solutions. Virtuous HODLing among Bitcoin enthusiasts advocates a different perspective concerning the use and practice of contemporary financial technologies, one which favours slowness, waiting, and even a measure of conservatism.

Many die-hard HODLers, for example, vehemently oppose the various 'forks' in the Bitcoin protocol - a term used to relate to the establishment of a new blockchain with a new currency that 'forked' from the main Bitcoin blockchain - because they think that solutions must come from within the community in a slow process of error and trial sustained by an open and transparent debate. Absolving



the protocol in order to create a new one is immediately associated with abruptness, impatience, and even some form of greed, all of which are considered un-HODLer acts that Bitcoin enthusiasts associate with fiat and with 'scams'.

Within this emphasis on caution and slowness, the virtual end of a HODLING era is a contingency, a known event in an unknown future, which means it is present even before it actually happens. In this context being stuck with assets you are yet unable to realize turns into a process of ontological calibration and personal improvement that undergirds the emergence of a new crypto-libertarian social order.

HODLING is therefore more than just a means to an end. The dynamics of HODLING requires constant restriction and calculations by which you practice control and self-discipline, and therefore an end in itself for the coming into being of a decentralized sociality mediated by cryptocurrencies rather than fiat money. HODLers thereby resist the view of themselves as 'being stuck' by emphasizing meaning, intention, virtue and a transformation of rhythm. On these terms, HODLING is conceptualized as a form of work much like trading, although in a complete binary opposition: while profit from trading is ultimately realized in fiat, profit from HODLING is done in crypto.

References

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[1] <https://bitcointalk.org/index.php?topic=375643.0>



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