Twitter Thread by Brett Scott



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With Bitcoin's rising price I get many people asking me my opinion about it: Here are nine tips

1) Don't take advice about Bitcoin from those with a vested interest in seeing its price rise. That's like listening to CDO dealer in 2006. When prices go up, critical thought go down

2) Bitcoin is fascinating from a tech perspective, but don't fall for the rhetoric of monetary revolution. I was among the early users of Bitcoin & actually tried to use it as 'money', but it's not a monetary system. It's a system of cyber-collectibles, priced in dollars

3) By all means pass your money to a seller of these collectibles, but don't do so under the illusion that you're engaging in rebellion, or that you're doing prudent investment. You're doing what you're doing, which is buying a collectible from someone who is taking your money

4) Unlike many other collectibles, Bitcoin has no actual features, other than the fact that it can be moved around. It has a highly innovative issuance & movement mechanism, but that's somewhat meaningless if the thing being issued and moved is featureless

5) In fact, its only feature is its logo and the language that surrounds it. Without that the tokens are basically just blank digital objects, the digital equivalent of passing around fragments of limited edition clear glass beads

6) It's precisely this featurelessness that leads to the volatile price swings. The token is essentially hollow, which means there's no real-world tethering. Even CDOs were eventually 'anchored' to the real economy, but Bitcoin is largely driven by media-induced network effects

7) The rising price of Bitcoin does not signal its 'success'. It just means that another cycle of media-driven speculation has kicked in. The US dollar doesn't notice Bitcoin any more than it notices any other object priced in dollars, whether that be motorbikes or lipstick

8) The key difference with motorbikes or lipstick, however, is that we have intuitive ways of working out if their price is reasonable or not, by comparison to the prices of other goods. Given the Bitcoin is a featureless object, it escapes this same scrutiny

9) Ten years ago Bitcoin was highly important in spurring creativity, but now it's largely settled for being a means to make speculative investors rich, which is fine, but not deeply profound. If you're interested in crypto as a way to change the world, look beyond Bitcoin