

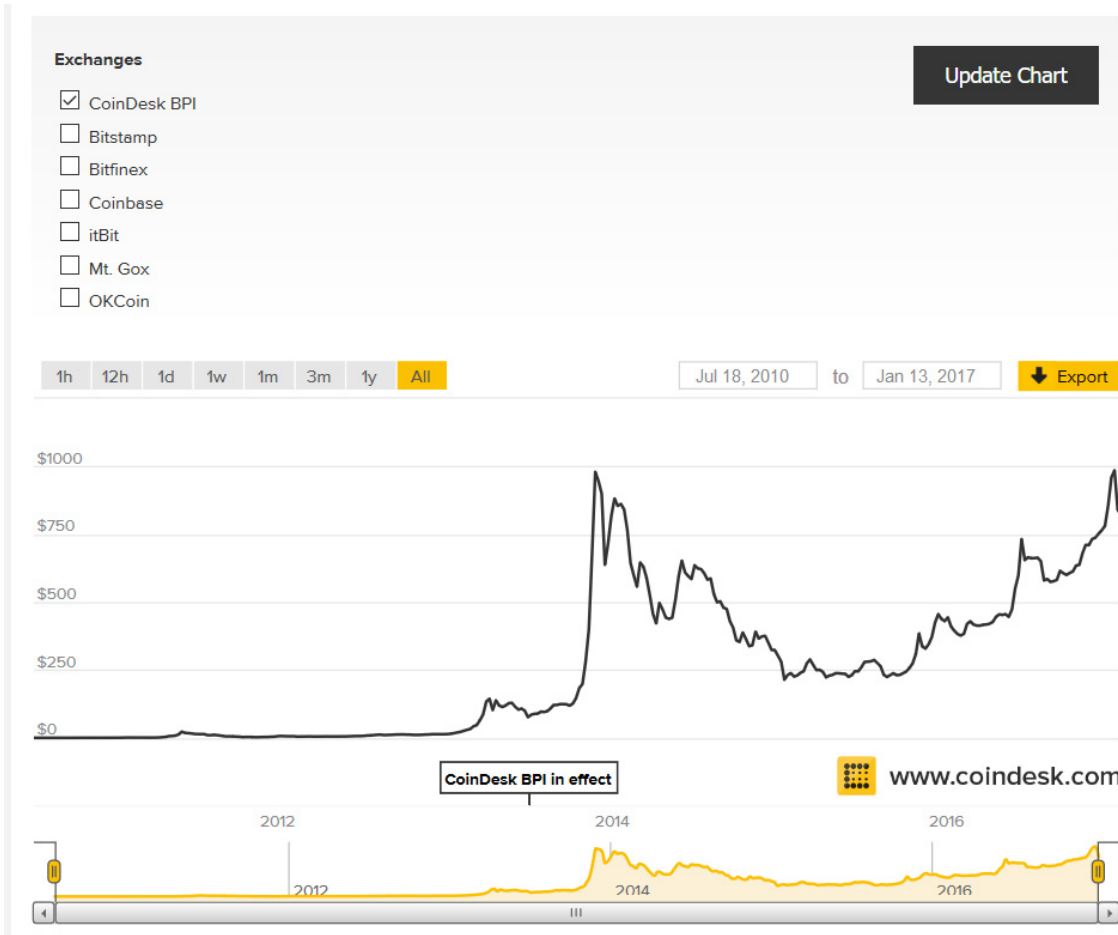
The trouble with Bitcoin

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Bitcoin is a cryptocurrency and a payment system. It is a new kind of money. According to <https://bitcoin.org>, “Bitcoin uses peer-to-peer technology to operate with no central authority or banks; managing transactions and the issuing of bitcoins is carried out collectively by the network. **Bitcoin is open-source; its design is public, nobody owns or controls Bitcoin and everyone can take part.** Through many of its unique properties, Bitcoin allows exciting uses that could not be covered by any previous payment system.”

Sounds great, right? Well, let’s take a closer look. The first thing you want in a currency is stability. The next is reliability. The third is freedom from manipulation. Of course, it is always appropriate for a currency to have a precious metal backing. Bitcoin has none of these things.

Here is a price chart of Bitcoin since its inception back in 2011:



Note that the price of Bitcoin was relatively stable for the first couple of years, but then it took off in 2013 and has been on a roller coaster ride ever since.

That is not the kind of price action you want to see from a currency. That’s the kind of price action you might see from a commodity like cocoa or copper.

Following are comments I made in an email to the folks at the [Casey Daily Dispatch](#):

I haven't seen anyone take on the biggest question about Bitcoin and similar "currencies." The question is this:

How can something be called a currency when its price relative to other currencies, and hence its purchasing value in those currencies, fluctuates like a commodity on steroids?

The corollary question is why anyone would buy Bitcoins at any price in anticipation of spending them at some future date.

You talk at length about the war on cash, manipulation of currencies, the loss of the gold standard, and so on, but what is staring you in the face is that Bitcoin is perhaps the most highly manipulated commodity in the world today. When one political entity like a central bank can move the price of Bitcoin 25% in less than a week, they have effectively rendered Bitcoin worthless. They have successfully attacked the digital currency and created an atmosphere of fear for those currently holding Bitcoins and those who might be considering purchasing them.

In my opinion, this type of action indicates that the only "safe" form of money a person can store is the precious metals – and they too are heavily manipulated by the likes of JP Morgan and central banks and are subject to confiscation at the whim of government(s).

This is not a pretty picture for the human race. If people do not have a stable currency they may own without fear of confiscation, manipulation, bail-in, and devaluation, they have no meaningful basis for their economy.

Anyway, that's my humble opinion.

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