



The Big Blockchain Lie

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Now that cryptocurrencies such as Bitcoin have plummeted from last year's absurdly high valuations, the techno-utopian mystique of so-called distributed-ledger technologies should be next. The promise to cure the world's ills through "decentralization" was just a ruse to separate retail investors from their hard-earned real money.

NEW YORK – With the value of Bitcoin having fallen by around 70% since its peak late last year, another of all bubbles has now gone bust. More generally, cryptocurrencies have entered a not-so-cryptic apocalypse. The value of leading coins such as Ether, EOS, Litecoin, and XRP have all fallen by over 80%, thousands of other digital currencies have plummeted by 90-99%, and the rest have been exposed as outright frauds. No one should be surprised by this: four out of five initial coin offerings (ICOs) were scams to begin with.¹

Faced with the public spectacle of a market bloodbath, boosters have fled to the last refuge of the crypto scoundrel: a defense of "blockchain," the distributed-ledger software underpinning all cryptocurrencies. Blockchain has been heralded as a potential panacea for everything from poverty and famine to cancer. In fact, it is the most overhyped – and least useful – technology in human history.

In practice, blockchain is nothing more than a glorified spreadsheet. But it has also become the byword for a libertarian ideology that treats all governments, central banks, traditional financial institutions, and real-world currencies as evil concentrations of power that must be destroyed. Blockchain fundamentalists' ideal world is one in which all economic activity and human interactions are subject to anarchist or libertarian decentralization. They would like the entirety of social and political life to end up on public ledgers that are supposedly "permissionless" (accessible to everyone) and "trustless" (not reliant on a credible intermediary such as a bank).

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