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Economist Dismisses Bitcoin Mania As Fad While Tech Billionaire Sets \$250,000 Price Target

Nobel Prize winner Robert Shiller says the bitcoin craze is fueled by hype, not sound financial data

BUSINESS

MARKO ALIAKSANDR / SHUTTERSTOCK

**Samantha
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Robert Shiller, a Yale University professor and Nobel Prize-winning economist, dismissed today's bitcoin mania as a passing fancy that's driven by emotions and is not rooted in financial fundamentals. Shiller made the remarks even as tech billionaire Tim Draper set a \$250,000 bitcoin price target for 2022.

"It's another example of faddish human behavior," Shiller told *CNBC* April 13. "It's glamorous...**Smart people went into** these and other cryptocurrencies, but it's a story that I think goes way beyond the merit of the idea."

He continued: "I'm interested in bitcoin as a sort of bubble. It doesn't mean that it will disappear, that it'll burst forever. It may be with us for a while."

Shiller, an avowed bitcoin bear who's famous for his work on spotting financial bubbles, says the hype surrounding the decentralized, unregulated, opaque cryptocurrency market stems partly from its image as rebelling against "The System."

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“I think it’s partly political,” Shiller said. “Economists tend to neglect the political side. There’s a big element of people who don’t trust the government anymore, and they like the idea that this didn’t come from the government. It came from some real smart computer scientist. It’s a great story for today’s markets.”

Erratic, Inexplicable Price Escalations

Schiller raises a good point. Bitcoin’s price trajectory looks pretty wild.

After launching in 2009, BTC prices remained below \$1 a token until 2010. In 2013, bitcoin rose to more than \$100 a coin. It wasn’t until January 2017 that bitcoin hit \$1,000 before dropping.

By August 2017, bitcoin prices topped \$3,000, then soared above \$19,000 by December 2017. Bitcoin is now hovering at about \$8,000.



CoinDesk

There’s widespread speculation that BTC prices are being manipulated by “bitcoin whales,” or individuals who hold huge quantities of the largest cryptocurrency by market cap. Short of anyone copping to that, there’s no way to prove price manipulation but rumors persist.

“It’s More Psychological”

Yale economist Robert Shiller, who has repeatedly called bitcoin a **bubble that’s about to burst**, said there’s no logic behind its skyrocketing price swings or escalating media hype.

“I don’t know that for sure, but it strikes me that the reason people are so excited about it is more psychological than something that could be explained by the computer science department,” he said.

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Bitcoin craze is more psychological than economic: Not

Bitcoin buying behavior is best explained by psychology than economy-winning economist Robert Shiller.

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Despite Robert Shiller's bearish sentiments, tech billionaire Tim Draper has total confidence in the future of bitcoin, the cryptocurrency market, and blockchain, the technology undergirding virtual currencies.

Draper has set a **\$250,000 bitcoin price target** for 2022. He made the prediction April 12 at the 2018 Block (Chain) Party at Draper University in California.



"I'm thinking \$250,000 a bitcoin by 2022. Believe it!" Draper said (via [Reddit](#)). "They're going to think you're crazy, but believe it. It's happening and it's going to be awesome."

Fundstrat Sets \$25,000 Year-End Bitcoin Price Target

Meanwhile, Fundstrat Tom Lee, another noted bitcoin bull, predicts that **bitcoin prices will top \$25,000** by the end of 2018.

Lee explained that bitcoin's recent price drop was partly due to investors trying to sell off their cryptocurrency holdings in a mad dash to avoid paying capital-gains taxes.

"We still feel pretty confident that bitcoin is a great risk-reward, and we think it could reach \$25,000 by the end of the year," Lee told *CNBC* April 12. (video below).

Bitcoin could triple in price by year's end, says Fundstr

After a disappointing start to the year, Fundstrat's Tom Lee sees a bright future for Bitcoin, which he says could triple in price by the end of the year. He says Bitcoin is currently trading at \$25,000.

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