



Is Warren Buffett Right? Should You Avoid Crypto?

Description

Doing something long enough doesn't automatically make you an expert in it. But doing something well for decades, proving your mettle time and time again, beating the odds seven to eight times out of 10, and still growing and learning are traits of a master of the craft, and Warren Buffett checks every box (and more).

However, it doesn't mean that his investment strategy is infallible and that he doesn't make mistakes. In such a dynamic world of investing, mistakes are inevitable. But if you wish to follow his investment approach or heed his advice on these matters, you must identify when he is making a mistake and when he has a different opinion compared to the broader market or other institutional investors.

Crypto is the perfect "contentious" topic to hash out this difference.

Warren Buffett's take on crypto/Bitcoin

Warren Buffett's disregard, which almost borders on contempt, is relatively well known. He called it rat poison on one occasion, and now, and more recently, he set the bar even lower (if possible). He said that if all the **Bitcoin** in the world was worth \$25, he still wouldn't buy it.

That's from a man who made a fortune in weak markets by identifying solid investments in run-down conditions is quite a ringing endorsement *against* Bitcoin. It *may* push you away from crypto if you are adamant about following Warren Buffett's investment approach. But it's a good idea to dig a bit deeper into Buffett's views on Bitcoin or crypto.

Bitcoin to Buffett is an unproductive asset, which is only worth what the market is willing to pay for it. An interesting point to note here is that Buffett rarely invests in collectibles. He compared Bitcoin to assets like farmland and [rental properties](#), which might be an extreme example.

But it clarifies his take on Bitcoin. In his view, a purely speculative asset might never match up to assets that offer real-world utility/value, especially in the long term.

So, should you divest yourself of crypto? It depends. We can take a deep dive into the possibilities for Bitcoin and other crypto assets in the future, including its potential as a fiat alternative. Still, even as a purely speculative investment asset, Bitcoin *does* offer a utility to investors — powerful short-term growth.

If you are not thinking in terms of decades like Buffett but are interested in growth in a matter of years or even months, crypto might not be something you should avoid.

A cryptocurrency to watch out for

If the real-world impact is something you are looking for, **Ethereum** ([CRYPTO:ETH](#)) might be worth looking into, even if it's just for the [smart contracts](#) angle.

Smart contracts are steadily gaining traction and are expected to jump out of the niche tech companies soon and join the mainstream corporate world. The world is already going paperless at a robust pace, and this would be just the next natural evolution.

The Ethereum blockchain, despite several other cryptocurrencies competing in this space, has a pronounced dominance. This may give its native crypto more of an edge than other crypto assets that are simply speculative in nature.

Foolish takeaway

It's smart to take Warren Buffett's investment advice into account, no matter what you invest in. But an even wiser thing to do is to try and understand his rationale for putting something like Bitcoin down.

If your only goal is to make money from crypto and you are not adamant about long-term, productive assets, [investing in crypto](#) shouldn't be something you actively try and avoid.

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