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Bitcoin’s latest crash shows what it really is: speculation, not money

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Bitcoin’s 20% crash erased all 2025 gains, revealing its speculative nature.

Bitcoin just crashed again. After hitting over $126,000 in October, it dropped more than 20% in a few weeks, falling below $90,000. All the gains it made in 2025 — gone.

This wasn’t random bad luck. Real pressures drove the crash: Electricity costs soared, making Bitcoin mining less profitable. Over $2.3 billion flowed out of Bitcoin investment funds in just the first half of November. Data shows miners dumped about 71,000 Bitcoins onto exchanges in early November, plus another 210,000 in October — some of the biggest sell-offs since 2022.

These constant wild swings raise a basic question: What is Bitcoin, really? Fans say it’s revolutionary money that gets around capitalism’s problems. But when you look at it through a Marxist lens, you see something different: Bitcoin isn’t money at all. It’s a way to gamble on prices going up — what Marx called “fictitious capital.”

What does it take to be money?

To understand why Bitcoin fails as money, we need to start with what Marx said money actually is. For Marx, money isn’t just a symbol or something the government declares valuable. It’s something real that comes out of how people produce and trade goods.

Marx was clear: Money itself must be a commodity — a real thing with physical form. He wrote that money, “the universal commodity,” must exist “as a particular commodity alongside the others.” Through trading, this “universal equivalent” takes on “the bodily form of a particular commodity.”

Throughout history, gold and silver played this role. Why them? Because they have real uses, and because their value comes from the hard work it takes to dig them out of the ground and refine them. That labor-based value made them stable enough to be the anchor for the whole trading system.

Marx insisted this physical foundation matters even when credit systems develop. Paper money and bank deposits aren't new kinds of money — they're IOUs that stand in for the real money (gold) behind them. Capitalism constantly tries to get around the limits of physical money, but as Marx said, "again and again it breaks its back on this barrier."

So for something to be money, it needs three things: It must be a real physical commodity, it must be useful for something besides being money, and its value must come from the labor that went into making it.

Bitcoin fails on every count

Bitcoin doesn't meet any of these requirements.

First, Bitcoin has no real-world use beyond speculation. Gold works in electronics, dentistry, and jewelry. Even if nobody used it as money, gold would still be valuable for these practical purposes. Bitcoin? You can't do anything with it except buy and sell it. It's just data on computers — not a physical thing with actual uses. Without those uses, it can't be the solid foundation Marx described.

Second, Bitcoin's value doesn't come from labor. Gold's value is tied to the hard, costly work of mining and refining it. Bitcoin's price comes from three things instead: its built-in scarcity (only 21 million can ever exist), people betting prices will rise, and collective belief in the system. Yes, Bitcoin "mining" uses tons of electricity, but that's not the same as productive labor that creates something useful. It's just the cost of keeping the network running and checking transactions. That doesn't create value the way mining gold does.

Third, Bitcoin's wild price swings make it useless as a measure of value.

Money needs to be stable so people can price things reliably. Something that loses 20% of its value in weeks can't do that job. The recent crash proves it: When electricity got expensive and AI companies offered miners better money, they dumped Bitcoin. That's not how real money behaves.

So what is Bitcoin?

If Bitcoin isn't money, what is it? It's what Marx called "fictitious capital" — a financial asset whose value comes from hoping someone will pay more for it tomorrow, not from any real production.

Stocks and bonds work this way too — they're bets on future profits. Bitcoin fits perfectly. Its price depends entirely on what investors think others will pay for it later.

Think of the art market. A painting by a famous artist can sell for millions, but not because it's useful or produces income. It's expensive because it's rare and people believe others will want it. Bitcoin works the same way. Neither pays dividends nor rent. Both have artificially limited supply — Bitcoin by computer code, art by how much an artist can create. Both markets are controlled by the super-wealthy: "whales" in crypto, big galleries in art. And in both cases, something is worth whatever the next buyer will pay — nothing more, nothing less.

Bitcoin also shows what Marx called "commodity fetishism" — when relationships between people look like relationships between things. Value seems to magically come from the object itself, not from human work. All the computing power and electricity that keeps Bitcoin running is hidden. Its value looks like it just comes from the code, growing on its own without any connection to real work or production. It's the ultimate magic trick.

Reality crashes the party

The proof that Bitcoin is just another investment — not some new kind of money — came with this latest crash. When electricity prices rose, miners had a choice: Keep mining Bitcoin or do something more profitable. They chose profit.

Big mining companies like Core Scientific and Iris Energy signed deals to host AI computers instead. They get paid 3-4 times more per kilowatt-hour than Bitcoin mining paid them. Bitfarms went even further, announcing plans to quit crypto mining completely by 2027.

This shows that even digital “assets” like Bitcoin follow the basic rules of capitalism. Miners ditched Bitcoin because they could make more money elsewhere. It’s just another place to invest, not a magical new form of money that escapes capitalism’s logic.

Marxist economists point out that if governments could really create crisis-proof money out of thin air, they could solve economic crashes just by printing more. They can’t, because money is tied to real commodity production. Bitcoin’s failure as stable money proves this point.

Bitcoin isn’t a challenge to the system. It’s a volatile bet that reflects all the financial chaos of the capitalism it claims to replace. It’s trapped by the same contradictions and the same endless chase for profit.