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Crypto Is Pointless. Not Even the White House Can Fix That

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Since its peak last fall, Bitcoin, the world's largest cryptocurrency, has lost almost half its value. Nearly \$2 trillion of wealth has [evaporated](#) from the global crypto market since October.

We have one question. What took so long? Outside of crimes and scams, the technology is useless, and its economics are even worse.

The answer is that crypto was held aloft for months by a period of euphoria that followed the extraordinary support the industry gained in the Trump administration. The crypto bros who spent millions of dollars getting Donald Trump elected seemed to get virtually everything they might want: a longtime industry investor elevated to White House adviser, one type of crypto given the imprimatur of the federal government, the near annihilation of effective regulatory scrutiny, invitations to White House dinners hosted by Mr. Trump.

But instead of cementing crypto's legitimacy, the administration has only pulled back the curtain on the fundamental worthlessness of its assets. At a time when investors have grown skittish about riskier assets, the value of Bitcoin has fallen nearly 50 percent since October, dropping to below \$70,000, proving it was only a matter of time before crypto faced the critical scrutiny it always needed but never truly received.

When we entered the White House in 2021, crypto was lobbying up faster than any other industry we'd ever seen. Eager to shape its regulatory future and enter the world of mainstream finance, the industry hired an army of lobbyists to draft laws and regulations giving its notoriously volatile currencies the backing and legitimacy of our government. By doing so, its major investors believed, they could elevate the systemic importance of crypto so that they could be made whole from any future crash via a

potentially taxpayer-funded bailout. One of the industry's main facilitators, Senator Cynthia Lummis, a Wyoming Republican nicknamed the Crypto Queen, [received](#) over \$50,000 in campaign contributions from the crypto industry and investors just weeks before sponsoring a pro-crypto bill.

In our role as government economists, we initially kept an open mind about crypto's potential merits. From 2021 to 2022 we sat in dozens of meetings in which crypto firms and their backers assured us that the blockchain, the technology underlying crypto, would do everything from increase access to the financial system to replace the internet as we knew it.

Yet when we asked independent experts about these claims, we encountered sharp pushback. If this technology was that revolutionary, why weren't any of the giant tech firms using it? Were they too shortsighted to see the technological revolution unfolding before them? Or was the technology — which we learned was essentially a painfully slow and expensive database — just not that special?

As economists of the Council of Economic Advisers, we aired our concerns in the 2023 [Economic Report of the President](#). Crypto is, at best, a form of private money, which has a long history of ending up in financial ruin. At worst, it is a speculative and highly volatile asset with almost no practical use, whose backers were (and still are) constantly trying to embed it into the financial system, both to increase its adoption and, should the market nosedive, stick taxpayers with the bill.

Given our research and the collapse of the major crypto firm FTX because of the fraudulent activity of its founder, Sam Bankman-Fried, the Biden administration adopted a cautious approach that included increasingly aggressive regulatory efforts to curb scams and fraud. Many other prominent crypto firms also collapsed in that period, leading to a huge sell-off of Bitcoin and similar currencies.

This period — referred to as crypto winter — could have led to a deeper evaluation of whether crypto was delivering its promised benefits. Instead, the industry concluded that it had to control more of the rules that govern crypto's standing in financial markets. That, in turn, meant they needed to buy a lot more political power.

So in 2024 they lavished over \$100 million on pro-crypto [candidates](#), including Mr. Trump.

He swiftly made good on his vow to be a friend of the industry. He helped push through legislation that brought stablecoins firmly inside the regulatory perimeter of the U.S. banking system. And with the longtime crypto investor David Sacks working as Mr. Trump's A.I. and crypto czar, he endorsed a range of other actions to bolster the industry and foster crypto's broad adoption. Now Ms. Lummis and her Republican colleague Bernie Moreno of Ohio, who was elected with the help of the industry, are pushing to set up a government-funded reserve whose sole purpose appears to be to juice the value of Bitcoin.

The administration is also working to pass [a bill known as the Clarity Act](#). Not only would it give the government's regulatory blessing to an additional set of cryptocurrencies; it would allow small cryptocurrencies to pitch themselves to ordinary investors without any of the consumer protections that commonly accompany such securities — a recipe ripe for disaster.

Naturally, the administration's moves initially sent crypto values soaring, with the price of Bitcoin rising almost 20 percent in the 10 months after Mr. Trump's 2025 inauguration.

Yet all of that financial and government support, accompanied by a period of soaring crypto values, still failed to win over consumers. The share of Americans holding crypto has been stuck at around 30 percent [for the past four years](#). Demand is so slack that the owners of the heavy-duty hardware that mines new crypto are increasingly [turning it into](#) A.I. data centers. At the same time, investors worried about an A.I. bubble are increasingly ditching riskier, more speculative assets — the more speculative the asset, the earlier it was punished. That explains why Bitcoin started plummeting three weeks before tech stocks began to wobble. Clearly, despite its many wins in Washington, crypto has made little progress on its attempts to be integrated into the real economy.

Of course, the industry might simply have erred in tying its fortunes to Mr. Trump. He and his family have already [harvested](#) an estimated \$1.4 billion from various

cryptocurrencies. As Paul Krugman has [argued](#), these crypto geniuses might have bought themselves the wrong president.

There will be freshmen entering college this year who were born after Bitcoin's debut. Yet in all this time, with the exception of individuals using it to wire money to recipients in other countries, crypto seems to have mainly proved itself adept at [facilitating criminal activity](#). Just this week, the crypto firm Binance, whose founder was pardoned by Mr. Trump in October for violating money-laundering laws, fired or suspended several employees who found that [\\$1.7 billion in cryptocurrencies](#) "had flowed from two Binance accounts to Iranian entities with links to terrorist groups," The Times reported.

No one can say with certainty what crypto will be worth in the future. But with what we view as the most crypto-friendly administration and friendly members of Congress, its boosters have run out of excuses. They may now also be running out of time.