Adams Essay **Sept 4, 2025**

Cryptocurrency is idea surrounded by hype, myth, fantasy, misdirection, and fraud.

Arvidsson (2019) writes that “Money is first and foremost a social convention, which emerges to build trust among strangers in their economic transactions, both intertemporal and in spot markets.”

According to the International Monetary Fund “money can be anything that can serve as a • ***store of value,*** …people can save it and use it later— …over time; • ***unit of account,*** …provide a common base for prices; or • ***medium of exchange,*** …can use to buy and sell from one another.” (IMF, 2025). That definition is the generally accepted definition found in most Economics 101 textbooks and under that definition we can place cryptocurrency as it is clearly used for storing value and used in exchange transaction and to some extent as a unit of account. What cryptocurrency is not (at least in the context of the US economy) is *legal tender*. According to 31 USC 5103 *legal tender* is “United States coins and currency (including Federal reserve notes…)….” (US GPO, 2023). Legal tender is a specific, government-defined subset of money recognized by a government to settle public and private debts, and to pay taxes and fines.

Plichta (2024) notes that though cryptocurrency functions as a medium of exchange or a store of value, it differs from traditional currency like the U.S. dollar in that it is not linked to a government or physical commodity, such as gold and has no value in and of themselves-their existence solely relies on a decentralized ledger. Johnson (2021) notes the “cryptocurrency market …reveal many of the endemic enterprise and systemic risk…concerns that have plagued conventional financial markets and legacy financial institutions. [Crypto] trading leave individual, unsophisticated investors vulnerable to predatory trading practices.” And Goodman (2022) finds that “cryptocurrency values appear to be primarily driven by the creation of artificial scarcities and market sentiments.” According to Rogers (2025) “of the crypto users - 92.6% of them - held it as an investment; only 4.4% used it to buy stuff. Which, for a thing that calls itself a ‘currency,’ really does not sound very much like *money*, much less a futuristic alternative to the hegemony of the global banking system.” And Rogers also noted that “a study by the Pew Research Center, 63% of Americans have ‘little to no confidence' in the reliability and safety of the digital mechanisms required to use or invest in crypto."

In 2018 New York University economist Nouriel Roubini is said to have called crypto a *solution in search of a problem*. In testimony to a US Senate Committee Roubini (2018) stated "Crypto is the mother of all s… [and] cams and Blockchain is the most Over-Hyped Technology Ever…" Aiello (2023) notes "A prevailing hypothesis posits that this upswing in crypto wealth stems from a retail 'investment frenzy' and a pervasive 'fear of missing out,, as individuals scramble to partake in the crypto gold rush." Warzel (2024) notes "for years, crypto skeptics have asked, *What is this for?* And for years, boosters have struggled to offer up a satisfactory answer."

Economist Paul Krugman (2025) writes "the entire crypto enterprise is corrupt. Money-laundering and scams that exploit naïve investors aren't unfortunate behavior that taints a potentially useful enterprise. For crypto, they are the whole game, more or less the only reason cryptocurrencies exist."

To have any legitimate standing in the monetary systems Claeys (2018) argues that cryptocurrencies would have to overcome three challenges. "First, the supply of cryptocurrency would need to act as an instrument … that affects the economy. Second, in the presence of fractional reserve banking, …[it] would need to respond to liquidity crises and act as a lender of last resort in order to safeguard financial stability. Third, there would need to be a system of checks and balances to keep the agent … accountable to the principal, … which is not possible because cryptocurrencies are automatically and privately issued." According to Campino (2024) "analysis reveals a noteworthy contrast in the volatility levels … underscoring the inherent instability within the realm of cryptocurrencies. …The pronounced fluctuations in the value …not only demonstrate its susceptibility to market dynamics but also underscore the unique challenges associated with digital assets in comparison to traditional fiat currencies."

Warzel(2024) notes that "Crypto is a technology whose transformative product is not a particular service but a *culture*—one that is, by nature, distrustful of institutions and sympathetic to people who want to dismantle or troll them."

Lastly, returning to Roubini's Senate testimony:

> *Crypto-land is an eco-system of con artists, self-serving peddlers, scammers, carnival barkers, charlatans, and outright criminals. While every successful technological revolution includes some bubbles and some scammers, most of the real ones – like the internet - create real goods and services that billions of folks use around the world even after the initial frothiness and bubble has burst. And the criminal and scamming element in real technological revolutions is the exception, not the systemic rule that it is in crypto land.*

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