

# As Crypto Tanks, Tech Veterans Question Blockchain's Promise of Economic Salvation

Crypto fans say the technology promotes financial inclusion. Critics contend that the space is rife with predators putting unwary investors at risk.

**By Ephrat Livni**

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Crypto champions say that digital assets can bring excluded communities into the financial system and help marginalized investors to grow wealth. But some critics question whether the new tools present a true opportunity or a threat.

“Predatory inclusion” is the concept of increased access to products or services — only on exploitative or dangerous terms that in fact undermine the potential benefits. The phrase has been applied to housing and education loans targeting minorities.

Increasingly, it also comes up in discussions of crypto, said the veteran tech journalist and New York Times Opinion podcaster Kara Swisher at a task force on the future of money at the DealBook D.C. policy forum last week.



Kara Swisher, the technology journalist and New York Times Opinion podcaster, at the task force on the future of money at the DealBook D.C. policy forum last week. “There’s been a really growing anti-crypto movement among a lot of really old-school internet people,” she said. Valerie Plesch for The New York Times

“There’s been a really growing anti-crypto movement among a lot of really old-school internet people,” Ms. Swisher said. Noting that the crypto space is rife with scams, she added that predatory inclusion “is actually real.”

But Cleve Mesidor, a Black woman who leads the nonprofit Blockchain Foundation, challenged the notion “that we’re now being fooled in some way.” She says she believes that the concerns about predation are premised on a false assumption.

“The reality is that Black and Latino innovators and investors lead adoption in the space. We’ve been doing that over the last five to eight years, and we’ve been doing that by educating our communities,” Ms. Mesidor said. “The biggest risk to my community, my contemporaries, has been traditional finance.”

That history of predation cannot be ignored, agreed Alondra Nelson, who leads the White House’s Office of Science and Technology Policy. But Ms. Nelson, a Black woman, suggested that crypto might be no different. She has the same concerns about conflicts of interest and misaligned incentives in crypto as apply in traditional finance, but there are fewer regulations to constrain the new industry’s players.

“That’s going to take advantage of those who can least withstand the losses or take on that risk,” she said.

Many crypto companies operate in regulatory gray spaces, where investors have few of the protections that exist for other financial products. And crypto is volatile — Bitcoin has fallen from a high of about \$68,000 in November to about \$20,000 this week, and the total market capitalization of all cryptocurrencies fell to below \$1 trillion from a high of about three times as much last year.

The uncertainty and price swings suggest to the Cornell University economics professor Eswar Prasad, author of the 2021 book “The Future of Money,” that cryptocurrencies are purely speculative assets and probably not a path to total global economic salvation.

Mr. Prasad says he sees “the real promise of blockchain technology,” which allows for more access and transparency, but fears that the new industry will indeed repeat old patterns. “At this moment, we have this fantastic technology, which could lead us to a more glorious world. But there is a great risk of subversion.”

*Participants: Caroline Crenshaw, commissioner, U.S. Securities and Exchange Commission; Alondra Nelson, deputy assistant to the president, head of the Office of Science and Technology Policy; Kara Calvert, head of U.S. policy, Coinbase; Kristin Smith, executive director, Blockchain Association; Jonathan Levin, co-founder, Chainalysis; Eswar Prasad, economics professor, Cornell University; Michele Korver, head of regulatory, crypto, Andreessen Horowitz; Cleve Mesidor, executive director, Blockchain Foundation; and Lindsey Parker, chief technology officer, Washington, D.C.*