

2025 POLICY GUIDES

Cryptocurrency

Issue

There is currently debate over whether the Commodities Futures Trading Commission or the Securities and Exchange Commission should regulate cryptocurrencies and how (whether as securities or commodities, to begin with). How much regulation is necessary to protect investors and to avoid systemic risks to the larger economy?

Background

What is a cryptocurrency? A cryptocurrency is a substitute for money that relies on blockchain technology. Blockchain makes enough copies of a record change in enough places (the “distributed ledger”) to make faking a change difficult to impossible.

Cryptocurrency is not the only use of blockchain. Blockchain can be a tool for ensuring the integrity of shared records and for automating escrow and contracting. Cryptocurrency is not required for these blockchain uses.

A cryptocurrency can be pegged to another asset, like a stablecoin, and that asset may or may not be held to ensure the peg. It can also be tied to the proof of completion of a math calculation, designed to be difficult enough to limit the growth in the supply of the cryptocurrency, like bitcoin, for example. If the cryptocurrency is not fully backed, its value is based on faith, without the backing of a government.

What is cryptocurrency useful for? As mentioned above, cryptocurrency can have contracting terms built into it to automate escrow or to allow for payment in other contingencies, although these uses can be, and usually are, done with blockchain tools outside of cryptocurrency. Most commonly, though, cryptocurrencies have been useful for anonymous transfers of value, which can have legitimate uses, but which can also be used to bypass financial reporting that many government agencies require for large transactions, to avoid taxes, or to hide the gains of illegal activity.

What are the risks of cryptocurrency? Cryptocurrency markets have been described as the Wild West of currency. Regulation is minimal, and there are considerable risks associated with the asset.

For the individual user/investor, cryptocurrency value can have huge swings, and, because the assets are designed to be untraceable, there have been multiple cases of cryptocurrency exchanges being hacked and investor assets untraceably stolen.

For the public, as cryptocurrency exchanges grow, they could become too big to fail, and the government could be in a position of bailing out an inherently risky enterprise.

Resources:

FTC -- What To Know About Cryptocurrency and Scams

CFTC Resources: Digital Assets

Visual Capitalist: A Beginner's Guide to Cryptocurrencies

Why the SEC Will Likely Be the Primary Cryptocurrency Cop

Farm Bureau Policy**STATE POLICY:**

FISCAL POLICY (2024). Farm Bureau opposes the creation and use of a retail central bank digital currency.

FEDERAL POLICY:

415/Agricultural Credit, Pg. 180

4.1.6 (We Support:) Keeping coin and paper currency as our legal tender.

420/Fiscal Policy, Pg. 182

10.1 (We Support:) The continued use of physical currency and recommend the United States government continue to produce a sufficient supply of coin and paper currency.

Questions

- We have policy supporting coin and paper remaining legal tender and opposing an all-digital financial system. Should our policy address the existence or regulation of cryptocurrencies?
- From your perspective, how should cryptocurrency be regulated?