

Should the government be allowed to hold bitcoin?

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I [had this article](#) in *The Times* yesterday.

A Bitcoin dealer offered an opposing view, which felt a little lame to me, but I do not have the right to reproduce it.

Should the government be allowed to hold crypto?

No

Richard Murphy, a professor at Sheffield University Management School

The answer to whether the government should be allowed to keep or invest in bitcoin is a very resounding no. Bitcoin is economically meaningless and there is no value to it. It has no known use except to facilitate illicit transactions, very largely in illicit substances.

Those who claim it can be used to make payments always ignore the fact that when doing so, its value is determined by translating it into another currency such as the pound.

So, why is bitcoin worth so much? That is the power of modern marketing. The myth has been sold that people need privacy in their finances from the government and that cryptocurrency will help deliver that.

They are also told that bitcoin is a hedge against inflation — but its massive price volatility proves it is anything but.

And they are also told that because bitcoin is in scarce supply, demand means that its price will go up, and it might just do, so long as the hype is maintained. But one day the bubble will burst, spectacularly, as such bubbles always do. Bitcoin is something I would not invest £1 in and nor should the UK government.

There are strong political reasons for the government steering clear. As all bitcoin enthusiasts make clear, their excitement about it is based on the claim that it undermines the money issued by governments.

Those enthusiasts want to destroy the government's control over the UK economy and deliver the services needed by its population.

That is bitcoin's destructive political goal and the UK government should have nothing to do with it.

Not least, that is because almost all bitcoins have now been mined. And so if the government were to buy more, it would have to do so second-hand from existing owners. It is estimated that 90 per cent of bitcoin is owned by just 2 per cent of the people who own cryptocurrencies.

Bitcoin wealth is, then, intensely concentrated amongst a few wealthy owners who are now desperate to find someone gullible enough to part with good money in exchange for their spurious tokens.

For the government to buy bitcoin, or hold on to the bitcoin it has recovered from criminals, would, therefore, reward the wealthy with real currency in exchange for their worthless assets. That is the last thing that a responsible government should be doing. Bitcoin is a con and the government should not fall for it.