Trump Embraces the “Bitcoin-Dollar”, Stablecoins to Entrench US Financial Hegemony

By Mark Goodwin and Whitney Webb

Trump’s recent speech on bitcoin and crypto embraced policies that will seek to mold bitcoin into an enabler of irresponsible fiscal policy and will employ programmable, surveillable stablecoins to expand and entrench dollar dominance.

This past Saturday, former president Donald Trump addressed the Bitcoin 2024 conference in Nashville, Tennessee, expounding upon the crypto and bitcoin policies likely to be implemented as part of a likely future Trump administration. Speaking in front of a banner emblazoned with the logo of Xapo bank, an institution which hopes to serve as a global bridge between bitcoin, the U.S. dollar and stablecoins, **Trump’s speech revealed a policy vision that would integrate those three in order to “extend the dominance of the U.S. dollar to new frontiers all around the world.”**

Talk of a threatened dollar has been circulating for years, with the petrodollar system now having ended and increasingly influential power blocs seeking alternatives to the dollar as a reserve currency. However, Trump – per his recent speech – seems poised to employ bitcoin as a sink for out-of-control U.S. government debt and to unleash the expansion of digital dollar stablecoins, which are already quietly dollarizing numerous countries in the Global South as the consequences of Covid-era fiscal policies continue to decimate the purchasing power of the 99% globally.

Trump promised, among other things, to “create a framework to enable the safe, responsible expansion of stablecoins […] allowing us to extend the dominance of the U.S. dollar to new frontiers all around the world.” He then asserted that, as a result of his future administration’s embrace of dollar stablecoins, **“America will be richer, the world will be better, and there will be billions and billions of people brought into the crypto economy and storing their savings in bitcoin.”** Bitcoin mining was also a later focus of the

speech, with Trump claiming that “America will become the world’s undisputed bitcoin mining powerhouse.” This would further entrench something else touched on by Trump, that “the United States government is among the largest holders of bitcoin.”

He then discussed his views on the relationship between bitcoin and the dollar: ¨Bitcoin is not threatening the dollar. The behavior of the current U.S. government is really threatening the dollar.¨ However, the “threatening” behavior to which Trump refers, the perpetual money printing of the Federal Reserve system, has been the policy of every U.S. president for roughly the past century, with Trump himself being no exception. Indeed, under Trump, more money was printed than under any president in history, as the Covid-19 crisis “unleashed the largest flood of federal money into the United States economy in recorded history.” With trillions printed to enable the government’s policy of lockdowns and government purchases of experimental vaccines, the U.S. national debt grew by $8.18 trillion under Trump, keeping up with the pattern of rapid debt expansion set by his predecessor Barack Obama – who grew the debt by $8.34 trillion during his eight years in office.

Thus, any policy that unites bitcoin and the dollar – whether under Trump or another future president – would most likely be aimed at enabling the same monetary policy that currently threatens the dollar. The most likely outcome under Trump, as outlets like *CNBC* have speculated, would be making bitcoin a reserve asset and, as a consequence, a sink for the inflation caused by the government’s perpetual expansion of the money supply. Ironically, bitcoin would then become the enabler of the very problem it had long been heralded as solving.

Not only that, but bitcoin would then become the anchor that would allow the U.S. government to weaponize the dollar against economies where local currencies fail to withstand the pressures of an increasingly unstable economy, effectively supplanting the local currency with digital dollars. This phenomenon, already under way in countries like Argentina, brings with it significant opportunities for the U.S. government to financially surveil the “billions and billions of people” to be brought onto dollar stablecoin platforms, some of which have already onboarded the FBI and Secret Service and frozen wallets at their request.

Considering that “private” stablecoin platforms are already so intertwined with a government known to warrantlessly surveil civilians both domestically and abroad, the surveillance concerns are analogous to the surveillance concerns around central bank digital currencies (CBDCs). In addition, with stablecoins being just as programmable as CBDCs, the differences between stablecoins and a CBDC would revolve largely around whether the private or public sector is issuing them, as both would retain the same functionality in terms of surveillance and programmability that have led many to view such currencies as threats to freedom and privacy. **Thus, Trump’s rejection of CBDCs but embrace of dollar stablecoins on Saturday shows a rejection of direct digital currency issuance by the Federal Reserve, not a rejection of surveillable, programmable money.**

So the question remains, why wouldn't the U.S. government just make a retail-facing CBDC? For starters, there are likely more limitations for a public sector entity on who and what they can restrict on their platforms. **However, the main reason is mostly an economic one: they need to sell their debt to someone else to perpetuate the U.S. Treasury system.**

Stable Demand For U.S. Debt

In order for an incoming Trump administration to successfully meet the demands of their congressional budget while also servicing of our compounding $35 trillion in debt already owed, the Treasury needs to find a willing buyer for that newly issued debt. In the past 18 months, a new high volume net buyer of this debt has appeared in the crypto-currency industry: stablecoin issuers. Stablecoin issuers such as Tether or Circle have purchased over $150 billion of U.S. debt — in the form of securities issued by the Treasury — in order to "back" the issuance of their dollar-pegged tokens with a dollar-denominated asset. For some perspective on the absolutely astounding amount of volume these relatively young and relatively small businesses have gobbled up of U.S. debt, China and Japan, historically the U.S.' largest creditors, hold just under and just over $1 trillion, respectively, in these same debt instruments. Despite only existing for a decade, and despite only surpassing a $10 billion market cap in 2020, this leaves Tether alone at over 10% the Treasuries held by either of the U.S.' largest nation-state creditors.

Using stablecoins to help mitigate the U.S. debt problem have been circulating among Republicans for some time. Despite his "never again" stance on Trump, former Speaker of the House Paul Ryan articulated this exact sentiment in a recent op-ed with *The Wall Street Journal* titled "Crypto Could Stave Off a U.S. Debt Crisis." Ryan claims that "stablecoins backed by dollars provide demand for U.S. public debt" and thus "a way to keep up with China." He speculated that "the [debt] crisis is likely to start with a failed Treasury auction" which in turn leads to "an ugly surgery on the budget." The former Speaker predicted that "the dollar will suffer a major confidence shock" and as a result asks, "What can be done?" His immediate answer is to "start by taking stablecoins seriously." Dollar-backed stablecoins are arriving as **"an important net purchaser of U.S. government debt," he notes, with stablecoin issuers now the 18th largest holder of U.S. Debt. Ryan goes on to say that "if fiat-backed dollar stablecoin issuers were a country," that nation "would sit just outside the top 10 in countries holding Treasurys," still less than Hong Kong but "larger than Saudi Arabia," the U.S.' former partner in the petrodollar system.**

As this industry would expand and be deregulated under a future Trump presidency, stablecoins – including PayPal's relatively new stablecoin, PYUSD — could **"become one of the largest purchasers of U.S. government debt" and importantly, a "reliable source of new demand" for Treasuries**.

Paul notes the oft-discussed trend of de-dollarization putting pressure on the timeframe for this industry expansion, saying "if other countries are

successful at bolstering their currencies' influence while dumping Treasury debt, the US will need to find new ways to make the dollar more attractive," pointing to "dollar-backed stablecoins" as "one answer."

In the U.S., Retail CBDCs Are A Red Herring

On Saturday, Trump once again expressed a desire to ban government-issued digital currency, a statement popularized by other candidates in the field to great applause by freedom loving citizens across the country and across party lines. **The idea of a central bank digital currency, or CBDC, is obviously Orwellian, and publicly discussed concerns of a government using this digital authority to control its citizens are easily found. So, while the public has generally feared the direct issuance of some form of retail CBDC due to, for example, surveillance or seizure concerns from a government issuer, few realize a private company issuer can do much the same — and perhaps go even farther**.

As our economy and the dollar become further digitized, having left behind many of the taken-for-granted privacy qualities of physical notes, our attention has been purposefully directed towards the idea that Orwellian digital currencies are limited to those issued by a central bank.

Meanwhile, the astronomical growth of the private stablecoin sector, and the banks behind them, have remained largely unnoticed. The state understands this to some degree and the push to ban central bank digital currencies, or CBDCs, has been acknowledged from members of both political parties of the United States. Yet, the stablecoin industry was left undisturbed for years, maturing to over $150 billion issued, mainly in the form of programmable, seizable, and censorable ERC-20 tokens issued on Ethereum. **Much of the infrastructure of Ethereum is dominated by JPMorgan, a bank that has – among other things – financially censored critics of the government's Covid-19 response. The companies behind prominent stablecoins, such as Circle's USDC – backed by BlackRock, have bragged about the programmability functionalities of their stablecoins.**

In the case of the dollar stablecoin Tether (USDT), Howard Lutnick, the CEO of Cantor Fitzgerald which holds Tether's Treasuries, has stated his affinity for the company by making reference to Tether's recent trend of blacklisting retail addresses flagged by the U.S. Department of Justice. "With Tether, you can call Tether, and they'll freeze it." On Saturday, Trump mentioned Lutnick by name in his speech, calling Lutnick – one of the longest standing, top traders of U.S. government debt – "incredible" and "one of the truly brilliant men of Wall Street."

Last October, Tether froze 32 wallets for alleged links to terrorism in Ukraine and Israel. The next month, $225 million was frozen after a DOJ investigation alleged that the wallets containing these funds were linked to a human trafficking syndicate. During December 2023, over 40 wallets found on the Office of Foreign Assets Control's (OFAC) Specially Designated Nationals (SDN) List were frozen by the stablecoin issuer. Paolo Ardoino, the CEO of Tether, explained these actions by stating that "by executing voluntary wallet

address freezing of new additions to the SDN List and freezing previously added addresses, we will be able to further strengthen the positive usage of stablecoin technology and promote a safer stablecoin ecosystem for all users."Ardoino has previously claimed that Tether froze around $435 million in USDT for the U.S. Department of Justice, the Federal Bureau of Investigation and the Secret Service. He also explained why Tether, which was intimately connected to the now defunct crypto exchange FTX, has been so eager to help the U.S. authorities freeze funds – **Tether is seeking to become a "world class partner" to the U.S. to "expand dollar hegemony globally."**

A former partner of Farmington State Bank, the tiny rural bank embroiled in the FTX scandal, is now building the rails for CBDCs in the Middle East and beyond. Their recent activities may finally reveal the true motives behind Sam Bankman-Fried's and his allies' use of Farmington, with major implications for the coming Digital Dollar.

This year, little has changed, with Tether promising to freeze assets tied to Venezuela's state-run oil company, which is under U.S. sanctions, in April. As a consequence, **Tether has made it clear that it plans to function as a tool of U.S. foreign policy. Given that the U.S. military has – in the past – defined institutions like the World Bank and IMF as "financial weapons" wielded by the U.S. government, it seems an almost certainty that Tether is viewed as yet another addition to the U.S.' financial arsenal.**

This is especially true when one considers that Tether recently integrated Chainalysis, heavily backed by the CIA's In-Q-Tel, into its platform in May and then hired Chainalysis' chief economist as Tether's economics head earlier this month.

The stablecoin ecosystem, where U.S. dollar-pegged stablecoins like Tether dominate, has become increasingly intertwined with the greater U.S. dollar system and – by extension – the U.S. government. The DOJ has the retail-facing Tether on a leash after pursuing the companies behind it for years and now Tether blacklists accounts whenever U.S. authorities demand. The Treasury benefits from the mass purchasing of Treasuries by stablecoin issuers, with each purchase further servicing the federal government's debt. The private sector brokers and custodians that hold these Treasuries for the stablecoin issuers benefit from the essentially risk-free yield. And the dollar itself furthers its effort to globalize at high velocity in the form of these digital tokens, helping to ensure it remains the global currency hegemon.

Up until relatively recently, this perfectly reasonable fear of loss of privacy and property rights innate to centralized money had been placed solely on money directly issued by the state and not on how stablecoins could be used in similar ways. **Trump may have publicly rejected CBDCs as a campaign promise, but he intends to allow these private stablecoins to proliferate, pushing dollar hegemony across the globe and servicing our country's debt. After Trump's illuminating Bitcoin 2024 speech, the suddenly too-big-to-ignore ¨private bank digital currency¨ elephant in the room has been painted bright orange.**

Building The Bitcoin-Dollar

Trump's speech didn't just describe a new regulatory environment for stablecoins, but simultaneously painted a picture of the state never selling its currently held bitcoin and that people around the world would keep their savings in bitcoin the asset. But why would a leading candidate for the highest office in the country want there to be a new reserve asset outside of the Treasury system? While many have presumed bitcoin is competing with the dollar system, Trump – as noted earlier – painted a different picture on Saturday. **"Those who say that Bitcoin is a threat to the dollar have the story exactly backwards. I believe it is exactly backwards. Bitcoin is not threatening the dollar."**

The idea of The Bitcoin-Dollar is a parallel to the petro-dollar system, which was upheld from the gold window closing via the Nixon shock in 1971 until only somewhat recently. By creating a *de facto* monopoly on the in's and out's of oil to U.S. dollars, the U.S. was essentially able to re-peg their inflating dollar to an ever-demanded energy commodity, and create a mass buyer of dollars. Every country that wanted to industrialize needed oil to do so, and thus every country that wanted to compete on the world stage first needed to buy some dollars.

Bitcoin, too, is an energy commodity, and the U.S. dollar system has once again established a *de facto* monopoly on the volume of bitcoin sales across the globe, not to mention that the country also holds more bitcoin on its balance sheet than any other nation in the world. The U.S. could easily print $35 trillion dollars in freshly issued Treasuries and pay off its debt, especially now that it has found a buyer with an insatiable demand in the aforementioned stablecoin issuers, but the inflationary effects would be catastrophic on the purchasing power of the dollar and, thus, the net purchasing power of the U.S. economy.

te increases this month, the supply issuance This is where Bitcoin comes in. Bitcoin is the only commodity to break the pressures of increasing demand on inflating supply. For example, if gold doubles in price, gold miners can send double the miners down the shaft and inflate the supply twice as fast, thus decreasing demand and thus eventually decreasing the price. Yet, no matter how many people are mining bitcoin, no matter how high the hash raremains at, as of April 2024, 3.125 bitcoin per block. This capped eventual supply of 21 million — set via a disinflationary rate of token issuance hardcoded in the protocol within Bitcoin's monetary policy at network launch — allows the U.S. to massively inflate the dollar into this demand inelastic energy commodity without, for example, making nationstate-holders of gold wealthy or oil-rich nations even richer. As the price of bitcoin goes up worldwide, the large reserves held within the borders of the U.S. will increase the relative wealth of the country.

How can we continue to keep up demand for the dollar while still pumping the money supply to pay off our compounding debts?...By creating an infrastructural on-ramp to Satoshi's protocol that is denominated in dollars, in effect, we have recreated the same, ever-present demand for an inflating supply of dollars demonstrated in the petrodollar system. By

expanding the Tether market cap to [$115 billion] during the first dozen-or-so years of Bitcoin's life, when [94%] of total supply was issued, the U.S. market made sure the value being imbued into the now-disinflationary protocol would forever be symbiotically related to the dollar system…

Tether isn't simply "tethering" the dollar to bitcoin, but permanently linking the new global, permissionless energy market to the United States' monetary policy. We have recreated the petrodollar mechanisms that allow a retention of net purchasing power for the U.S. economy despite monetary base expansion.

The regulatory environment, both current and oncoming, completes the bitcoin-dollar mechanism by requiring banking groups to perpetuate the U.S. Treasury system, via novel capital requirements, to service both the U.S. government's current budget and the ballooning interest on the $35 trillion debt we hold already.

The Public Sector Meets The Private

As American commercial banks continue to integrate volatile digital assets such as bitcoin, the need to ensure the retail public that liquid liabilities for digital commodities exist creates a unique opportunity to tilt regulation in the favor of stimulating demand for dollars. Incoming regulation such as Basel III, floated by Trump-appointee Jerome Powell, would require any bank wanting to hold bitcoin, other digital assets, or even gold, to also be required to hold an equal-part dollar to dollar-denominated valuation of their investments. The adoption of this international capital requirement would force a net-demand for dollars in the U.S banking system, despite a high monetary inflationary environment. For banks or registered investment vehicles looking to offset inflationary effects by purchasing alternative reserve assets such as bitcoin, this regulation would mean that an increase of valuation of bitcoin in a dollar-pair would also increase the need for dollar liabilities on their balance sheet. Want to run a responsible bank and meet capital requirements while also holding bitcoin on your balance sheet? Then, you better be prepared to also hold a lot of dollars. The downstream effect of Basel III will create permanent demand for dollars, even in a "hyperbitcoinization" environment.

Quite likely *especially* in a ¨hyperbitcoinization¨ environment, and arguably by design.

Trump will surely lean on his private sector banker friends in this administration as he did the last time. Indeed, the Trump administration was responsible for implementing the BlackRock-designed "Going Direct Reset."

That "reset", as explained by John Titus for Catherine Fitts' *Solari Report,* began in August 2019 when Larry Fink's BlackRock presented a proposal to central bankers for "dealing with the next downturn," which instructed the Fed to "go direct." In short, "going direct" marked a major departure from past crisis

responses of the Fed as it means, per BlackRock, “finding ways to get central bank money directly in the hands of the public and private sector spenders,” as opposed to just public, in such a way that it represented “permanent monetary financing of a fiscal expansion.” As Titus notes, the BlackRock plan was essentially post-2008 quantitative easing, or QE, but “private sector spenders” were added “to the list of ‘public’ parties who received money under QE previously.”

BlackRock’s proposal was fortuitously timed, as the “next downturn” followed less than a month later, when the repo market became highly unstable, leading to the New York Fed to begin intervening in that market beginning on September 17, 2019. The Fed, between September 2019 and March 2020, embarked on the rapid expansion of the size of its balance sheet, as it had done during the 2008 financial crisis, and began implementing BlackRock’s August 2019 proposal by “going direct.” The situation became worse when the stock market tanked in mid-February 2020 and the Fed increased asset purchases to over $150 billion. However, the stock market did not respond as the Fed had hoped. On March 11, 2020, the WHO declared Covid-19 a pandemic. That very same day, as John Titus meticulously documents in his piece on “Going Direct”, “the Fed’s asset purchases immediately went into high gear.”

Once the pandemic was declared, BlackRock’s Larry Fink was in constant communication with Trump’s Treasury Secretary Steve Mnuchin and the Fed’s Jerome Powell, also a Trump appointee. According to records obtained by *The New York Times*, BlackRock and Fink referred to the Trump administration’s Covid fiscal response as “the project” that Fink and his firm were “working on together” with the public sector. Given Titus’ work, it seems obvious that “the project” referred to the “Going Direct Reset,” which – as noted above – began to be implemented well before a pandemic was declared but was able to be conveniently disguised as a policy response to Covid-19.

Trump himself also boasted that, soon after the pandemic was declared, he had tapped “a secret weapon for advice: Larry Fink.” Before Trump was president, BlackRock and Fink had managed Trump’s investment portfolio for many years and Trump was a major investor in BlackRock’s Obsidian Fund. At one White House event in 2017, Trump stated “Larry did a great job for me. He managed a lot of my money. I have to tell you, he got me great returns.” Fink, who has described himself as a “proud Globalist,” was also appointed by Trump to serve on his Strategic and Policy Forum, which was designed “to provide direct input to the President from many of the best and brightest in the business world in a frank, non-bureaucratic, and non-partisan manner. One wonders if the cozy personal and financial relationship between Trump and Fink influenced his administration’s decision to implement BlackRock’s plan to “go direct.”

During 2020, BlackRock was instrumental in the distribution of the Fed’s relief efforts, or lack thereof, having been chosen as the manager of both the Primary and Secondary Corporate Credit Facilities. BlackRock rose to the occasion and used this newly-given legal authority to purchase ETFs owned by BlackRock

itself: "Between May 14 and May 20, about $1.58 billion in ETFs were bought through the Secondary Market Corporate Credit Facility (SMCCF), of which $746 million or about 47% came from BlackRock ETFs." At the time BlackRock's role in the "recovery" was announced, one asset management executive told *The Financial Times*: "It's truly outrageous. BlackRock will be managing a fund and deciding if they want to use taxpayer money to purchase ETFs they manage. There's probably another 100-200 managers who could do this, but BlackRock was chosen."

Despite being tasked with "rescuing Main Street" from the economic impacts of the Covid-19 pandemic (though really the government-induced lockdowns), BlackRock remained a private company with a profit-first plan of action motivated by their shareholders — notably not the American public. As Titus notes, this very notion was brought up by Congress while questioning the Trump-appointee Treasury Secretary Steven Mnuchin and the Trump-appointee Fed Chair Jerome Powell on May 18, 2020: ¨The Fed has hired the firm BlackRock to serve as an investment manager for this facility. How is the Fed ensuring BlackRock is acting in the best interest of the Fed and the public?¨ All Mnuchin and Powell could muster was confirmation that BlackRock was hardly acting in the public's interest, but rather for the benefit of the New York Fed, which despite the name, is a private bank. ¨The Federal Reserve Bank of New York ("FRBNY") is the sole managing member of the CCF. Pursuant to the [investment management agreement], BlackRock acts as a fiduciary to the CCF in performing investment management services.¨

Under the Trump administration, BlackRock took the levers of capital creation to enrich their shareholders during a crisis, all done under the guise of a necessary solution to a viral emergency. **However, BlackRock had designed this very "crisis response" plan well before Covid-19 and, critically, the Fed had begun implementing it well before Covid-19 was even declared a pandemic. The end result was a historical wealth transfer from regular Americans to a handful of billionaires. This wealth transfer, which was heavily premeditated and provably used the Covid-19 crisis as cover, should be treated as unprecedented theft from the American taxpayer; yet few Americans know that it even happened.**

As previously mentioned, during Covid, BlackRock took advantage of these government lockdowns to manipulate their own ETF holdings for massive profits. BlackRock's iSHARES spot Bitcoin ETF offering, $IBIT, is now the fastest growing ETF in history, and has on-shored more than 337,000 bitcoin since January 2024 — making it the largest Bitcoin fund in the world — all within the regulatory arm of the United States. Within BlackRock's iSHARES Bitcoin Trust Form S-1 Registration Statement was their disclosure that they use Coinbase for bitcoin custody (as does the U.S. government). Also in the statement was a notice of potential conflict of interest within an affiliate of theirs acting as investment manager to a money market fund, the Circle Reserve Fund, which the dollar stablecoin issuer of USDC uses to "hold cash, U.S. Treasury bills, notes and other obligations insured or guaranteed as to principal and interest by the U.S. Treasury and repurchase agreements secured by such obligations or cash, which serves as reserves backing USDC stablecoins." It

later states that “an affiliate of the Sponsor [BlackRock] has a minority equity interest in the issuer of USDC.” The S-1 includes a line stating the “price of bitcoin may be affected due to stablecoins (including Tether and USDC), the activities of stablecoin issuers and their regulatory treatment,” all but making explicit the concerns presented in the bitcoin-dollar concept.

Would BlackRock, Trump’s former money manager, again be called upon to craft legislation during a “crisis” under a future Trump administration? History often repeats itself and it seems likely that, were similar decisions made the next time economic calamity rears its head, bitcoin could play a role in the crony capitalist response.

The Orange-pilled Orange Man

With President Biden pulling out of the race, a Trump victory in November seems more plausible than not. Trump is likely to be just as “pro-bitcoin” as he espoused on Saturday, but only in the sense that he will support bitcoin policies that support the bitcoin ambitions of his private banker friends, such as Larry Fink, who has frequently stated since his about-face on the issue that bitcoin is a “technology for asset storage” and nothing more.

The strategy recently laid out by Trump envisions a regulatory environment that would prevent a person from being “bitcoin-only”, as bitcoin, the U.S. dollar and dollar stablecoins come together to form a financial system that will please both the U.S. military-industrial complex and Wall Street in equal measure. In addition, given that Trump’s previous fiscal policy involved allowing BlackRock to essentially design and implement a premeditated plan for mass theft of the wealth of regular Americans, it is fair to assume that the risk of Trump’s promised regulatory framework enabling the same is considerable.

The government lockdowns in 2020 crushed economic demand while the Fed, Treasury, and their private partners like BlackRock used emergency resolutions to create trillions of dollars to purchase assets for pennies on the dollar. Now that economic activity has been allowed to resume, the same actors plan to hyperinflate the dollar into those assets acquired during Covid, likely enabling yet another massive wealth transfer once the “next downturn” makes itself known.

With Saturday´s speech, it seems our likely next president intends to formerly ring in a new financial system upon his commencement by delivering on his now-articulated promise to make America and the dollar “great again” with Bitcoin and private sector stable-coins.

Bitcoin is undoubtedly a financial revolution it just may not be the one you signed up for.