

# A “Global Economic Reordering” US-China Competition and Bitcoin as Tool of US Statecraft

Report Prepared for Scott Bessent,  
Secretary-designate of the Treasury



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# A “GLOBAL ECONOMIC REORDERING”

## US-CHINA COMPETITION AND BITCOIN AS TOOL OF U.S. STATECRAFT

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### About the author



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The Bitcoin Policy Institute (BPI) is a non-partisan, non-profit think tank. It is dedicated to educating policymakers and the public on Bitcoin and disruptive digital technologies, providing research-based insights to inform sound policy in the United States.

The BPI team comprises experts in economics, law, philosophy, energy, and environmental science, working together to explore the impacts of new technology on existing US public policy interests. The views expressed in this publication do not necessarily reflect the views of all Bitcoin Policy Institute management or its affiliated scholars.



## POLICY BRIEF

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# **A "GLOBAL ECONOMIC REORDERING"**

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# Executive Summary

The global monetary order is under increasing strain. Rising fiscal instability, mounting debt burdens, and escalating geopolitical competition are reshaping the foundations of international finance. Rival powers, led by China, are pursuing strategies to reduce their exposure to the US-led dollar system, create alternative financial networks, and expand their influence by exploiting vulnerabilities in the existing order. Through measures like issuing dollar-denominated bonds, building gold reserves, and advancing digital payment systems, China seeks to challenge US dominance and reconfigure global capital flows to its advantage. These developments present both a clear threat and a strategic opportunity for the United States.

To sustain its leadership in this increasingly contested environment, the United States must adapt with a forward-looking strategy that redefines the terms of global economic engagement. This strategy must integrate monetary, technological, industrial, and geopolitical policies to address structural vulnerabilities, reinforce US economic resilience, and counter the ambitions of adversarial powers.

At the heart of this potential geoeconomic strategy lies a renewed monetary system—a “Bretton Woods 3.0”—that combines the stability of traditional reserve assets, like gold and US Treasuries, with emerging financial tools such as Bitcoin and dollar-backed stablecoins. By leveraging these assets, the United States can modernize its financial architecture, stabilize its fiscal position, and strengthen trust in the dollar system. Tools such as long-term bonds, strategic gold revaluation, and expanded swap lines would align allied nations more closely to the US-centric financial network while creating buffers against fragmentation. Domestically, revitalizing the American industrial base, directing credit toward sectors of strategic significance, and achieving energy independence are essential to rebuilding economic strength. This effort would require a departure from speculative financial practices and overreliance on short-term liquidity. Instead, a recalibrated approach to credit allocation—through mechanisms like deregulation, strategic wealth funds, and financial sector reforms—will ensure that investment fuels long-term economic growth, technological innovation, and supply chain resilience.

On the international front, the United States can deploy its financial and technological strengths to create a durable geoeconomic bloc. Privileged access to American innovations in artificial intelligence, energy systems, and digital infrastructure will provide powerful incentives for alignment. These technologies are critical not only to global competitiveness but also to reinforcing the cohesion of the US-led economic system, offering allies clear benefits for cooperation while denying adversarial powers the tools needed to challenge US influence.

Bitcoin, often referred to as “digital gold,” offers the United States a strategic advantage aligned with this strategy. Its scarcity, portability, and decentralization make it an ideal complement to traditional reserve assets like gold. By establishing a Strategic Bitcoin Reserve (SBR), the US can diversify its national balance sheet, hedge against systemic financial risks, and secure an asymmetric advantage over competitors.

Bitcoin’s growing adoption as “digital gold” by institutional investors, corporations, and even nation-states underscores its utility in the digital age. The US is well positioned to leverage this asset, as we hold the most bitcoin among other nations (~207,000 bitcoin), have the largest mining share (>35%), and the most secure and popular exchanges.

Coupled with dollar-backed stablecoins, Bitcoin can enhance the global reach of the dollar network, particularly in emerging markets, where the long arm of China's digital authoritarianism seeks to gain traction. Supporting these tools positions the United States at the forefront of financial innovation while reinforcing the global dominance of the dollar system.

This strategy is not merely about financial competition; it is a blueprint for securing economic leadership, stabilizing fiscal vulnerabilities, and maintaining technological dominance over near-peer competitors. By harmonizing monetary reforms with domestic industrial policies and international economic statecraft, the United States can dictate the contours of a reimagined global order, resetting on terms that favor our national security and continued prosperity.

The increasing acquisition of gold by central banks over the last few years has not gone unnoticed. Less apparent, however, is a more recent, and less overt, move by some states toward bitcoin as well. Gulf states and others may already be diversifying into bitcoin. President-elect Donald Trump's election and pro-Bitcoin statements may have fired the starting gun for a global sovereign and institutional race to adopt bitcoin. Even though we kicked this race off, the United States risks falling behind.

The stakes could not be higher. Failure to act risks ceding ground to adversaries who aim to dismantle the foundations of US economic and geopolitical power. By embracing bold, integrated measures—anchored in modernized reserve assets, industrial revitalization, and technological leadership—the United States can cement its status as the cornerstone of global stability and prosperity for the twenty-first century.



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# 01 INTRODUCTION

This report examines how the present geoeconomic system is struggling under the weight of structural imbalances, unsustainable debt levels, and intensifying geopolitical competition, and outlines a bold strategy—including the adoption of pro-Bitcoin policy—to secure US leadership in a rapidly evolving world order.

First, we highlight the current system’s reliance on US debt-financed consumption and Chinese fixed-asset investment, which creates vulnerabilities for both nations. As a result, the US faces Treasury market instability, industrial atrophy, and fiscal strains. Cybersecurity risks compound this fragility, with adversaries like China exploiting vulnerabilities for strategic disruption.

We then show how the global financial order is increasingly shaped by digital network competition, with China constructing an alternative techno-authoritarian ecosystem to reduce reliance on US-centric systems and grow its geopolitical and economic influence. We note how China’s “dual circulation” strategy bolsters domestic production while expanding global market share, challenging open-market principles and fostering dependency among partner nations. To counter this, the US must reinforce its technological and financial leadership, integrating novel tools of statecraft to preserve its strategic advantage.

We take a closer look at the fragilities of the global monetary order, focusing on how the US-China economic relationship has fostered systemic imbalances, with the dollar’s overvaluation undermining American industrial competitiveness and exacerbating fiscal deficits. China’s mercantilist industrial policy and managed exchange rates have further distorted global capital flows. These imbalances, combined with unsustainable debt levels, expose the global system to destabilizing shocks while geopolitical flashpoints erupt across the Eurasian periphery.

Given these strategic risks, we outline how the US may decide to reset the terms of a new monetary world order. This might involve a shift toward a hybrid monetary system anchored by US Treasuries and gold, complemented by strategic swaps as a form of geopolitical yield curve control. Domestically, policies may focus on reindustrialization and credit allocation to strategically significant sectors. Internationally, the US may leverage carrots and sticks—tariffs, security guarantees, and privileged access to AI and breakthrough technologies—to build a cohesive geoeconomic bloc. These measures, integrated into a broader strategy, can ensure US dominance in a fragmented and competitive global environment.

We then focus on how Bitcoin and dollar-based stablecoins may feature in such a global economic reordering as a tool of US statecraft to expand the dollar network, bolster long-run confidence in the Treasury market, and reinforce our values. We show how Bitcoin offers the US an asymmetric opportunity to counter US rivals’ efforts to construct a gold and CBDC-based alternative monetary order. While Eurasian autocrats yearn for a return to nineteenth-century-style geopolitics and monetary systems, a US Bitcoin strategy would secure twenty-first century dominance on our terms and infused with our values.

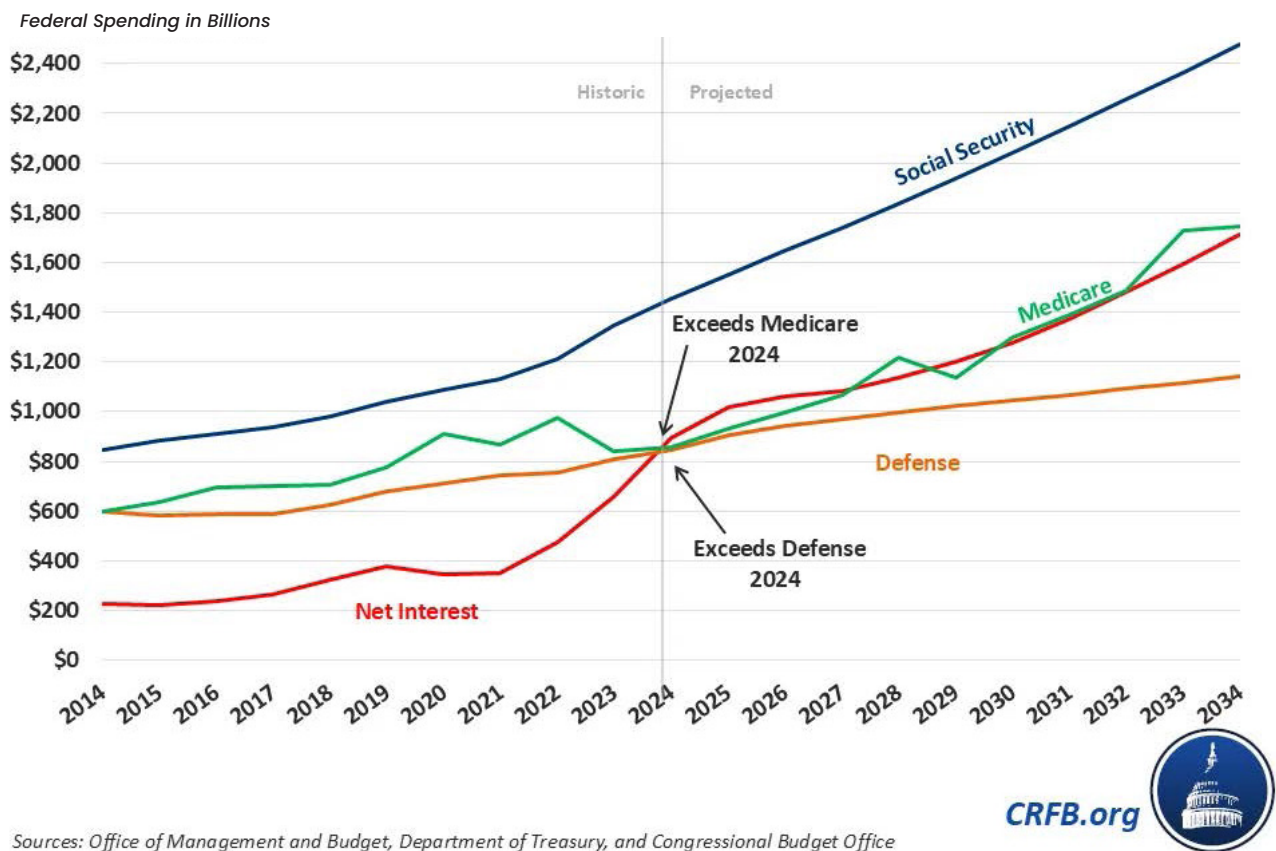
Finally, we examine three speculative, but plausible scenarios for bitcoin appreciation as a result of pro-Bitcoin US policy, focusing on potential primary and secondary effects. It is important to analyze these speculative scenarios to identify path dependencies and strategic implications that require further detailed study. The next few years may look, in retrospect, as a hinge moment in the future development of the world system. It is critical that the U.S. take maximum advantage of this historic opportunity.



## 02 BITCOIN IN AN ERA OF STRATEGIC RIVALRY

The global economic order is under increasing strain from structural imbalances, unsustainable debt levels, and rising geopolitical competition. This system, which relies heavily on US consumption and Chinese fixed-asset investment, has created persistent economic vulnerabilities and is reaching a potential tipping point. The United States has borne the principal burden of this system, running structural deficits that have led to industrial atrophy, economic inequality, and financial distortions. Rising public debt loads now squeeze our scarce fiscal space, creating national security risks (see Figure 1).<sup>1</sup>

Unless an energy and technological miracle appears soon, the US government will increasingly rely on more explicit activist Treasury issuance<sup>2</sup>, buybacks<sup>3</sup>, and debt monetization strategies<sup>4</sup>—including quantitative easing, financial repression, and geopolitical yield curve control (e.g., forced foreign exchange swaps for century bonds)—to finance its strategic objectives, even as foreign governments, dealer balance sheets and high-frequency trading hedge funds become less reliable buyers of our debt.<sup>5</sup>



**Figure 1:** The U.S. is spending more on interest payments than on defense.



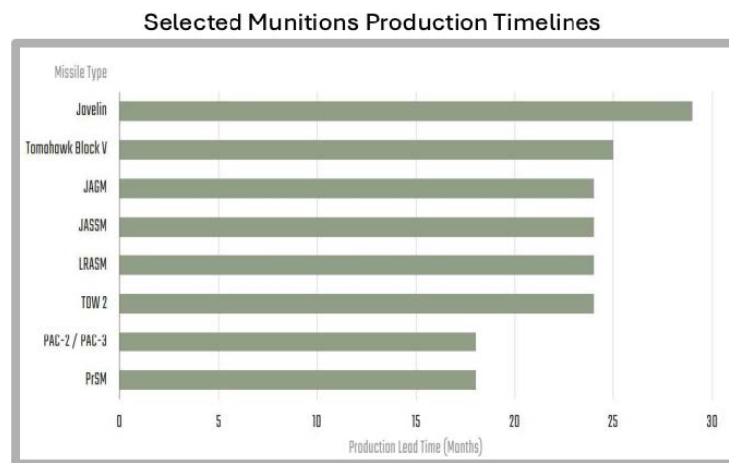
We need to simultaneously finance the expansion of the defense industrial base to meet the China challenge, the energy system to meet AI demand<sup>6</sup>, and the entitlement system to meet embedded social obligations<sup>7</sup>. Interest expense is increasingly eating up US fiscal capacity<sup>8</sup> and our borrowing requirements threaten to crowd out private investment.<sup>9</sup>

Defense officials are increasingly recognizing the strategic consequences of this system which has undermined our defense industrial base while strengthening China's military capacity (Figure 2).<sup>10</sup>

## There are Significant, Ongoing Challenges with the U.S. Defense Industrial Base (II)

### Timeline

- Roughly 2 years to produce key munitions, such as Tomahawk Block V, LRASM, JASSM, and others
- Additional time needed to expand factories (purchase or lease property, secure insurance, build factory, etc.)



## China's Defense Industrial Base is on a Wartime Footing and the U.S. is Losing Deterrence

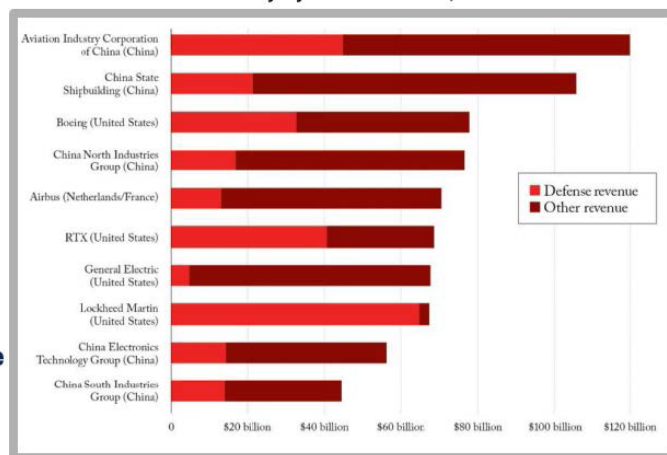
### Key Areas of China's Defense Production

- Naval
- Land
- Air and air defense
- Space and counterspace
- Cyber
- Nuclear
- Multi-domain precision warfare

### China Has a Major Shipbuilding Advantage

- China's shipbuilding capacity is 230 times larger than the U.S.

### The Top 10 Largest Defense Companies Globally by Total Revenue, 2023



Source: Seth G. Jones, Foreign Affairs

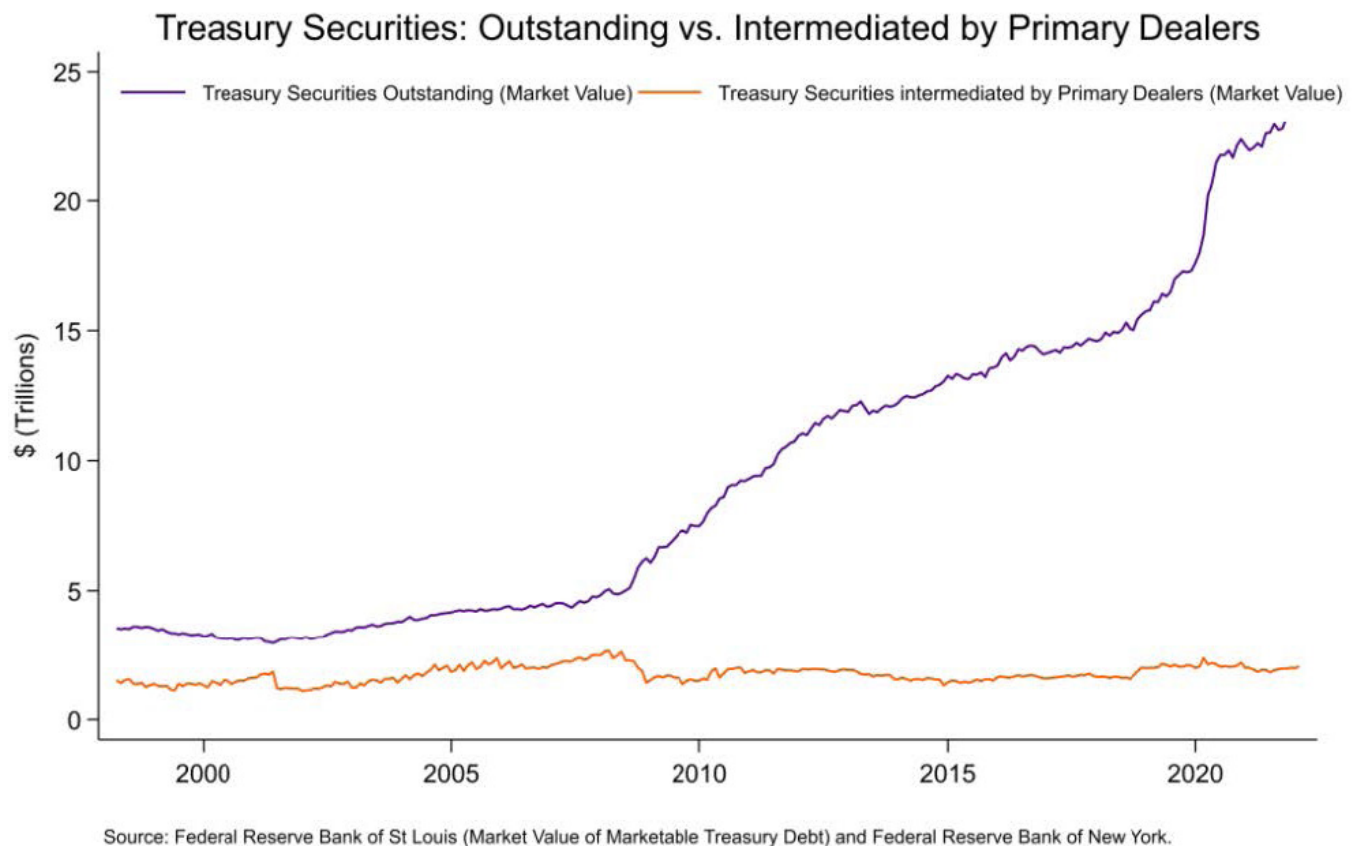
**Figure 2:** The present monetary world order has forced the US to run structural deficits that undermine our defense industrial base while strengthening China's military capacity.

Compounding these challenges are adversarial powers, particularly China, which are leveraging alternative financial and technological systems—including the Digital Silk Road initiative,<sup>11</sup> the Cross-Border Interbank Payment System (CIPS),<sup>12</sup> nascent BRICS-based trade and currency arrangements,<sup>13</sup> and the digital yuan<sup>14</sup>—to evade US financial network power and create rival blocs.

At the same time, it is increasingly clear that the US Treasury market is both structurally fragile and exposed to acute cybersecurity risks, putting the US in a position of growing strategic vulnerability.

On the market structure front, the fragility of the US Treasury market stems from overreliance on thinly capitalized hedge funds running relative value trades that will flee at the first sign of trouble, creating run-risk. This fragility is compounded by restrictive capital requirements that have curtailed banks' ability to serve as market-makers. Attempts to address these challenges, such as central clearing and potential "all-to-all" trading have been insufficient while SEC rules to make certain hedge funds register as dealers were struck down.<sup>15</sup>

As the Bank Policy Institute noted in a recent report, "Outstanding Treasury securities have increased dramatically, but this increase has not been accompanied by any increase in market making capacity" (Figure 3).<sup>16</sup> As a result, since 2019, the Federal Reserve has repeatedly intervened to address liquidity crises in the Treasury and broader fixed-income markets, underscoring the system's fragility.



**Figure 3:** Balance sheet capacity to intermediate increasing Treasury issuance is scarce, forcing the government to rely on offshore hedge funds that are prone to flee the market at the first sign of trouble.

Most recently, at the end of the third quarter of 2024, broker-dealer balance sheet constraints and Treasury coupon settlements caused a three-day spike in repo rates, prompting the Federal Reserve to increase its repo lending, even as officials downplayed the issue.<sup>17</sup> As Treasury financing needs grow, such episodes are likely to recur, raising concerns about the Federal Reserve's increasingly routine role as the "market-maker of last resort," a function historically viewed as inappropriate for the central bank.

The structural fragility of the Treasury market—which is the foundational reserve asset and collateral for the global Eurodollar system—is compounded by increasing cybersecurity risk, which Fed Chair Powell has called his top concern.<sup>18</sup> In February 2021, a Federal Reserve "operational error" caused a disruption to critical payment systems, including Fedwire Funds and check-clearing services, halting billions in daily transactions for over three hours.<sup>19</sup> In November 2023, a ransomware cyberattack on the US-based clearing house of the Industrial and Commercial Bank of China (ICBC) disrupted US Treasury trades and repo financing.<sup>20</sup>

Then, in February 2024, US authorities revealed that Chinese military and intelligence cyber operations have penetrated wide swaths of our critical infrastructure (including our financial and telecommunications networks) with the explicit objective of disrupting critical economic lifelines in a crisis or conflict. In fact, Chinese military doctrine views the cyber domain as critical to its strategic deterrence against a more conventionally powerful adversary.<sup>21</sup>

David Frederick, assistant deputy director for China at NSA, admitted that the US isn't able to effectively stop these Chinese attacks.<sup>22</sup> Further FBI deputy director Paul Abbate said, "I think it's a brazen aggressiveness on the part of the Chinese government that continues to escalate, and unfortunately, with all the efforts we've undertaken here, collectively, including through the law enforcement side, it just has not had the deterrent effect that we would want to see."<sup>23</sup>

## The Strategic Imperative to Diversify National Assets into Bitcoin

The next four years will present the Administration with an unprecedented series of challenges. Aggressive rivals and geopolitical opportunists will look to exploit any vulnerability to undermine our economic, financial, and monetary power. Unfortunately, the current trajectory of our fiscal position, our industrial capacity, our monetary system, and the security of our critical infrastructure is not promising.

As we look to win this decisive era of strategic competition, we must explore any opportunity to shore up these strategic vulnerabilities, even those that might seem "outside the box." Bitcoin is just such an opportunity.

It is no longer an experiment, but a proven, scarce, immutable, decentralized "digital gold" recognized globally as an emerging store of value for the twenty-first century. The ETFs have been a roaring success and granted access to every American with a brokerage account. As bitcoin becomes a \$2 trillion asset, it is increasingly being added to all prudently diversified portfolios.

China made a strategic error when they banned Bitcoin and kicked their miners out in 2021.<sup>24</sup> The US was the fortunate beneficiary of that mistake as miners relocated to our shores. Presently, we stand strong with the largest bitcoin holdings, the most secure and highly regulated exchanges, vibrant development ecosystem, bitcoin treasury companies, and powerhouse industrial-scale mining companies. This advantage, however strong, may not last.

*Historically, gold has served as a neutral reserve asset, anchoring trust in international monetary systems. Bitcoin's digital properties—scarcity, decentralization, portability, and programmability—position it as a next-generation alternative that is easier to store, transfer, and monetize.*

You will enter office at a time of immense geopolitical uncertainty, and will face a brewing fiscal bind. The once-assured geoeconomic pillars of American dominance may come under severe strain as nations rethink their monetary strategies in an increasingly multipolar world. Further, the People's Republic of China (PRC) will look to exploit the strategic vulnerabilities created by our fiscal and monetary fragility, even as they export their vision of digital authoritarianism to ensnare large swaths of the Global South. As a result, the role of reserve assets in the global financial system may evolve or even suddenly shift, with significant negative consequences for American interests and values.

Bitcoin represents a powerful complement to an integrated framework for economic statecraft. As Bitcoin adoption grows globally, the United States has an opportunity to strengthen its fiscal and geopolitical position by holding a larger proportion of this emerging asset than its adversaries. While they turn to traditional gold, the US can leap ahead to digital gold.

Diversifying our national assets with the establishment of a Strategic Bitcoin Reserve (SBR) would provide the US with a first-mover advantage, reinforce its position as a leader in financial innovation, and bolster long-term fiscal sustainability.

As we will describe in more detail further in this memorandum, bitcoin responds positively to debt monetization, bank instability, and geopolitical shocks—three risks that the US strategic position is increasingly exposed to. Bringing such an asset onto the national balance may serve as an asymmetric hedge with option value inversely correlated to these growing strategic risks.

## In particular, Bitcoin can:



Absorb liquidity from debt monetization events without distorting other asset markets;



With stablecoins, reinforce the strength of the dollar system and stability of the Treasury market;



Steal a march on U.S. rivals looking to undermine and replace the U.S.-led order;



Foster domestic energy expansion in a positive synergy with our world-leading AI technology; and



Help build a foundation for U.S. geoeconomic power that endures through the 21st Century.

The US should wield Bitcoin as an element of statecraft in concert with complementary policies to stabilize the US Treasury market, balance the global trading system, and leverage technological leadership in artificial intelligence (AI) and renewable energy.

## A Strategic Bitcoin Reserve would provide three critical benefits to the US:

01

It would send a clear and enduring signal that America supports bitcoin—the asset of freedom and the future—which will attract capital to our markets, reinforce the strength of our financial system, and position us to lead financial innovation;

02

It would provide the US first-mover advantage among nation-states adopting bitcoin as an emerging reserve asset, mitigating the risk that other countries (some not entirely friendly to the US) move first; and

03

It would help secure the positive long-run sustainability of the US's fiscal position, providing ballast to our balance sheet as we face runaway debt costs that threaten to undermine confidence in the Treasury market.

The government's strategic adoption of bitcoin is not about rewarding private holders. It is about national interests: safeguarding US financial leadership, ensuring economic resilience, and countering adversaries' moves. The benefits to bitcoin holders are secondary to the broader objectives of securing America's place in the global financial system. By structuring acquisitions transparently and gradually, the government can minimize price volatility and prevent market manipulation.

Hesitation has consequences. Other nations are moving first. Early adoption by competitors will yield economic and geopolitical advantages. Authoritarian regimes are already developing systems that challenge US financial power. If left unchecked, these trends could erode dollar dominance and weaken US influence.

**In your role as Treasury Secretary, you can urge the President to establish a Strategic Bitcoin Reserve by Executive Order on Day 1.** The President has existing authorities under the Gold Reserve Act of 1934 to acquire and securely store bitcoin (including the bitcoin already in US legal possession) to diversify US asset holdings and take the pole position in the emerging global bitcoin race.

Bitcoin represents a unique, perhaps historic, opportunity. In one bold stroke, you can help the US leap ahead to the financial frontier, counter our competitors, and secure our future.



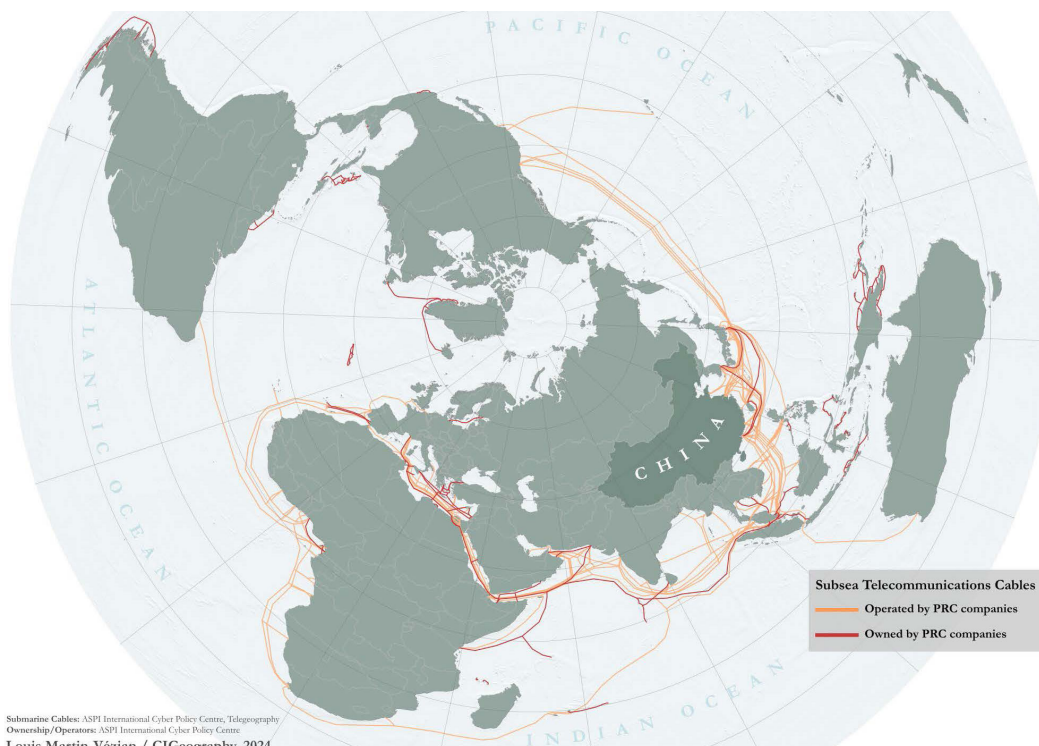
## 03 GREAT POWER NETWORK COMPETITION

The existing global financial order is increasingly defined by network competition, where cross-border systems of information and communications technologies (ICT) are deployed, co-opted, displaced, or destroyed as instruments of integrated statecraft.<sup>25</sup> This competition is most visible in China's attempts to construct an alternative financial and digital ecosystem that reduces reliance on US-centric settlement and clearing systems.

Through initiatives like the Digital Silk Road (DSR), China is embedding digital infrastructure, including payments systems and AI-powered surveillance tools, into developing nations. The goal of these efforts is to extend Beijing's influence while providing aligned nations in their growing sphere of digital influence with tools to facilitate bilateral and regional trade.

Through investments exceeding \$23 billion since 2017, Chinese companies such as Huawei and Hikvision have built undersea cables, 5G networks, and surveillance systems across the Indo-Pacific, positioning China as a technological leader in developing economies (Figure 4).<sup>26,27</sup> The DSR integrates this infrastructure into China's geopolitical strategy, enabling the Chinese Communist Party (CCP) to export its model of techno-authoritarian governance while shaping global technology standards, increasing economic interdependence, and challenging Western dominance.

China's external economic strategy blends adherence to and manipulation of global economic norms, leveraging its WTO membership to demand open markets while maintaining strict domestic barriers and state-driven industrial policies.<sup>28</sup>

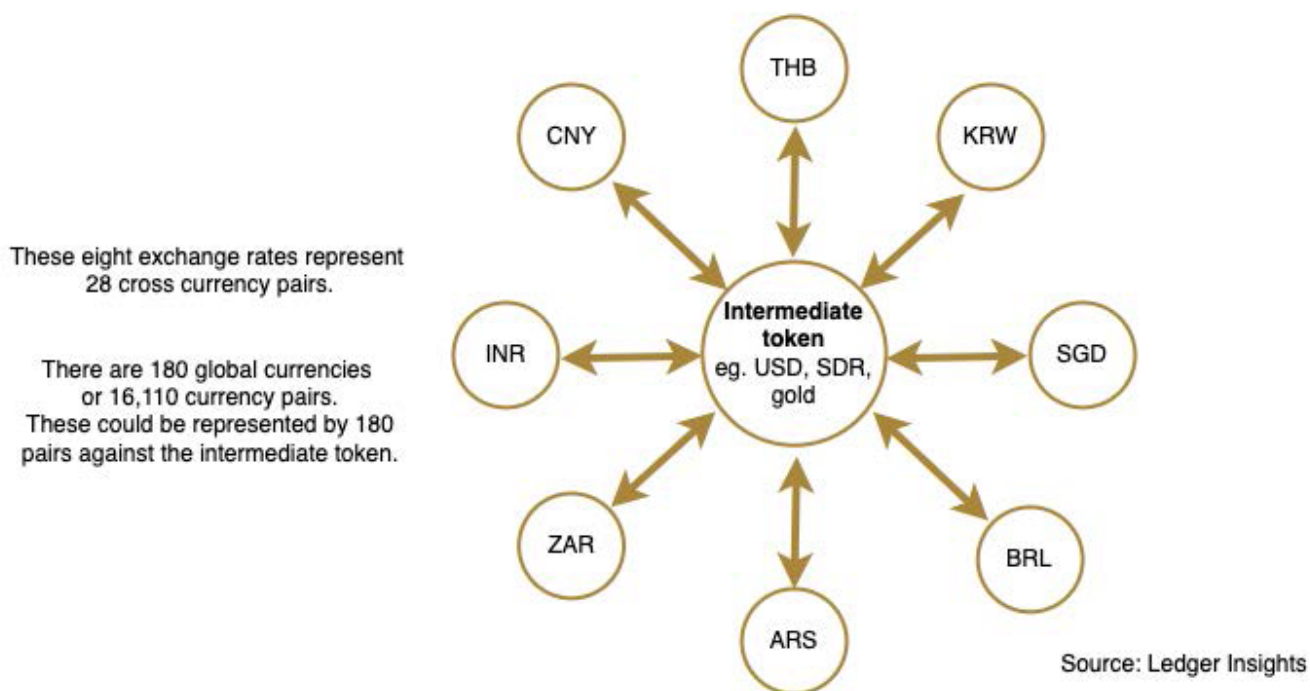


**Figure 4:** China's grand strategy involves linking Eurasia and Africa into an integrated digital and economic system built on information and communications technology they control.

Beijing's dual strategy entails deepening its involvement in the global trading system while creating alternative economic channels, such as the Belt and Road Initiative (BRI) and PRC-controlled supply chains, to enhance its influence and reduce vulnerabilities. These approaches extend to securing control over critical resources, global trade routes, and digital platforms, enabling PRC firms to dominate key industries globally.

Simultaneously, China emphasizes a "dual circulation" strategy to boost domestic production and expand its global market share, even as its statist practices challenge open-market principles and provoke countermeasures from other nations.<sup>29</sup> This economic strategy is consistent with Chinese military strategy which seeks to "surround and protect the home territory", "radiate to the periphery", and "take care of both the physical and virtual realms."<sup>30</sup>

**Each currency only needs to be quoted against the intermediate token(s).  
This substantially reduces the number of currency pairs, nostro balances and FX risk**



**Figure 5:** Cross-bridged CBDCs using an intermediate token can provide a faster, more efficient settlement mechanism.

China promotes its asymmetrical economic practices as aligned with a vision of globalization and mutual prosperity, using rhetoric to justify its state-driven approach and to deflect criticism of its predatory tactics.<sup>31</sup> While presenting initiatives like the BRI as global public goods, Beijing ensures these projects primarily benefit PRC firms, creating dependency among partner nations. The PRC strategically cultivates regional and bloc-based relationships, such as those within BRICS and the Regional Comprehensive Economic Partnership (RCEP), to challenge US economic influence and promote the yuan's role in global trade. This selective globalization undermines international rules while fostering a new system where China's economic control is central, enabling it to reshape global trade dynamics to its advantage.

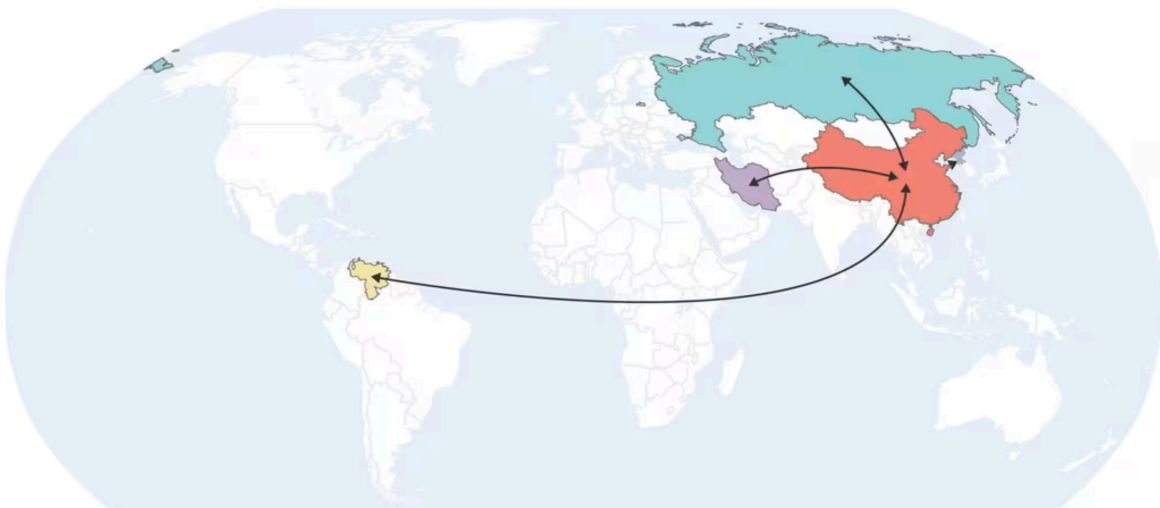


The BRICS bloc's efforts to establish a financial system less reliant on the US dollar align with the DSR's objectives of fostering economic independence from Western-dominated networks.<sup>32</sup> Proposals for a BRICS currency and the development of Project mBridge reflect this broader goal.<sup>33</sup> mBridge, a blockchain-based platform enabling cross-border settlements using central bank digital currencies (CBDCs), is seen as a tool to reduce transaction costs and bypass traditional Western-led systems like SWIFT (Society for Worldwide Interbank Financial Telecommunications). However, mBridge's potential geopolitical implications have drawn scrutiny. The recent exit of the Bank for International Settlements (BIS) from mBridge, citing project maturity and alignment with sanctions compliance, underscores the initiative's controversial positioning.<sup>34</sup>

China's leadership in mBridge and its open-sourcing of blockchain software reveal its intent to solidify control over alternative payment systems. While the BIS downplays connections between mBridge and BRICS, the timing of its withdrawal raises questions about the project's role in advancing BRICS' financial independence.

## How America Inadvertently Created an 'Axis of Evasion' Led by China

Western sanctions and export controls were meant to subdue foes of the U.S. but instead have led to a shadow economy



**Figure 6:** Chinese production, technology, and banks are now in a geoeconomic alignment with Russian, Iranian, and Venezuelan energy and gold as well as North Korean military production.

The alignment of the DSR and mBridge illustrates a coordinated effort to challenge Western economic hegemony by offering infrastructure and financial systems that align with the strategic goals of China and its partners.<sup>35</sup> While operational hurdles and geopolitical resistance remain significant, these initiatives collectively signal a deliberate strategy to restructure global economic power in favor of a more multi-aligned, multi-currency system.<sup>36</sup>

For China, scaling these systems with its major commodity and trading partners is a desirable mechanism to bypass the need to go through dollar-dominated foreign exchange markets that intermediate its massive international trade activities. Currently, most foreign exchange transactions use the dollar as a bridge currency in each leg of the swap.

China has continued to expand its extension of CNY swap lines with more countries, opened its onshore markets via Stock and Bond Connect, and further internationalized the Shanghai Gold Exchange to establish a weak quasi-peg between the yuan, oil, and gold. Cross-bridge CBDC arrangements would enable China and its partners to broaden and deepen these financial links, and conduct much more efficient currency swaps, as well as financial settlement activities that bypass the dollar system.<sup>36</sup>

Further, China has made blockchain technologies a core pillar of its national strategy under the 14th Five-Year Plan (2021–2025), using it to consolidate control over key economic sectors and global trade networks.<sup>37</sup> The Blockchain-Based Service Network (BSN) exemplifies this approach, providing a government-controlled platform that supports blockchain applications domestically and internationally, with the domestic version enabling state censorship and control.<sup>38</sup> Key initiatives include the RealDID identity platform, which links pseudonymous digital identities to real individuals, and the Belt and Road's blockchain-enabled "Information Silk Road," integrating digital and physical infrastructure to secure trade dominance.<sup>39</sup>

Domestically, China leverages blockchain to modernize governance with tools like social credit systems and supply-chain tracking while bolstering self-reliance in critical technologies. Internationally, it uses Hong Kong to access global crypto markets while excluding them from the mainland. This aligns with China's broader "state techno-solutionism" approach, which integrates advanced technologies like blockchain, 5G, and AI to modernize industries while ensuring state oversight.

These moves have prompted US legislative countermeasures, such as the CLARITY Act, to block Chinese blockchain firms and mitigate risks to national security.<sup>40</sup> By integrating blockchain with state-directed control and global engagement, China is not just advancing its economic goals but seeking to redefine global technology standards and trade systems to its advantage.

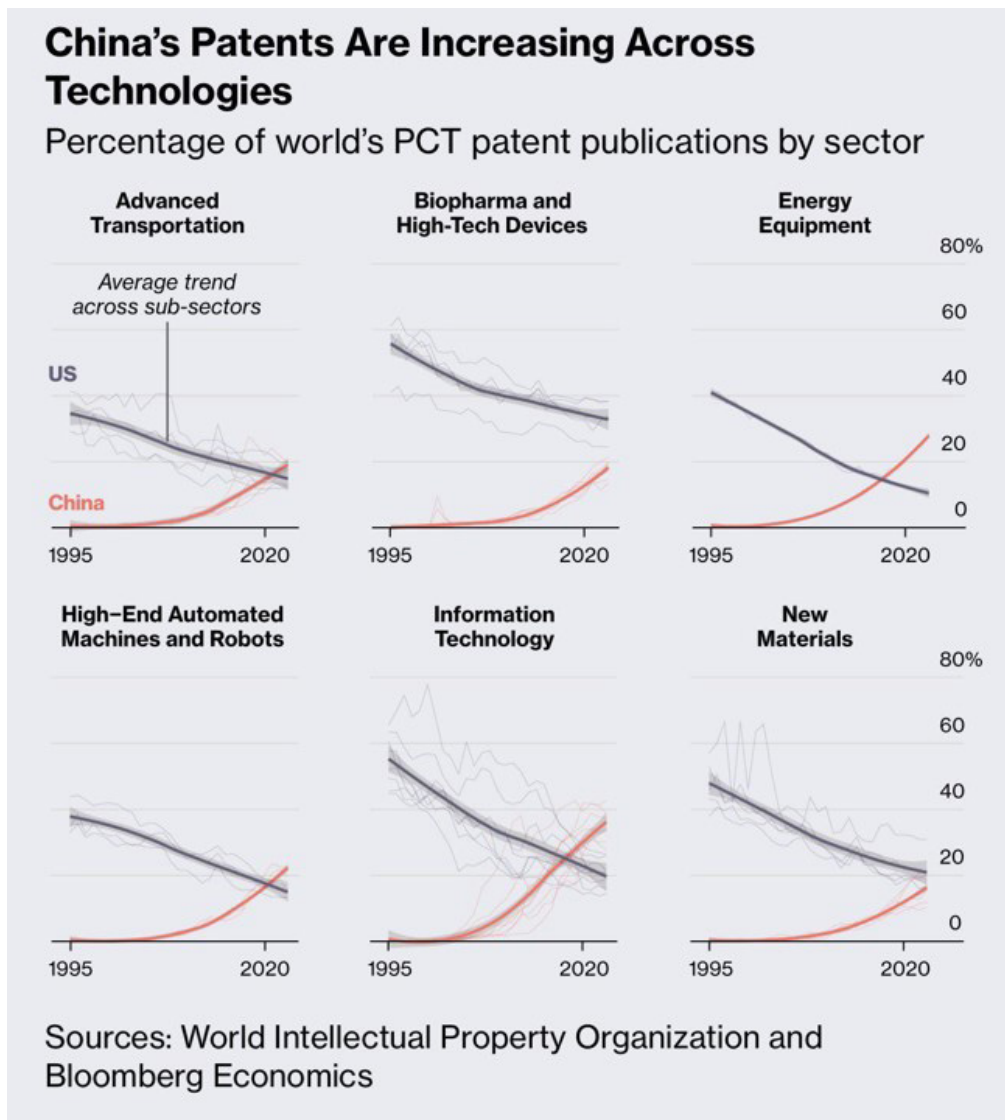
## **Convergence of Adversarial and Technological Challenges**

The rise of an authoritarian bloc composed of China, Russia, Iran, and North Korea marks a significant shift in global power dynamics.<sup>41</sup> This "Authoritarian Axis" is leveraging its natural resources and advanced defense-industrial capabilities to construct alternative geoeconomic networks and challenge the Western-led international order.<sup>42</sup> Their coordinated efforts include digital fragmentation, proxy wars, and cyber sabotage targeting private infrastructure and businesses.<sup>43</sup> These developments signal the transition from ideological rivalries to a more structural and power-based realignment in global relations.

China's technological ambitions are redefining global competition, with its civil-military fusion strategy and industrial policies driving advancements in critical scientific and technological domains.<sup>44</sup> The West, particularly the US, has escalated countermeasures by expanding export controls, blacklisting Chinese firms, and pressuring allies to restrict technology transfers.<sup>45</sup>

Discussions about classifying AI research as state secrets<sup>46</sup> underscore the perceived strategic stakes in this Tech Cold War.<sup>47</sup> However, these measures have also strained relationships with allies like Japan, South Korea, and the Netherlands, who face conflicting national security concerns and economic interests in the semiconductor supply chain.<sup>48</sup>

Further, vulnerabilities in America's digital systems are increasingly exploited by adversaries, eliminating the protective barrier of geographic distance and allowing remote threats to critical infrastructure.<sup>49</sup> As cyberattacks target sensitive systems, national decision-makers face the challenge of defending predominantly privately-owned networks. These attacks blur traditional distinctions between military and civilian domains, complicating notions of deterrence and the rules of engagement.<sup>50</sup> Adversaries such as China have demonstrated the intent and capability to exploit these vulnerabilities, heightening the risks of widespread disruptions, including to our banking system, payments platforms, and settlement and clearing infrastructure.<sup>51</sup> For example, Volt Typhoon, a Chinese state-sponsored cyber group, has infiltrated US critical infrastructure networks, including those in the financial sector, positioning itself for potential disruptive or destructive cyber activities.<sup>52</sup>



**Figure 7:** China is rapidly climbing critical technology value chains.

Economic interdependence with adversaries like China also complicates efforts to impose sanctions or engage in economic warfare without causing significant self-inflicted harm.<sup>53</sup> The global semiconductor supply chain exemplifies this dilemma, where efforts to restrict technology transfers affect both Chinese and Western firms.<sup>54</sup> The interconnected nature of modern economies underscores the difficulty of fully disentangling from geopolitical rivals while maintaining economic stability and growth.

The ongoing conflict in Ukraine and the need to bolster Taiwan's defenses have placed significant pressure on Western military resources, political unity, and fiscal capacities.<sup>55</sup> Simultaneous flashpoints in the Middle East exacerbate these strains, testing the cohesion of Western alliances. The capacity to manage these simultaneous challenges will play a critical role in shaping the global order.

Meanwhile, the proliferation of low-cost, autonomous systems, such as unmanned aerial vehicles and AI-powered cyber tools, is rendering traditional security strategies increasingly ineffective.<sup>56</sup> These technologies are democratizing advanced capabilities, allowing state and non-state actors to challenge established powers.<sup>57</sup> The widespread availability of these systems raises significant concerns about their use in conflicts and asymmetric warfare.

The rapid pace of technological disruption is outstripping the ability of governments and institutions to adapt. Emerging technologies such as AI, quantum technologies, biotechnology, next-generation communications networks, and advanced materials are reshaping industries and creating new vulnerabilities.<sup>58</sup> This rapid change demands an unprecedented level of agility and foresight from policymakers to mitigate risks and capitalize on opportunities.

Hyperscale technology companies are becoming quasi-sovereign entities with capabilities that rival those of nation-states. These firms exert significant influence over digital systems and have played critical roles in crises. For example, Microsoft was critical for both the defense of Ukrainian digital sovereignty<sup>59</sup> as well as a vector for a critical compromise of the US government in the 2023 Exchange Online intrusion by China.<sup>60</sup>

The rise of powerful non-state actors adds a new layer of complexity to global security. These entities, which include private organizations capable of producing advanced unmanned systems or conducting large-scale information operations, operate outside traditional state frameworks. Their activities, which range from geoengineering to political interference, complicate international law and governance.<sup>61</sup>

Strategic middle powers like Saudi Arabia, the UAE, and India are gaining influence by pursuing independent technology, economic, and security strategies.<sup>62</sup> These nations are adept at navigating the “new Digital Great Game” between the US, China, and Russia, leveraging their positions to secure asymmetric advantages.<sup>63</sup> Their growing autonomy introduces further complexity to the already unstable geopolitical landscape.<sup>64</sup>

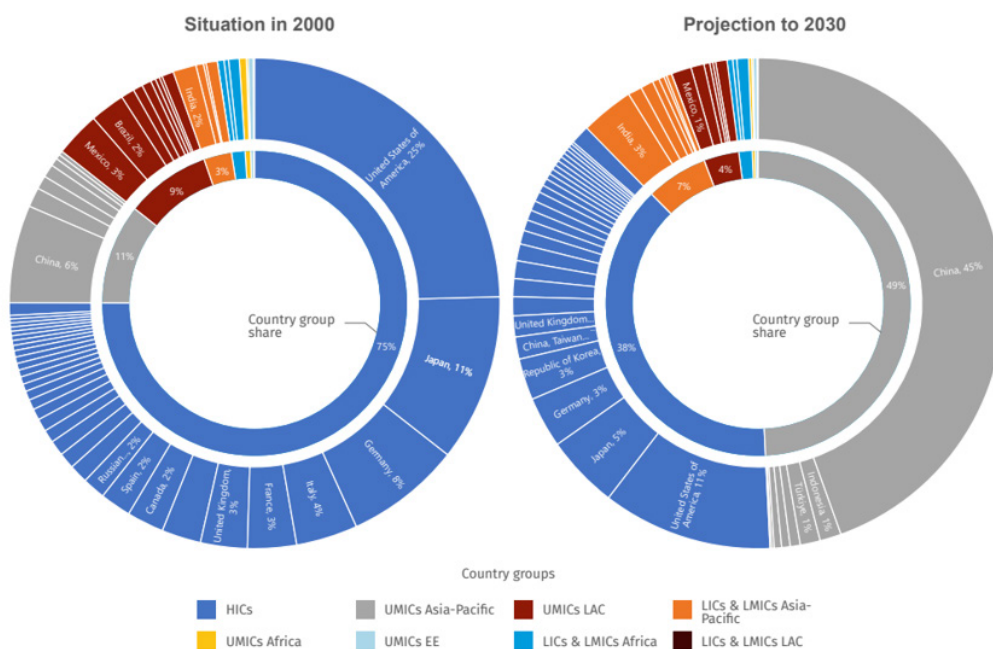
It so happens that some of these states are leaning aggressively into Bitcoin, with three of the newest members of BRICS—Argentina, the UAE, and Ethiopia—using government resources to mine bitcoin.<sup>65</sup> Others in the Gulf may also be quietly accumulating the asset itself as part of their reserves. Standard Chartered Bank has launched digital asset custody services in the UAE, starting with Brevan Howard Digital as its first client, citing the region's well-regulated and progressive approach to digital asset adoption.<sup>66</sup> The stage is set for a potential geoeconomic shake-up not seen in decades.

## 04 IMBALANCES AND FRAGILITIES OF THE PRESENT GLOBAL MONETARY ORDER

The global monetary system has been shaped by structural imbalances created by the US-China economic relationship and has failed to evolve with the demands of a rapidly changing economic and geopolitical environment. Unlike previous geoeconomic and monetary accords like Bretton Woods and its various twentieth-century iterations, the present “non-system,” as Russell Napier describes it,<sup>67</sup> emerged organically from unilateral policies like China’s 1994 currency devaluation and subsequent shifts in global capital flows and patterns of trade. This structural imbalance in the demand for reserve assets (specifically US Treasury securities) decoupled interest rates from economic growth, distorting global capital markets.

The US dollar’s role as the global reserve currency imposes significant costs on the domestic economy. Persistent strength in the dollar, driven by global demand for dollar-denominated reserve assets, has undermined export competitiveness, accelerated deindustrialization, and exacerbated trade deficits. This dynamic is further complicated by the “Triffin dilemma,” where the US must run current account deficits to provide the necessary global supply of dollars, creating imbalances that are challenging to measure or address through policy.

While a strong dollar is not inherently overvalued, an imbalance between the flow of dollars and net new demand can lead to structural challenges. Moreover, once industries and factories relocate abroad due to an uncompetitive exchange rate, reversing these effects often requires deliberate trade policies or currency undervaluation, both of which carry additional economic and geopolitical risks.



**Source:** UNIDO elaboration based on [UNIDO National Accounts Database](#).

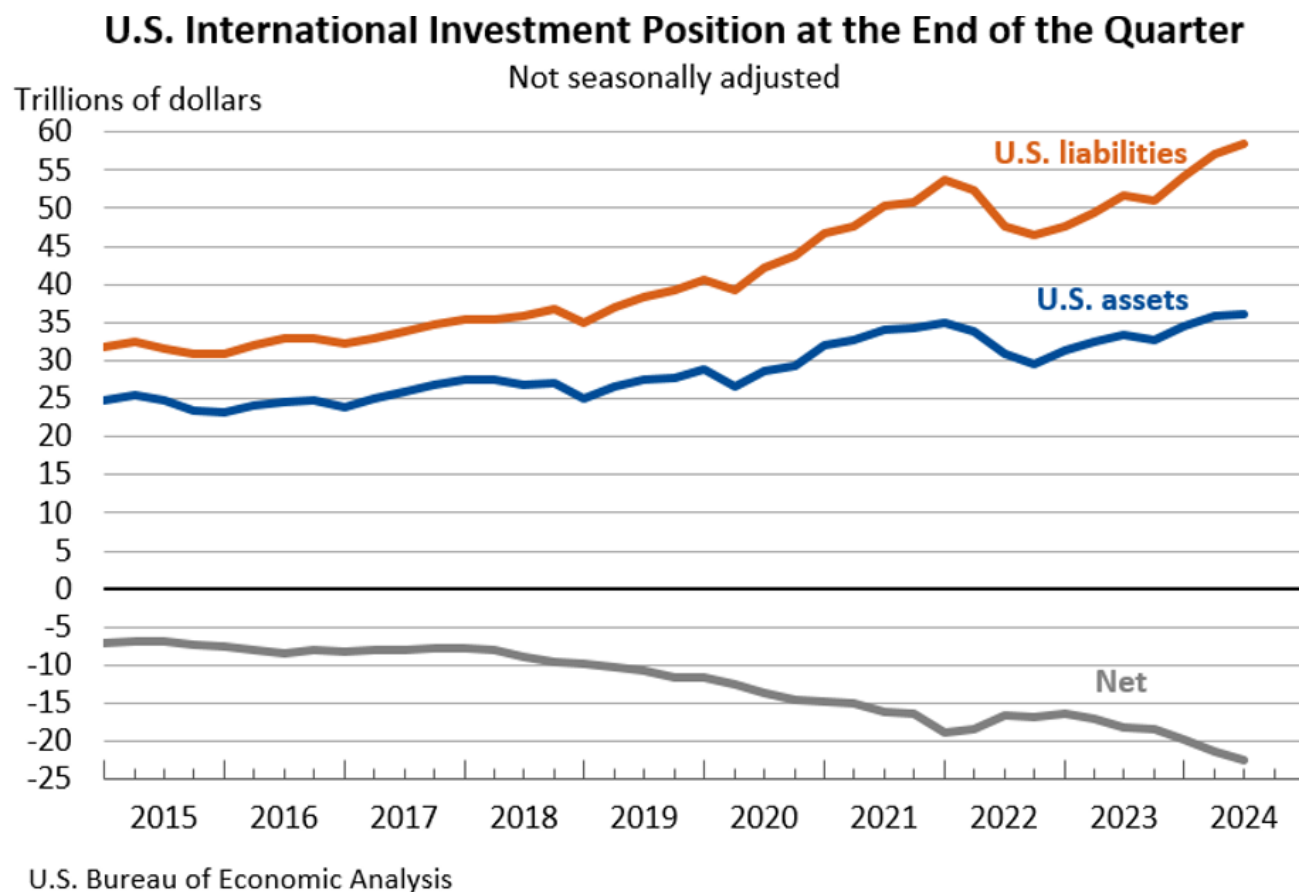
**Note:** Projections to 2030 are made based on historical average annual growth rates (between 2010 and 2019) and applied to the latest available observations (2024) up to 2030. LICs = Low-income countries; LMICs = Lower middle-income countries; UMICs = Upper middle-income countries; HICs = High-income countries; EE = Eastern Europe; LAC = Latin America and the Caribbean.

**Figure 8:** China is poised to dominate global industrial production by 2030, completing a de facto hostile takeover of the global “real economy”.

This reliance on deficits weakens the US industrial base while exposing the country to external vulnerabilities. The need to address these vulnerabilities has never been more urgent.

While the US has absorbed global surpluses through persistent trade and fiscal deficits, China has relied on fixed-asset investment and export-driven growth. China's managed exchange rate and resulting investment boom suppressed inflation worldwide, artificially lowered interest rates, and encouraged financial engineering over productive investment in developed economies, including the United States. Notably, the US similarly leveraged its net creditor status following the Second World War to elevate its economic influence and shape global policy, demonstrating how creditor positions can be strategically wielded across different periods of history. Now the dominant global creditor, China is on track to also dominate global industrial production (Figure 8).<sup>68</sup>

The US financial sector (designed to create the desirable assets that absorb foreign excess surpluses) benefited greatly, while the tradable goods and manufacturing sector atrophied, with pathological consequences both for the domestic political economy and defense industrial base. Our net international investment position is now negative \$22.52 trillion.<sup>69</sup>



**Figure 9:** Foreigners increasingly own vastly more (\$22.5T) U.S. assets than vice versa.

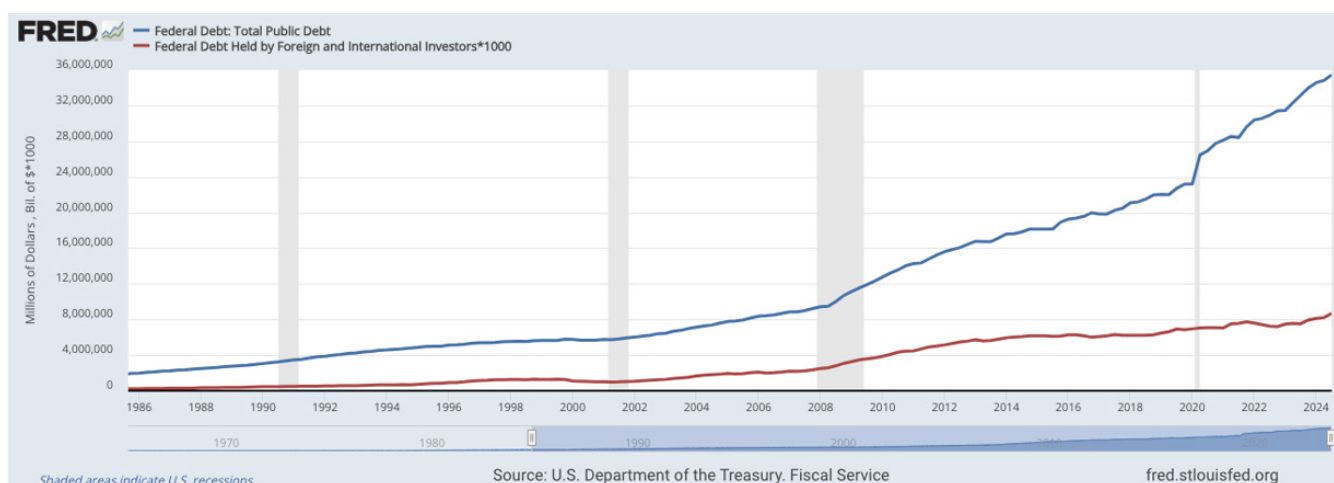


The consequences of this system have been far-reaching. China's model of directing liquidity toward fixed-asset investments through state-controlled banking systems created massive global imbalances, such as depressed returns on capital in other nations and overreliance on debt-fueled consumption in the US. China's own debt-driven growth is proving unsustainable, with nonfinancial debt now at 290% of GDP.<sup>70</sup> These imbalances have left the global economy vulnerable to destabilizing shocks, exacerbated by the lack of a cooperative international financial framework. These divergences between the "real economy" (aka Chinese industrial production) and the "financial economy" (aka G7 credit markets) are creating strategic fragilities.

Napier argues that this "non-system" is now collapsing under the weight of these imbalances. China's 2024 policy shift toward domestic monetary expansion and bank recapitalization suggests an inevitable move to a flexible exchange rate, marking the end of its managed currency regime.<sup>71</sup> This shift threatens to fragment the global monetary order further, creating two competing financial blocs: one led by the US and another potentially centered on China. The absence of a coordinated global framework raises the risk of financial instability, as nations increasingly prioritize domestic investment and economic resilience over open capital markets.

To resolve these pressures, leading western economies may attempt to negotiate a restructured financial system that prioritizes domestic investment, managed exchange rates, and debt reduction through financial repression.<sup>72</sup> Given smothering liabilities, many will likely adopt policies to inflate away excessive debt by redirecting private savings toward fixed-asset investment and limiting speculative financial activity and cross-border flows via capital controls.<sup>73</sup> This new system will likely feature somewhat loose, but still defined, regional monetary blocs, reflecting the geopolitical divide between the G7 liberal order and Eurasian autocrats, with the global south and aspirant balancing powers as competitive go-betweens.

The transition to such a new monetary world order will not be smooth or linear. The recent model has produced unsustainable levels of debt and distorted capital allocation. US government debt now exceeds 106% of GDP, while corporate debt stands at 87%. Globally, total debt exceeds 250% of GDP, creating potentially destabilizing systemic risks.<sup>74</sup>



**Figure 10:** While total U.S. public debt has skyrocketed, foreign demand has not kept pace – this growing divergence is a source of increasing strategic vulnerability for the U.S.



China's economic model, which relies heavily on state-controlled credit and infrastructure spending, is also under strain. Nonfinancial debt in China has risen to 290% of GDP as of 2024, fueled by unsustainable borrowing.<sup>75</sup> The IMF expects China's public debt to grow to almost 150% of GDP by 2030.<sup>76</sup>

China's efforts to stabilize the economy are increasingly incompatible with its managed exchange rate regime, signaling a potential move toward greater currency flexibility.<sup>77</sup> Such a transition would likely introduce volatility into global markets, further challenging the existing monetary order.

Meanwhile, the US faces its own balancing act. Rearming and reindustrializing are essential but will intensify fiscal pressures, while re-shoring offers a counterweight by keeping more dollars onshore, potentially strengthening the dollar but risking overvaluation. We must do so at a time when foreign demand for US debt is not keeping pace with our borrowing requirements (Figure 10).<sup>78</sup> These competing forces show the challenge of pursuing strategic objectives without exacerbating economic vulnerabilities.<sup>79</sup>

The stakes are high: Failure to manage these pressures will further erode fiscal credibility and undermine the global security architecture we have long underwritten. This conundrum threatens to push the US into runaway debt monetization (QE and overt yield curve control) and an insecurity spiral (as the US explicitly or implicitly defaults on its commitment to provide a global security zone for our allies and trade partners). Addressing these challenges will require bold measures to shift the monetary and geoeconomic order on more favorable strategic terms. Time is of the essence.

## 05 RESETTling GLOBAL TERMS: OUTLINE OF A NEW MONETARY WORLD ORDER

The global monetary order is straining under the pressures of rising geopolitical competition, unsustainable debt levels, and the growing fragmentation of digital and financial networks. Rival blocs, led by China and aligned with other authoritarian regimes, are aggressively pursuing strategies to mitigate their exposure to the extraterritorial power of the dollar system and establish alternative systems of settlement while building their gold reserves. China's approach is to block Western financial coercive instruments, build its own financial and trading networks, and expand its global geoeconomic influence, all while exploiting our open system to corrupt our politics, steal our IP, and undermine our competitiveness.<sup>80</sup>

Another dimension of Beijing's challenge lies in its issuance of dollar-denominated bonds. These Chinese "pseudo-Treasuries" attract investors seeking dollar stability but concerned about US fiscal sustainability, offering yields recently comparable to US government debt.<sup>81</sup> By providing a credible alternative source of dollar-based investment, China is quietly encroaching on what has traditionally been an American monopoly: the supply of safe-haven, dollar-denominated assets. This strategy not only threatens the unique status of US Treasuries, but also grants Beijing an indirect avenue to influence global capital flows and weaken US leverage over the international financial system.

The US stands at a critical juncture. To maintain its economic and geopolitical dominance, it must act decisively to reset the terms of the monetary world order. This will require a bold, integrated strategy that harmonizes monetary policy, trade objectives, diplomacy, defense, technological acceleration, and industrial revitalization. We must address the structural weaknesses of the current system—excessive short-term debt reliance, overdependence on Federal Reserve interventions, and the prioritization of speculative financial practices over tangible investment—in order to secure our leadership position in a more contested world.

We concur with your view that significant moves are necessary to restructure the existing system as part of a “global economic reordering”.<sup>82</sup> At its core, it seems your plan would leverage US Treasuries and gold as foundational global reserve assets, creating a hybrid monetary system that counters de-dollarization moves, growing global liquidity needs, and increasing geopolitical competition.

This hybrid version of a “gilded Bretton Woods II”<sup>83</sup> system would see strategic swaps—such as exchanging short-term Treasuries, foreign exchange reserves, or even gold reserves for longer-dated bonds—deployed to counter de-dollarization and re-anchor allies to the dollar-based system. This would make more explicit the relationship between the US-funded security zone and the US-centric Treasury standard.<sup>84</sup>

This monetary strategy would run in concert with your “Three Arrows” policy framework that draws inspiration from Shinzo Abe’s economic strategy, repurposed for a second Trump administration’s domestic and international agenda.<sup>85</sup> The domestic arrows would target economic growth, fiscal discipline, and energy independence, with goals of achieving 3% real GDP growth, limiting federal deficits to 3%, and increasing US oil production by 3 million barrels per day. These objectives rest on deregulation, restoring confidence to spur private investment, controlling inflation, and reducing federal deficits by emphasizing efficiency and fiscal responsibility.<sup>86</sup>

The domestic leg of this plan would reindustrialize the American economy and recalibrate how credit is allocated. The existing framework, where Federal Reserve-driven quantitative easing floods markets with liquidity that often fuels asset bubbles rather than productive investment, would give way to a system where banks play a central role in directing capital to sectors vital to national strength. Industrial-focused government-sponsored enterprises (GSEs), modeled after entities like Fannie Mae and Freddie Mac but repurposed for manufacturing and technology, would serve as engines of credit for strategically significant industries.

Such a system would enable the US to rebuild its industrial base, enhance supply chain resilience, and reduce dependence on adversary manufacturing. This recalibration, combined with the gradual unwinding of Federal Reserve-dominated credit policies, would restore balance between public and private money creation, ensuring a financial ecosystem that supports long-term economic growth and security.

The international component would push a geopolitical and financial realignment to solidify US dominance. We would create security zones underpinned by long-term financial instruments like century bonds to stabilize US fiscal policy and align allied and partner nations. These policies might involve restructuring debt maturity profiles and mandating allies to invest in US debt securities while using tariffs, Treasury “user fees”, and extraterritorial export control policies to demarcate friends from foes.<sup>87</sup>

In particular, the US would wield its financial tools more strategically to bind allies into its orbit and counteract rival systems. Long-duration bonds, non-marketable debt instruments with extended maturities over 50 years, could supplement short-term Treasuries as the cornerstone of US debt issuance, effectively locking allied nations into long-term financial alignment with the US system.<sup>88</sup> Additionally, the revaluation of US gold reserves to market (or above market) levels would take back the price setting power over gold from China and Russia and flush the Treasury General Account with close to \$1 trillion (or more) of no-strings-attached liquidity.

Further, the strategic expansion of dollar swap lines would offer liquidity to key partners, creating economic dependencies that align their interests with US policy objectives and counter China’s similar use of CNY swap lines. These tools, deployed in concert, would insulate the global financial system from fragmentation while ensuring that the US remains central to international monetary settlements.

To enforce alignment and encourage compliance, the US would also adopt managed trade policies and targeted tariffs as strategic instruments of leverage across nations with different tiers of geopolitical alignments to America. These measures would establish a robust economic “Commonwealth” of shared financial and security commitments among allied nations.<sup>89</sup>

By integrating trade and collective defense policies with this form of monetary jiu-jitsu, the US can ensure that its partners remain aligned with American interests, creating a durable and cohesive geoeconomic bloc. This framework would enable the US to dictate the terms of global financial engagement, balancing its role as a financial hegemon with the need to foster productive investment at home. The result would be a reimagined global order, anchored in US leadership, that reconciles the demands of a fragmented world with the enduring need for cooperative and resilient financial systems.<sup>90</sup>

Moreover, the United States’ technological leadership, particularly in artificial intelligence (AI) and emerging “breakthrough” capabilities, offers a powerful lever to bind its economic “Commonwealth” together and incentivize alignment with US financial and trade policies. AI innovation, from frontier language models to predictive analytics, is increasingly central to economic productivity, defense capabilities, and global competitiveness.

By granting privileged access to cutting-edge AI technologies only to nations within the US-led bloc, the US can enhance the value of participation and secure deeper alignment, all while curtailing China’s strategic ambitions and maintaining the West’s narrow competitive edge.

This exclusive access would include collaboration on AI-driven solutions for manufacturing, logistics, and financial infrastructure, ensuring member nations benefit from advancements in efficiency and innovation, which, unfortunately, China is currently leading in. Near-horizon beyond-next-generation technologies, once revealed and properly integrated, will also impress upon the world the singular value and enduring power of US global leadership.<sup>91</sup> Humanity will need the “shining city on the hill” to demonstrate its commitment to guide our collective futures for our collective benefit.

Conversely, nations choosing to remain outside this framework would face restricted access to these leading technologies, leaving them at a competitive disadvantage in sectors critical to future economic growth. The strategic use of these technologies not only incentivizes adherence to the US-led order but also reinforces the economic and technological boundaries that ensure the cohesion and strength of the Commonwealth.<sup>92</sup>

By leveraging its technological supremacy, the United States can effectively pair economic and security benefits with technological rewards, creating a robust incentive structure for allied and partner nations, one that can “hold the line” against revanchist authoritarian systems looking to upset the global order.<sup>93</sup>

## 06 BITCOIN AS AN INTEGRATED ELEMENT OF U.S. STATECRAFT

The shifting global monetary order demands a fundamental rethink of the role reserve assets play in shaping financial power. Historically, the dollar's primacy has rested on its role as the leading unit of account, medium of trade settlement, and sovereign store of wealth. However, this dominance has come under increasing pressure as rival nations, notably China, diversify their reserves into gold and explore digital currencies to bypass dollar-centric systems like SWIFT.

As geopolitical competition intensifies, the United States must act decisively to modernize its monetary strategy, integrating traditional reserve assets like gold with emerging instruments that reflect the realities of a digitizing global economy.

To adapt what Mario Draghi said in April 2024,<sup>94</sup> “Our rivals are stealing a march on us because they can act as one country with one strategy and align all the necessary tools and policies behind it. If we are to match them, we will need” to act decisively and in ways that asymmetrically advantage us relative to our adversaries, ideally in a manner that is difficult for them to anticipate or effectively respond to.

A significant revaluation of gold could recalibrate its role as a stabilizing force in the financial system, signaling US intent to anchor trust in a balanced monetary framework (a “Gilded Bretton Woods II”) that combines stability while reinforcing Uncle Sam’s balance sheet and, in concert with other measures, help rebalance the terms of trade in a more strategically favorable direction.

However, alongside this, Bitcoin offers a transformative complement. Its unique properties—including decentralization, a fixed supply, and robust digital infrastructure—position it as a next-generation reserve asset uniquely suited to a fragmented and technologically advanced global financial system. Unlike gold, bitcoin is entirely digital, portable, and programmable, offering advantages in efficiency, security, and utility for a digital economy.

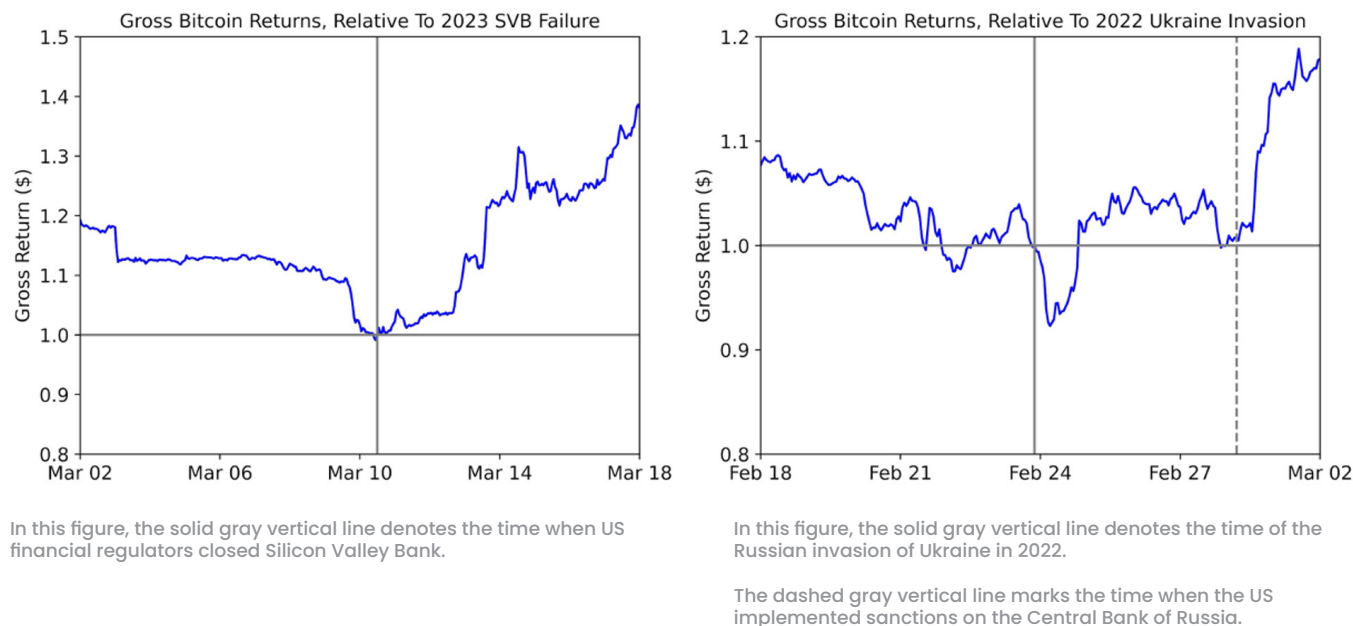
### Bitcoin as a Complementary Reserve Asset

Bitcoin presents a compelling case as a reserve asset that complements traditional options like gold, particularly in an era of rising geopolitical tensions and systemic economic risks. Bitcoin’s unique properties, including its decentralized nature, lack of counterparty risk, and intrinsic scarcity, make it particularly valuable as a hedge against fracturing financial networks, inflation, and systemic failures of existing institutional and geopolitical arrangements.

Unlike conventional reserve assets, bitcoin operates independently of any central authority, providing resilience against sovereign defaults and political manipulation. Its increasing adoption, both publicly (e.g., by El Salvador) and potentially in undisclosed sovereign holdings, underscores its growing role in the international financial system.

Bitcoin has demonstrated its value as a crisis hedge, particularly in scenarios like US bank failures and financial sanctions. For example, during the collapse of Silicon Valley Bank, bitcoin’s price surged, reflecting its appeal as a flight-to-safety asset.<sup>95</sup>

Similarly, in the aftermath of sanctions on Russia's central bank following the Ukraine invasion, bitcoin offered a decentralized alternative for preserving value amid restricted access to global financial networks (Figure 11).<sup>96</sup>



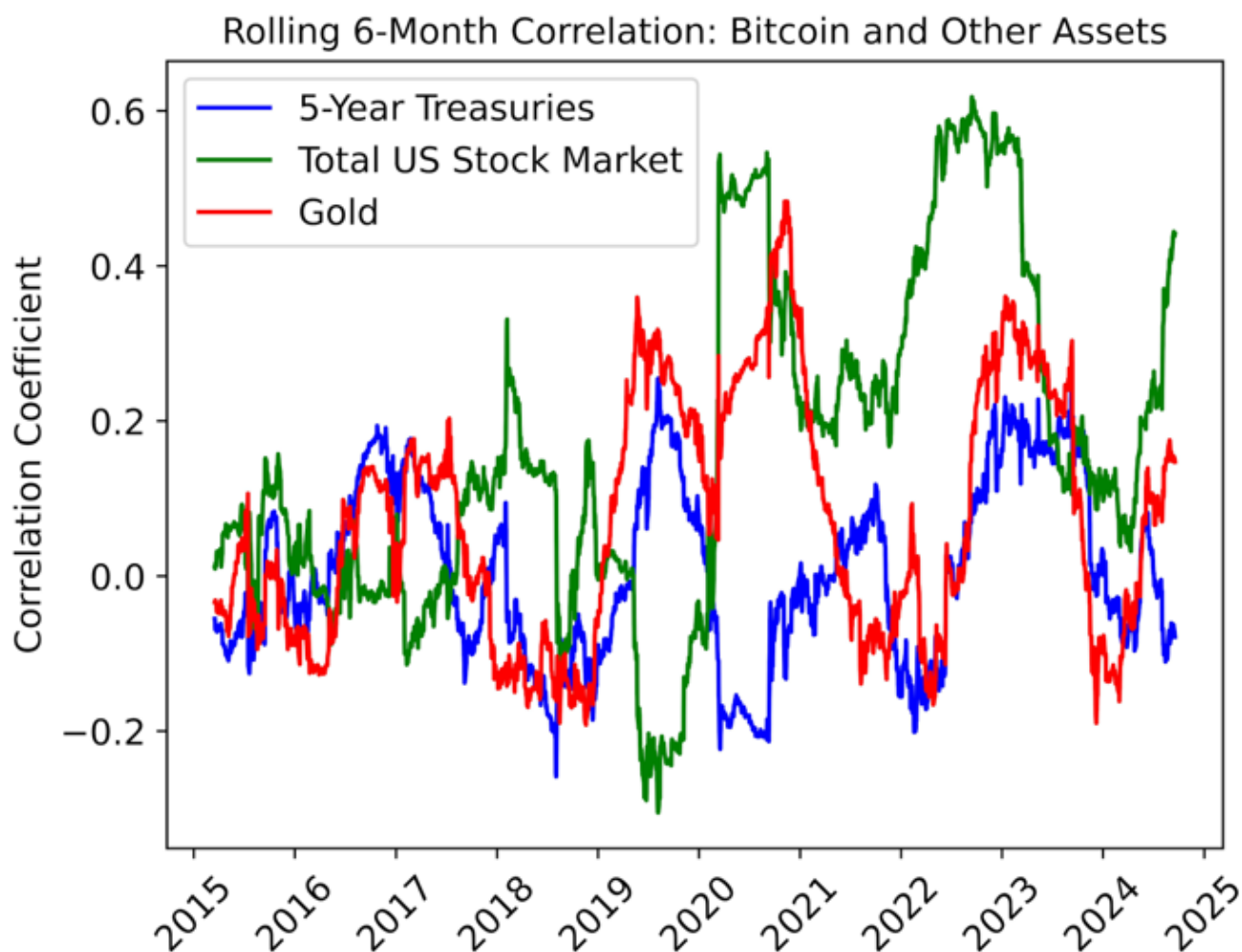
Source: Matthew Ferranti. 2024. *The Case for Bitcoin as a Reserve Asset*. Bitcoin Policy Institute.

**Figure 11:** Bitcoin has historically performed well during US bank failures and large-scale US financial sanctions, providing some insurance benefits that other assets do not.

As a portfolio diversifier, bitcoin offers low correlations with traditional reserve assets like gold and US Treasuries, enhancing its utility in reserve portfolios.<sup>97</sup> Bitcoin's price movements are driven by distinct macroeconomic forces, such as inflation expectations, making it a complementary addition to gold-heavy portfolios. Its liquidity, while not as deep as US Treasuries, is comparable to gold and sufficient to support transactions at a scale appropriate for central banks.

This makes bitcoin particularly attractive for institutions seeking to hedge against geopolitical risks, capital controls, and inflation while maintaining flexibility in their reserve management strategies.

Moreover, bitcoin's decentralized and digital characteristics provide unique advantages for central banks and sovereign wealth funds. Unlike gold, which requires secure physical storage and transportation, bitcoin can be safely stored in custodial wallets or even cold storage solutions, reducing logistical risks and costs. This portability and security make bitcoin particularly suited to a multipolar financial world, where nations face increasing challenges from sanctions and geopolitical fragmentation. Bitcoin's programmability also allows for potential innovations in central banking, such as enabling programmable reserve transactions or facilitating cross-border settlements without intermediaries, enhancing its appeal as a modern reserve asset.



Source: Matthew Ferranti. 2024. *The Case for Bitcoin as a Reserve Asset*. Bitcoin Policy Institute.

**Figure 12:** Bitcoin is relatively uncorrelated to major assets and has an inverted correlation to 5-year US Treasuries, providing diversification benefits.

Bitcoin's growing adoption among private institutions and governments alike underscores its viability as a reserve asset. Leading financial institutions have begun integrating bitcoin into their investment portfolios, citing its utility as a hedge against inflation and systemic risks. Sovereign actors, such as El Salvador, have already embraced bitcoin, highlighting its potential to transform monetary systems in emerging markets. Should larger economies or alliances begin to adopt bitcoin as part of their reserves, the asset's role as a neutral and universally accepted store of value will only expand, placing those nations with substantial holdings in a favorable geopolitical and economic position.

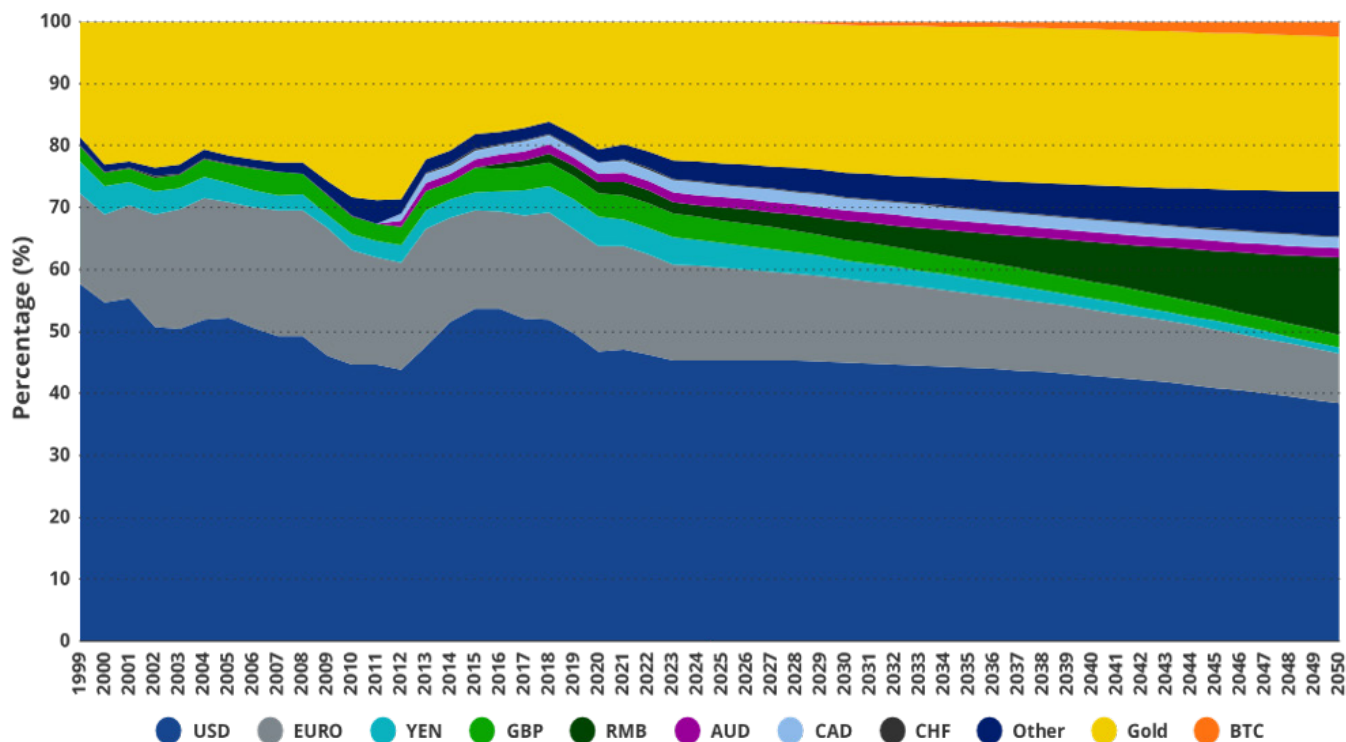


Integrating bitcoin into a broader reserve strategy aligns well with the US's goals of maintaining leadership in the global monetary order, particularly within a new "Commonwealth" framework of economic, technological, and financial security. Bitcoin's neutrality and decentralized nature make it an ideal asset for promoting trust among allies while countering authoritarian systems like China's digital yuan.

By holding a larger proportion of bitcoin relative to its adversaries, the US would benefit disproportionately as bitcoin monetizes further, complementing its strategic use of gold, century bonds, and tariffs. Additionally, Bitcoin's resilience and decentralized infrastructure align with US principles of transparency and accountability, offering an open and fair monetary alternative to the state-controlled financial networks being pursued by rival nations.

While undergoing volatile speculative monetization, bitcoin has been the best-performing asset class in eight out of the last eleven years.<sup>98</sup>

Given structural trends in the global monetary system and Bitcoin's endogenous adoption trajectory, VanEck believes "it is conceivable that by 2050 bitcoin could be used to settle 10% of the globe's international trade and 5% of the world's domestic trade. This scenario would result in central banks holding 2.5% of their assets in bitcoin... to suggest a potential price of \$2.9M per bitcoin, translating to a total market cap of \$61 trillion" (Figure 13).<sup>99</sup>



**Changes to the Composition of International Currency Reserves (incl. Gold and BTC)**

	USD (%)	EURO (%)	YEN (%)	GBP (%)	RMB (%)	AUD (%)	CAD (%)	CHF (%)	Other (%)	Gold (%)	BTC (%)
2023 Share	45.3	15.5	4.4	3.8	1.8	1.6	2.0	0.2	3.0	22.4	0.0
2050 Share	38.4	8.0	1.0	2.0	12.5	1.5	1.8	0.2	7.2	24.9	2.5

Source: VanEck Research, IMF as of 6/18/2024. Any projections shown are those of VanEck and based on the firm's own research, are for illustrative purposes only, are valid as of the posting date of this content and are subject to change without notice.

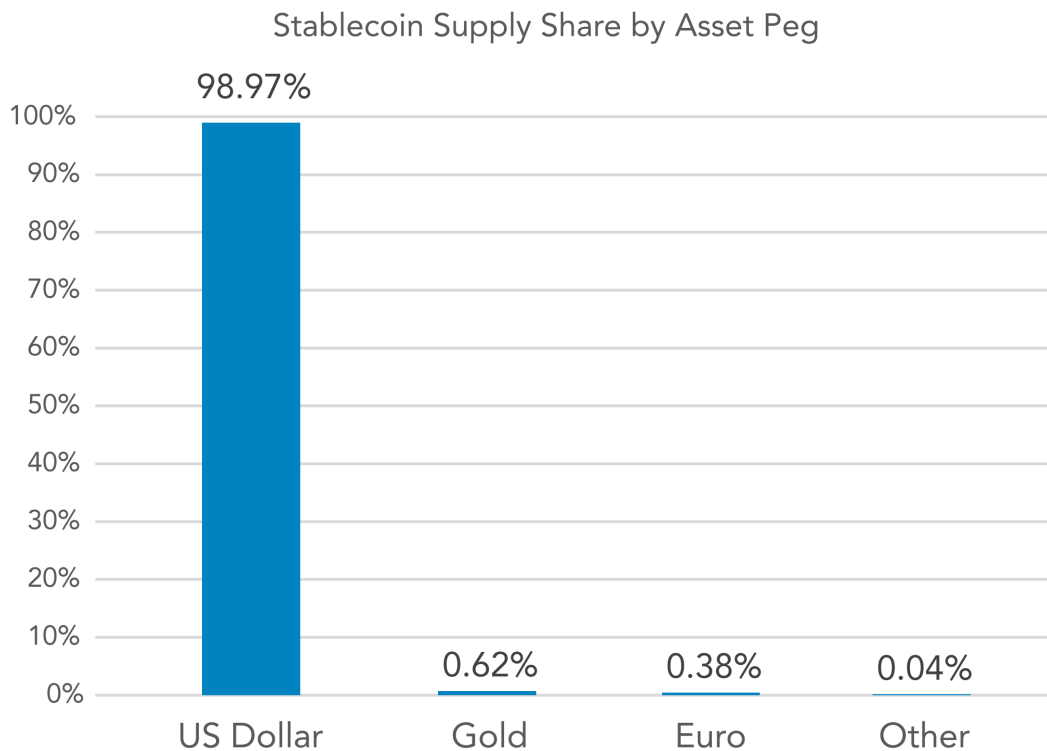
**Figure 13:** VenEck projects bitcoin rising to 2.5% of central bank assets by 2050, translating to a total market capitalization of \$61 trillion.



## Bitcoin and Dollar Stablecoins

Stablecoins add another layer to this strategic calculus. As highlighted in recent studies, stablecoins are no longer confined to speculative crypto markets; they are now a critical financial tool in emerging markets, facilitating savings, remittances, cross-border payments, and corporate cash management.

Stablecoin adoption has surged, with \$3.7 trillion settled in 2023 alone, reflecting their utility in providing access to dollar liquidity in regions where banking systems are weak or unreliable.<sup>100</sup> Stablecoins overwhelmingly reference the US dollar and are mostly backed by US government debt, indirectly reinforcing dollar dominance (Figure 14).<sup>101</sup> For the US, fostering a stablecoin ecosystem that aligns with its regulatory and monetary frameworks would amplify its financial reach, especially in emerging markets, while simultaneously outcompeting rival digital currencies.



Source: Castle Island Ventures. 2024. *Stablecoins: The Emerging Market Story*.

**Figure 14:** Stablecoins overwhelmingly reference the U.S. dollar and are mostly backed by U.S. government debt, indirectly reinforcing dollar dominance.

Together, bitcoin and stablecoins create a hybrid digital monetary ecosystem that combines the stability of fiat-pegged assets with the long-term appreciation potential of “digital gold”. Stablecoins provide the liquidity and accessibility needed for day-to-day financial operations, while bitcoin serves as a hedge against systemic risks and as a store of value. This synergy allows the US to diversify its reserve strategy without compromising influence over global commerce. Moreover, stablecoins reinforce dollar primacy by anchoring liquidity in the dollar, ensuring that even in a digitized financial system, US influence remains paramount, all while remaining true to our values of private sector innovation and liberty.

The monetization of bitcoin relative to gold could deliver outsized benefits to nations (like the US) with significant holdings. By securing a leading position in bitcoin reserves, the US would disproportionately benefit from the appreciation of its value. This dynamic could provide a hedge against monetary fragmentation, allowing the US to offset vulnerabilities in its debt-driven financial system.

Critically, this new strategy must also recognize the importance of balancing financial tools with energy and commodity policies. The integration of energy security into financial dominance reflects a broader understanding of global dependencies. China’s efforts to establish commodity-backed financial systems, including resource-centric trade agreements, highlight the strategic role natural resources play in modern geopolitics. The US, by contrast, has relied on financial instruments divorced from the commodity base, which has created vulnerabilities in energy-dependent trade relationships.

Addressing this requires integrating policies that secure energy independence, ensuring that financial tools such as century bonds, tariffs, export controls, and gold and bitcoin revaluations are supported by robust domestic resource production. This alignment between monetary and resource policy would neutralize efforts by rival blocs to tie financial power to commodities, securing the US position in global supply chains and building more geoeconomic resilience.

Acquiring bitcoin as a part of our national portfolio of assets would boost its USD price. An increased USD price for bitcoin would increase, *ceteris paribus*, the amount of USD-denominated stablecoins in circulation, given that stablecoins are a popular medium of exchange in crypto trading markets. That is, buying or trading a single bitcoin worth \$100,000 in a crypto market requires twice the amount of dollar stablecoins than when bitcoin is worth only \$50,000. An increase in USD-denominated stablecoins, if appropriately backed by US Treasury securities, would lead to increased private sector balance sheet capacity available to absorb US debt issuance.<sup>102</sup> Given the global demand for bitcoin, this increase in USD-denominated stablecoin balances is not just replacing USD-denominated assets, but adding net new demand for dollar assets that is driven by bitcoin demand.

The Treasury Borrowing Advisory Committee estimated that “\$120 [billion] in total stablecoin collateral is directly invested in Treasuries”.<sup>103</sup> This is about 2.5% of all outstanding US Treasury bills. They also found that “structural demand for Treasuries may increase as the digital asset market cap grows, both as a hedge against downside price volatility and as an ‘on-chain’ safe-haven asset.”<sup>104</sup> It is not inconceivable based on current trends for total stablecoin demand for US Treasury Bills to reach \$1 trillion, which would make such issuers close to one-quarter of the total Treasury Bill market.<sup>105</sup> This is a large net new source of demand for US government debt, which could use all the marginal balance sheet it can get.

At the same time, these stablecoins will help the USD network penetrate and dollarize more of the world, including parts of the Global South that China is seeking to ensnare in its digital financial and techno-authoritarian system. Bitcoin may also act as an absorber of excess USD liquidity that would otherwise flow into scarce, desirable assets like stocks and real estate and create distortions in those markets with problematic financial and political effects.

In short, appreciation of bitcoin in USD terms would buttress the strength and spread of the USD network and increase demand for US government debt. If the US government were to hold a relatively larger share of bitcoin than our rivals as it appreciates, we would also accrue a strategic benefit. Further, holding such an appreciating asset on our presently strained national balance sheets would help reinforce long-run confidence in the stability of our fiscal condition and help mitigate tail risk loss of confidence.

Moreover, AI datacenters, bitcoin mining, and US energy security are naturally aligned given that, as the “dung beetle”<sup>106</sup> of electricity generation, bitcoin miners help stabilize the grid, incentivize infrastructure build-out, and monetize excess or stranded energy. Finally, Bitcoin, as an open and fair system, aligns with our values and is directly opposed to the close and manipulated systems of our authoritarian rivals.

Bitcoin can be a critical tool in the US’s broader economic and geopolitical strategy to win the twenty-first century. The scale of the challenge demands a deliberate and coordinated approach, with all elements of financial strategy aligned to reinforce US interests. Reindustrialization is not just an economic imperative; it is a geopolitical one, ensuring that the US can maintain technological and industrial superiority over adversaries. Similarly, monetary tools such as long-term bonds, gold revaluation, and bitcoin integration must be wielded not as standalone policies but as components of a broader architecture designed to secure trust among allies while insulating the US from systemic risks.

In this regard, tariffs, defense, technology, and trade policies are not merely punitive but serve as mechanisms to ensure compliance within a unified economic bloc. By harmonizing these elements into a cohesive strategy, the US can set the terms for the next monetary order, preserving its leadership in an era of intensifying competition and fragmentation.

This strategic approach—what one might call a “Bretton Woods 3.0”—centered on recalibrating monetary policy, revitalizing industrial capacity, and leveraging innovative financial tools like Bitcoin, positions the US to remain the cornerstone of a stable and secure global economic system. By acting decisively now, the United States can consolidate its advantages, neutralize emerging threats, and ensure its leadership in a rapidly changing world.

## 07 SCENARIO ANALYSIS

The adoption of a pro-Bitcoin policy stance by the United States, such as the creation of a Strategic Bitcoin Reserve (SBR), would be a significant geoeconomic move. This analysis explores the estimated primary and secondary effects of such a policy under three scenarios where Bitcoin's market capitalization reaches different milestones. These scenarios assume a SBR that reaches a total size of ~1 million BTC, which is chosen as a marker given recent policy proposals. Importantly, these scenarios are not presented as predictions or forecasts of the distribution of potential outcomes, but as different thresholds of strategic significance for Bitcoin, if it were to continue to appreciate to various scales. A baseline scenario of the status quo continuing indefinitely is, of course, relevant, but doesn't pose any meaningful change requiring analysis. What follows here is merely a high level outline, presented to motivate more in-depth analysis as U.S. Bitcoin policy becomes more explicit and significant.

### Scenario

# A

Bitcoin monetizes to roughly half of gold's total value (~\$10 trillion).

### Scenario

# B

Bitcoin achieves parity with gold (~\$20 trillion).

### Scenario

# C

Bitcoin surpasses gold and reaches roughly half of the global sovereign debt market (~\$30 trillion).



## Scenario

**Bitcoin Monetizes to Half of Gold's Current Value (~\$10 Trillion)****Primary Effects**

In this scenario, bitcoin's market capitalization grows to \$10 trillion, corresponding to a price of approximately \$500,000 per bitcoin. The US reserve of 1 million bitcoin would be valued at \$500 billion, representing a significant diversification of national reserves. This diversification would mitigate risks associated with inflation, fiat devaluation, and geopolitical instability while providing a hedge against systemic shocks in global financial markets.

Bitcoin's valuation at this level would mark a significant transition from being viewed as a speculative asset to being recognized as a credible complement to gold in central bank portfolios. Sovereigns and institutional investors would likely follow the US's lead, integrating bitcoin into their reserve strategies. However, this development would also raise concerns about market distortions, as the US's substantial holdings could exert outsized influence over bitcoin prices and liquidity.

Bitcoin's adoption by sovereign actors would likely stabilize its liquidity and reduce its volatility, making it more attractive for long-term investment. However, the infrastructure supporting Bitcoin, including secure custodial solutions and regulatory frameworks, would need substantial enhancement to accommodate its expanded role in global finance.

**Secondary Effects**

Bitcoin's emergence as a reserve asset would catalyze broader adoption in emerging markets and industries reliant on cross-border transactions. Blockchain-based technologies such as decentralized finance (DeFi) platforms, stablecoin-based payment systems, and remittance networks would gain prominence, particularly in regions with underdeveloped banking infrastructure. These systems could offer greater accessibility and lower transaction costs, fostering financial inclusion.

Geopolitically, the US's adoption of Bitcoin at this scale would reinforce its position as a leader in financial innovation. Some allied nations might align with the US framework, albeit on a lag, integrating bitcoin into their reserves to maintain parity. Conversely, adversarial nations might respond by accelerating the development of alternatives such as state-backed digital currencies or regional reserve systems like BRICSbridge using gold for net settlement. While these systems might gain traction in some areas, Bitcoin's decentralization and neutrality would likely ensure its broader appeal. The Gulf countries, already leaning into Bitcoin, would likely race to "front-run" the US to acquire a meaningful position in bitcoin for their national reserves.

## Impact of Bitcoin Mining

Bitcoin mining would play a crucial role in this scenario as its market capitalization increases. The total network hash rate would rise significantly to secure the blockchain, driving demand for mining infrastructure and energy resources. The US, with its abundant natural resources and technological capacity, could position itself as a global leader in sustainable bitcoin mining by incentivizing the use of renewable energy. This alignment with clean energy policies could reduce emissions associated with mining while stabilizing energy grids by using excess capacity.

Mining infrastructure investments in the US could also generate economic benefits, such as job creation in rural areas with access to cheap, renewable energy. However, the rising energy consumption of the Bitcoin network might provoke environmental concerns, requiring policymakers to balance economic benefits with sustainability goals. Additionally, global competition in mining could intensify, with nations like China and Russia seeking to reclaim or expand their positions in the mining ecosystem.

## Impact of Bitcoin-Related Sovereign Financial Instruments

The US government could capitalize on Bitcoin's growing credibility by issuing bitcoin-denominated bonds as a novel financial instrument. These bonds would appeal to sovereign wealth funds, institutional investors, and private entities seeking exposure to bitcoin's long-term growth potential. Bitcoin bonds could provide a mechanism for diversifying the US debt portfolio while attracting capital from investors wary of fiat-denominated instruments. The US could structure these bonds with innovative terms, such as inflation-protected yields, to increase their attractiveness in volatile markets.

Alongside bonds, the US could establish a Bitcoin Wealth Fund (BWF) leveraging a portion of its Strategic Bitcoin Reserve (SBR). The fund would strategically invest in emerging domestic industries such as new energy, advanced manufacturing, semiconductors, and other critical technologies that secure America's competitive advantage. These investments would transform bitcoin's appreciation into tangible economic growth, creating jobs and fostering innovation. The BWF could also serve as a tool to fund national priorities, such as energy expansion and AI development, ensuring that the economic benefits of bitcoin reserves extend beyond fiscal stability.

## Additional Considerations

At this level, the integration of bitcoin into US reserves would also necessitate a rethinking of financial governance and regulatory frameworks. Questions regarding bitcoin's taxation, custodial risks, and anti-money laundering (AML) compliance would require coordinated responses from federal agencies. Additionally, the US would need to address potential inequities arising from wealth concentration among early adopters, balancing public benefits with private sector gains.



## Scenario

**Bitcoin Monetizes to Parity with Gold  
(~\$20 Trillion)****Primary Effects**

In this scenario, bitcoin's market capitalization reaches \$20 trillion, with each bitcoin valued at approximately \$1,000,000. The US reserve of 1 million bitcoin would be worth \$1 trillion, rivaling the value of its gold holdings. At this level, bitcoin would achieve parity with gold as a core global reserve asset, forcing sovereigns, central banks, and institutional investors to adapt their reserve strategies to include bitcoin.

The integration of bitcoin into global reserves at this scale would enhance fiscal resilience for the US, providing a substantial buffer against systemic risks. Its deflationary nature would act as a hedge against inflationary pressures, while its decentralized structure would protect against geopolitical risks. However, such reliance on bitcoin could introduce vulnerabilities, such as market dependence on its stability and regulatory challenges associated with its use in national reserves, especially Basel III international banking regulations that treat gold, but not bitcoin, as Tier 1 capital.

If this monetization takes place over several years with time for institutional pools of capital and sovereign reserve managers to adjust, there are unlikely to be significant risks of financial instability. However, if this takes place suddenly, in a matter of months or less, the scale of such movements of capital could have disruptive effects on other asset markets and the stability of institutional balance sheets. A sudden monetization event in bitcoin toward parity with gold could trigger larger financial volatility and economic uncertainty that policymakers around the world would have to mitigate.

**Secondary Effects**

Technological innovation would become a critical component of Bitcoin's expanded role in the financial system. Investments in blockchain scalability, energy efficiency for mining, and custodial security would accelerate, with the US taking a leading role in these developments. The emergence of bitcoin-backed financial products, such as bonds or ETFs, would further integrate bitcoin into global markets, enhancing its liquidity and accessibility.

Geopolitically, bitcoin's parity with gold would disrupt existing power dynamics in the global monetary system. Nations aligned with the US "Commonwealth" would benefit from deeper economic integration and would further integrate bitcoin alongside Treasury securities into their monetary and trade relations. Meanwhile, those outside such a Commonwealth may shift away from Treasuries and intermediate and settle trade with gold, and increasingly with bitcoin.

Domestically, the value appreciation of the SBR could support public investments in infrastructure, new energy, and technological innovation. However, the growing influence of bitcoin on the national economy could raise concerns if its volatility doesn't sufficiently abate as its market capitalization grows. The seriousness of such concerns is mostly a function of the rate at which bitcoin monetizes to parity with gold.



## Impact of Bitcoin Mining

As Bitcoin's valuation increases to parity with gold, mining operations would expand significantly. The global hash rate would reach unprecedented levels, requiring substantial energy input to maintain network security. The US could consolidate its position as a hub for Bitcoin mining by fostering investments in energy projects and creating regulatory incentives for sustainable practices.

This scenario would likely see the maturation of mining technologies, including AI-optimized operations and advanced cooling systems to reduce energy waste. The economic benefits of mining, such as job creation and tax revenue, would be offset by heightened scrutiny over environmental impacts. Internationally, mining would become a key component of geoeconomic competition, with countries vying for dominance in hash rate contributions to secure their own domestic reserves and bitcoin transactions.

## Impact of Bitcoin-Related Sovereign Financial Instruments

Bitcoin's parity with gold would enable bitcoin-denominated bonds to become a cornerstone of US fiscal strategy. These bonds might offer investors an alternative to traditional fiat-based instruments, combining bitcoin's deflationary properties with the stability of sovereign-backed securities. As a globally accepted instrument, bitcoin bonds would deepen bitcoin's liquidity, stabilize its price, and integrate it more firmly into the global financial system. This would reduce US reliance on fiat-denominated borrowing and diversify the Treasury's funding mechanisms.

The Bitcoin Wealth Fund would expand significantly at this level, leveraging a larger portion of the SBR to finance transformative investments. Key areas for the fund could include AI, quantum tech, critical minerals extraction, and new energy projects, all of which would align with US strategic interests. The BWF could also support public infrastructure projects and promote economic integration with allied nations by funding cross-border initiatives. However, managing such a large fund would require careful governance to avoid conflicts of interest and ensure alignment with national priorities.

## Additional Considerations

Bitcoin's parity with gold would also have implications for global monetary policy. Central banks would need to adjust their strategies to account for bitcoin's deflationary nature, potentially reducing reliance on inflationary measures to stimulate growth. This shift could lead to greater monetary discipline but might also constrain fiscal flexibility in times of economic downturns.

## Scenario

**Bitcoin Monetizes to Half the Global  
Sovereign Debt Market (~\$30 Trillion)****Primary Effects**

At a \$30 trillion market capitalization, bitcoin would dominate the global monetary system, with each bitcoin valued at approximately \$1,500,000. The US reserve of 1 million bitcoin would be worth \$1.5 trillion, surpassing the value of its gold reserves and rivaling the scale of many fiat-denominated reserves globally. Bitcoin might begin to emerge as the primary global reserve asset, displacing traditional instruments such as gold and even US Treasuries.

Bitcoin's neutrality, scarcity, and decentralized infrastructure would make it the preferred reserve asset for sovereign wealth funds and central banks. Its integration into international trade and settlement systems would reduce reliance on traditional intermediaries, fostering greater efficiency and transparency. However, its dominance could also destabilize existing financial systems, particularly in nations heavily reliant on fiat-denominated debt markets.

For the US, holding such a large reserve would enhance its geopolitical leverage but also introduce new risks, especially if this monetization happens quickly. Bitcoin's dominance in global reserves could create systemic vulnerabilities, as market disruptions or technological failures might have significant global financial impacts.

At this scale, bitcoin would be the single largest financial asset in the world and might augur a dramatic evolution in the foundational structure of the global financial system. To the extent that the US maintains a strong and leading bitcoin position, it would be poised to maintain global leadership. To the extent that the US cedes this ground to others, its power may suffer.

**Secondary Effects**

At this level, bitcoin would drive significant shifts in global capital flows. Demand for traditional reserve assets, such as gold and fiat currencies, would decline as sovereigns reallocate portfolios toward bitcoin. This shift could destabilize economies reliant on fiat-denominated instruments, creating liquidity challenges and higher borrowing costs. However, the US's substantial bitcoin holdings would mitigate these pressures, providing a counterbalance to global market disruptions.

Technological advancements would become even more critical as Bitcoin's role in the global economy expands. Investments in "Layer 2" solutions will be essential and will create new economic opportunities but might also exacerbate disparities between nations and disrupt existing financial institutions and related rails. Domestically, the SBR's value could fund transformative public investments, but reliance on bitcoin's market performance might spark debates about fiscal sustainability and governance.

## Impact of Bitcoin Mining

In this scenario, Bitcoin mining would become a cornerstone of global energy policy and technological innovation. The US would likely lead in developing renewable and stranded energy-powered mining operations, reducing carbon footprints while maintaining a competitive edge in hash rate contributions. Advanced technologies, such as AI-driven energy optimization and modular mining facilities, might enable scalability while addressing environmental concerns.

The geopolitical implications of mining would also intensify. Nations with access to abundant and affordable energy resources would dominate mining, creating a new axis of economic influence. The US would need to ensure its mining policies align with national security interests, particularly as mining becomes a critical component of the global financial infrastructure. International coordination on mining standards and energy efficiency could emerge as a central focus of diplomatic efforts, as well as efforts to secure ASIC supply chains.

## Impact of Bitcoin-Related Sovereign Financial Instruments

At a \$30 trillion market capitalization, bitcoin-denominated bonds might rival some US Treasury issues as benchmark assets. These bonds would attract a diverse range of investors, including central banks and private institutions, seeking exposure to the world's dominant reserve asset. By issuing these bonds, the US could consolidate its position as the primary issuer of bitcoin-backed debt, reinforcing its leadership in the evolving financial system. Additionally, bitcoin bonds could serve as a hedge against inflation and fiat devaluation, offering unique advantages over traditional instruments.

The Bitcoin Wealth Fund would evolve into a major sovereign investment vehicle, with a scale comparable to the largest global wealth funds. By leveraging bitcoin's appreciation, the fund could invest in cutting-edge industries, such as AI-driven defense technologies, sustainable energy systems, and global digital infrastructure projects. This would not only generate significant economic returns but also enhance US geopolitical influence by fostering economic dependencies among allies and partners. However, the fund's size and influence might provoke criticism from excluded nations or spark concerns about market manipulation. Robust governance frameworks would be essential to address these challenges and ensure the fund's alignment with national and global priorities.

## Additional Considerations

Bitcoin's dominance at this scale would necessitate a redefinition of international financial governance. Multilateral organizations such as the IMF and the World Bank might need to adapt their frameworks to accommodate bitcoin's role in global reserves and trade.

Scenario	Primary Effects	Secondary Effects	Impact of Bitcoin Mining	Sovereign Financial Instruments	Additional Considerations
<b>Scenario A:</b>  Bitcoin Monetizes to Half of Gold's Value (~\$10 Trillion/\$500,000 per BTC)	<b>US Reserves:</b> 1 million BTC worth \$500B, diversifying assets.	<b>Emerging Market Adoption:</b> Increased use in cross-border transactions.	<b>Increased Hash Rate:</b> Higher energy demand for securing the network.	<b>Bitcoin Bonds:</b> US issues bonds appealing to bitcoin investors.	<b>Regulatory Challenges:</b> Taxation, custody, and AML compliance.
	<b>Reserve Asset Recognition:</b> Bitcoin seen alongside gold in portfolios.	<b>Tech Growth:</b> Expansion of blockchain technologies and DeFi platforms.	<b>Sustainable Mining:</b> US leads in eco-friendly mining practices.	<b>Bitcoin Wealth Fund:</b> Invests in emerging industries and national priorities.	<b>Wealth Concentration:</b> Potential inequalities from early adopters.
	<b>Global Adoption:</b> Nations and institutions integrate Bitcoin.	<b>Financial Inclusion:</b> Greater access in underbanked regions.	<b>Environmental Concerns:</b> Need to address sustainability issues.		<b>Global Response:</b> Other nations may develop digital currencies.
	<b>Infrastructure Needs:</b> Enhanced custodial solutions and regulations required.	<b>Energy Development:</b> Mining promotes renewable energy in the US.			
<b>Scenario B</b>  Bitcoin Achieves Parity with Gold (~\$20 Trillion/\$1,000,000 per BTC)	<b>US Reserves:</b> 1 million BTC worth \$1T, matching gold holdings.	<b>Tech Innovation:</b> Investment in blockchain scalability and security.	<b>Mining Expansion:</b> Significant increase in operations and energy use.	<b>Fiscal Strategy:</b> Bitcoin bonds central to US debt management.	<b>Monetary Adjustments:</b> Central banks adapt to bitcoin's deflationary nature.
	<b>Global Reserve Asset:</b> Bitcoin forces inclusion in reserve strategies.	<b>Financial Products:</b> Bitcoin-backed bonds and ETFs emerge.	<b>US Leadership:</b> Consolidates position in sustainable mining.	<b>Expanded Wealth Fund:</b> Invests in AI, quantum tech, and critical industries.	<b>Governance Needs:</b> Managing large funds requires transparency.
	<b>Fiscal Resilience:</b> Enhances US stability against systemic risks.	<b>Geopolitical Shifts:</b> Changes in global monetary power dynamics.	<b>Competition:</b> Intensified global race for mining dominance.		<b>Inequality Risks:</b> Potential widening of global disparities.
	<b>Programmable Money:</b> Enables smart contracts and automated transactions.	<b>Economic Dependence:</b> Overreliance on bitcoin raises stability concerns.			
<b>Scenario C:</b>  Bitcoin Reaches Half the Global Sovereign Debt Market (~\$30 Trillion/\$1,500,000 per BTC)	<b>US Reserves:</b> 1 million BTC worth \$1.5T, surpassing gold reserves.	<b>Capital Shift:</b> Funds move from traditional assets to bitcoin.	<b>Energy Policy Focus:</b> Mining integral to energy and tech innovation.	<b>Benchmark Asset:</b> Bitcoin bonds rival US Treasuries.	<b>Financial Governance:</b> Redefined to accommodate bitcoin's role.
	<b>Primary Reserve Asset:</b> Bitcoin displaces traditional reserves globally.	<b>Economic Destabilization:</b> Fiat-reliant economies face challenges.	<b>Renewable Leadership:</b> US spearheads eco-friendly mining.	<b>Major Wealth Fund:</b> Investments influence global industries and economies.	<b>Systemic Vulnerabilities:</b> Market disruptions have widespread effects.
	<b>Trade Integration:</b> Used in international settlements, reducing intermediaries.	<b>Tech Investments:</b> Critical need for infrastructure and security advancements.	<b>Global Standards:</b> Need for international mining practices and regulations.	<b>Influence and Scrutiny:</b> US gains power but faces global concerns.	<b>Global Cooperation:</b> Essential for managing new financial dynamics.
	<b>Systemic Risks:</b> Dependence on bitcoin's stability poses challenges.	<b>Global Inequalities:</b> Potential widening due to infrastructure gaps.			

## 08 CONCLUSION

The United States faces a pivotal moment in the evolution of the global monetary system. Rising fiscal pressures, intensifying geopolitical competition, and accelerating technological change demand a bold and coordinated response to protect US economic leadership and national security. Competitors like China are advancing alternative financial systems, issuing dollar-denominated bonds to attract investors wary of US debt, and exploiting economic tools to weaken the dollar's dominance while expanding their global influence. Without a clear strategy, these trends could undermine US fiscal stability and erode its geopolitical standing.

To secure its leadership in a shifting world, the United States must modernize the terms of the global financial order. A renewed framework—anchored by US Treasuries, gold, and emerging assets like bitcoin—can reinforce economic stability, counter de-dollarization, and strengthen alliances. This “Gilded Bretton Woods II” system would deploy strategic tools such as long-term financial instruments, gold revaluation, and expanded dollar swap lines to stabilize global markets, align partner nations, and insulate the dollar system from fragmentation.

Domestically, revitalizing the industrial base, fostering energy independence, and investing in strategically vital sectors will restore economic resilience and enhance technological leadership. Internationally, the United States must leverage its financial tools, trade policies, and technological advantages—particularly in artificial intelligence and digital infrastructure—to deepen cooperation with allies while countering adversarial systems. By offering privileged access to cutting-edge technologies, the US can incentivize alignment, foster economic cohesion, and reinforce its role as the leader of a unified geoeconomic bloc.

Integrating bitcoin as “digital gold” presents a unique opportunity to diversify national reserves, hedge against systemic risks, and secure a first-mover advantage in the evolving global monetary landscape. Establishing a Strategic Bitcoin Reserve and supporting dollar-backed stablecoins would bolster confidence in US fiscal strength, expand the global dollar network, and provide a powerful counterweight to China's digital and gold-related alternatives.

Through a strategy that aligns monetary policy, industrial revitalization, and technological innovation, the United States can reshape the global economic order on its terms. By acting with clarity and purpose, the US will not only secure its economic future but also reaffirm its role as the cornerstone of a stable, cooperative, and prosperous international system.

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