

Stablecoins: The Dawn of America's Crypto-Mercantilism?



Jee Won Park

Ph.D., Associate Research Fellow, International Finance Team
Korea Institute for International Economic Policy

On July 18, 2025, President Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act into law, officially enacting a comprehensive federal framework for stablecoins. Stablecoins are cryptocurrencies designed to maintain a steady value by pegging to a reserve of real-world assets such as fiat currency, gold, or sovereign bonds. By taming the wild price swings that plague coins like bitcoin, they have become the pipes of the digital-asset economy. The GENIUS Act marks a pivotal moment, formally bringing these instruments into the regulatory tent by setting issuance requirements and supervisory frameworks. More than a compliance milestone, it is a statement of intent: the United States means to lead the next phase of digital finance.

For households and firms, the pitch is straightforward—faster, cheaper payments and remittances that route around legacy frictions in banking and cross-border settlement. Lower transaction costs can lubricate trade and enhance financial inclusion. For issuers and fintechs, stablecoins open a platform for new products—from programmable payables to tokenized deposits—catalysts for broader market innovation. In countries battling inflation and currency instability, access to a dollar-pegged

** The opinions, findings, conclusions, and recommendations expressed in this article are those of the author(s) and do not necessarily reflect the official policy or position of KIEP.*

instrument can function as a private safety valve. The pattern is already visible: in Brazil, the region's largest crypto market, USDT accounted for more than four-fifths of all crypto transaction volume in 2023 (about \$54.3 billion), while Nigeria's stablecoin transaction volume reached roughly \$22 billion in 2023, the highest in sub-Saharan Africa.

Beneath these benefits lies a grander geopolitical strategy that echoes, in modern dress, the mercantilism of early modern Europe. Then, states hoarded specie through trade policy and colonial reach. Today, the United States pursues a new form of mercantilism—one that hoards “digital gold”—by exporting a dollar payments stack that binds foreign economies more tightly to a U.S.-centric financial network. “America First” economies now run on two tracks: overt protectionism—tariffs and the threat of tariffs—and the quieter entrenchment of dollar dominance. The former generates headlines and diplomatic friction; the latter proceeds with fewer photo-ops but potentially larger consequences. If dollar stablecoins spread globally, they raise the opportunity cost of leaving the dollar's orbit and make the international system more path-dependent on U.S. money, and markets. In the late twentieth century, the petrodollar and Eurodollar circuits cemented America's monetary reach; in the twenty-first, regulated stablecoins could do the same for digital assets and real-time settlement.

This strategic pivot did not arise in a vacuum. While the dollar's status as the world's premier reserve currency has been secure since the 1944 Bretton Woods agreement, recent geopolitical challenges—most notably China's advances in a state-run central bank digital currency, the e-CNY—served as a wake-up call in Washington. In response, Washington moved to institutionalize stablecoins and promote the global spread of regulated U.S. stablecoins—not via a top-down CBDC like the e-CNY, but through a public-private regime: set rules for reserves, audits, and consumer protection; let private issuers compete and innovate. The bet is that a market-driven ecosystem will scale faster, interoperate more easily with existing finance, and project U.S. standards abroad.

In this new landscape, dollar stablecoins tend to gain a foothold first where local currency is least credible. Over time, they can crowd out domestic currency, dulling the transmission of local monetary policy. Central bankers in emerging markets worry—with reason—that widespread adoption of “digital dollars” could erode monetary sovereignty and complicate crisis management. The more payments and savings migrate into dollar tokens, the harder it becomes for a small open economy to steer credit conditions at home.

Skeptics also point to structural risks. Private stablecoins can fracture the singleness of money if ostensibly similar tokens trade at different prices, and they are vulnerable to runs if reserves are opaque or ill-matched. Should those risks materialize at scale, the fallout could weaken

dollar primacy and roil international finance markets. The GENIUS framework addresses this by tightening reserve quality, mandating disclosures, and clarifying supervisory lines. If regulation operates properly and raises the floor of trust, regulated stablecoins are poised to reinforce—rather than undermine—the dollar's hegemony.

The market is already highly concentrated: dollar-pegged stablecoins account for well over 99 percent of global stablecoin market value. Given the dollar's incumbency as the preeminent reserve currency, combined with this dominance, a decisive reversal by non-dollar stablecoins is all but impossible. That does not mean the rest of the world will stand idly by as economic autonomy erodes and new financial vulnerabilities emerge. Two broad responses are likely. First, some countries will pursue countermeasures—launching state-backed, fiat-pegged stablecoins or accelerating development of their own CBDCs. Second, international bodies such as the IMF, BIS, and FSB are likely to intensify efforts to set global standards for the supervision and regulation of stablecoins, with the aim of building a more multipolar and resilient architecture.

Stablecoins are not merely a payments convenience. They are a geopolitical variable—one capable of redrawing the contours of the international monetary system. How this market evolves—and how the global financial order adapts—will be one of the defining economic stories of the coming years. [KIEP](#)