CRYPTOCURRENCIES: A NEW "COUNTRY RISK" FOR THE UNITED STATES?

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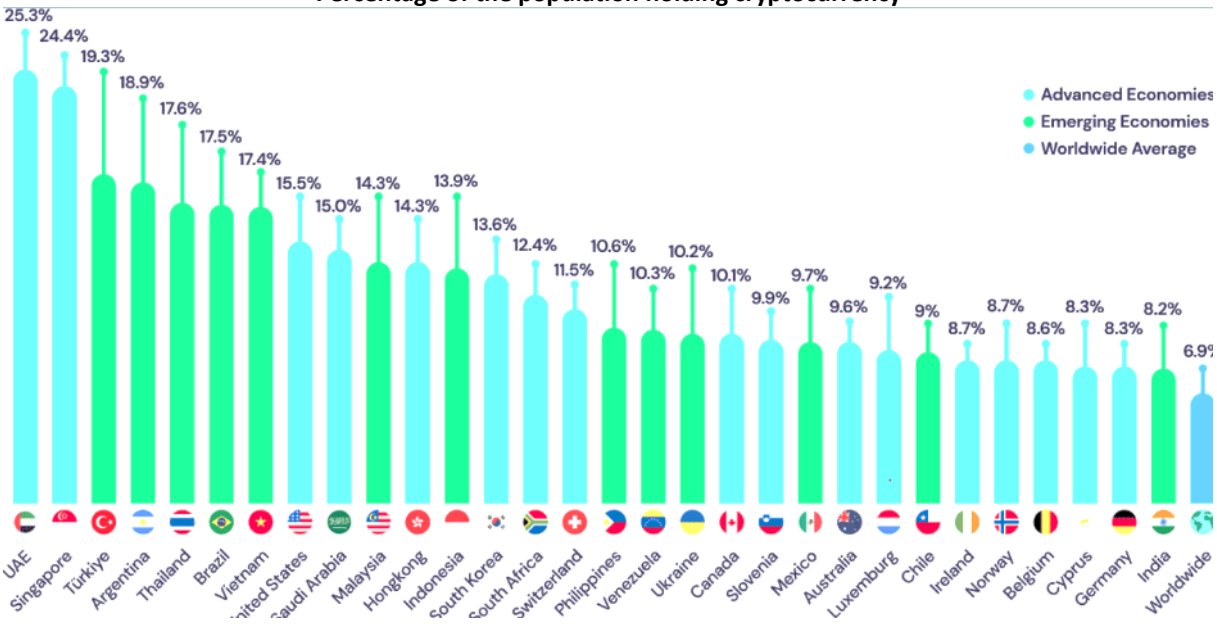
TABLE OF CONTENTS

INTRODUCTION

"If I am elected, it will be the policy of my administration, United States of America, to keep 100% of all the bitcoin the U.S. government currently holds or acquires into the future."[1]

These words, spoken by Donald Trump the day after his presidential victory, illustrate the strategic importance the new Republican administration attaches to the development of cryptocurrencies. Indeed, according to Chainalysis' 2024 Global Crypto Adoption Index and Triple-A's Annual Report, it is estimated that over 560 million people on the planet own cryptocurrencies, representing an average of 6.9% of the world's population. This breakdown of relative crypto adoption is quite uneven across countries: here the United States appears in 8th place in terms of percentage of holders, but in absolute terms it is the Americans who are in the lead.

Percentage of the population holding cryptocurrency



Source: *Cryptocurrency Ownership Data. Triple-A (2024).*

Donald Trump returns for a second term with a disruptive agenda. His stated goal is to "Make America Great Again" (MAGA). This means implementing an America First policy, with the return of the strategist state, combining intervention in the economy when US interests are at stake with deregulation to encourage innovation and trade. Donald Trump's economic ambitions are focused on several key areas, including energy, industry, the overhaul of federal agencies and cryptocurrency. The ultimate goal is to assert US economic sovereignty in order to reduce the country's dependence on China[2]. Cryptocurrencies have turned the idea that money is the sovereign property of a state on its head. Traditionally, money has been issued and managed by public institutions. Cryptocurrencies are challenging this monopoly, which could fall into the hands of private players. As a result, states risk losing influence and control over the economy and the population. A recent example is Russia, which is using cryptocurrencies for international trade in order to circumvent the Western sanctions weighing on its economy[3].

According to the AMF, the French financial markets authority, cryptocurrencies are virtual digital assets based on blockchain technology. Blockchain is the information storage and transmission technology used in transactions of bitcoin units. What makes this virtual currency unique is that it is traded via a decentralised ledger

[1] Sigalos, M. (2024). Here's what Trump promised the crypto industry ahead of the election. CNBC.
[2] Scull, S. Thay, W. (2025). Le retour de Donald Trump : vers une révolution 2.0. Le Millénaire.
[3] Touzani, S. (2024, July 30). La Russie ouvre la loi aux paiements internationaux en cryptomonnaies pour contourner les sanctions. *Les Echos*.

system and an encrypted computer protocol. It is important to note that, unlike national currencies such as the US dollar or the euro, the value of cryptocurrencies is not dependent on central bank policy. On the contrary, its value is determined by the law of the market or, in other words, by supply and demand[4]. Given their anarchic and evolving nature, cryptocurrencies bring together **communities with sometimes conflicting ideals** or practices that may be considered questionable. For example, the close ties between Elon Musk and Donald Trump suggest a risk of diverging interests and objectives within the cryptocurrency community. Against a backdrop of geopolitical tensions, we can also add a real risk of political interference within the virtual currency industry. For example, in late 2024, the price of bitcoin rose above the symbolic $100,000 bar in a year-end rally, marking a 35% increase following Trump's election victory.[5] **Musk's ability to navigate lightly regulated environments**, coupled with a deregulation-friendly Trump administration, could exacerbate systemic challenges in the United States. The colossal value of bitcoin, whose next target, according to some, could well be the million-dollar mark – with a consequent exponential increase in the number of bitcoin holders – is **already a "systemic" risk**. **Can it be considered a new country risk[6] for developed nations, and in particular for the world's leading power, the United States?** For a first approximation of this risk, tracking the number of bitcoin wallets will be informative. The number of Blockchain.com wallets, which allow users to buy bitcoin, reached over 81 million in 2022.[7]

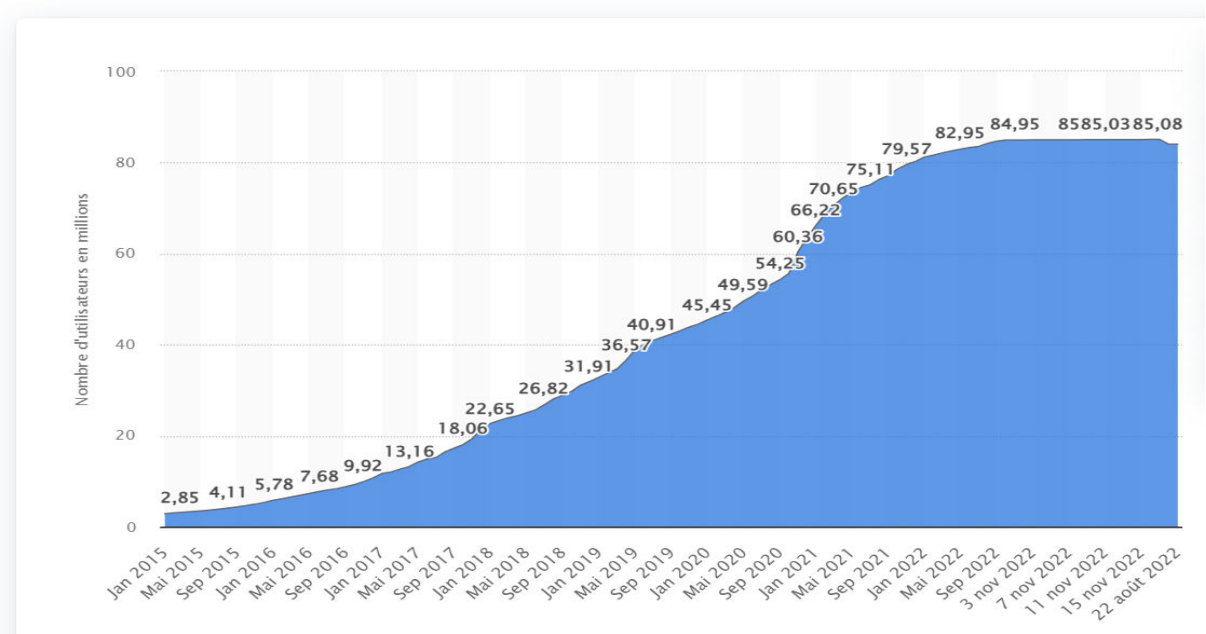
[4] *Qu'est-ce qu'une « cryptomonnaie ?*. AMF.

[5] Bas Lorant, Q. (2025). Crypto : jusqu'où ira le cours du Bitcoin en 2025 ?. Capital.

[6] Country risk refers to all the potential risks that creditors and investors may face in a foreign country.
Gaillard, N. (2015). Le concept de risque pays. *Politique étrangère,* Été(2), 161-172. https://doi.org/10.3917/pe.152.0161.

[7] The usage figures of several cryptocurrency applications around the world increased considerably in 2022, as can be seen in the chart below showing the number of downloads for Coinbase, Blockchain Wallet, Crypto.com, BRD, Trust, Luno, Binance, Bitcoin Wallet, Bitcoin Wallet by Bitcoin.com, and Coinbase Wallet. In 2022, the price of bitcoin declined dramatically throughout the year. It fell from around $47,000 in January to around $16,500 in December - a drop of approximately 65%. The figures for 2023 and 2024 are not yet available.
Bitcoin : utilisateurs de portefeuilles Blockchain dans le monde 2022 | Statista. (2023). Statista.

(en millions)



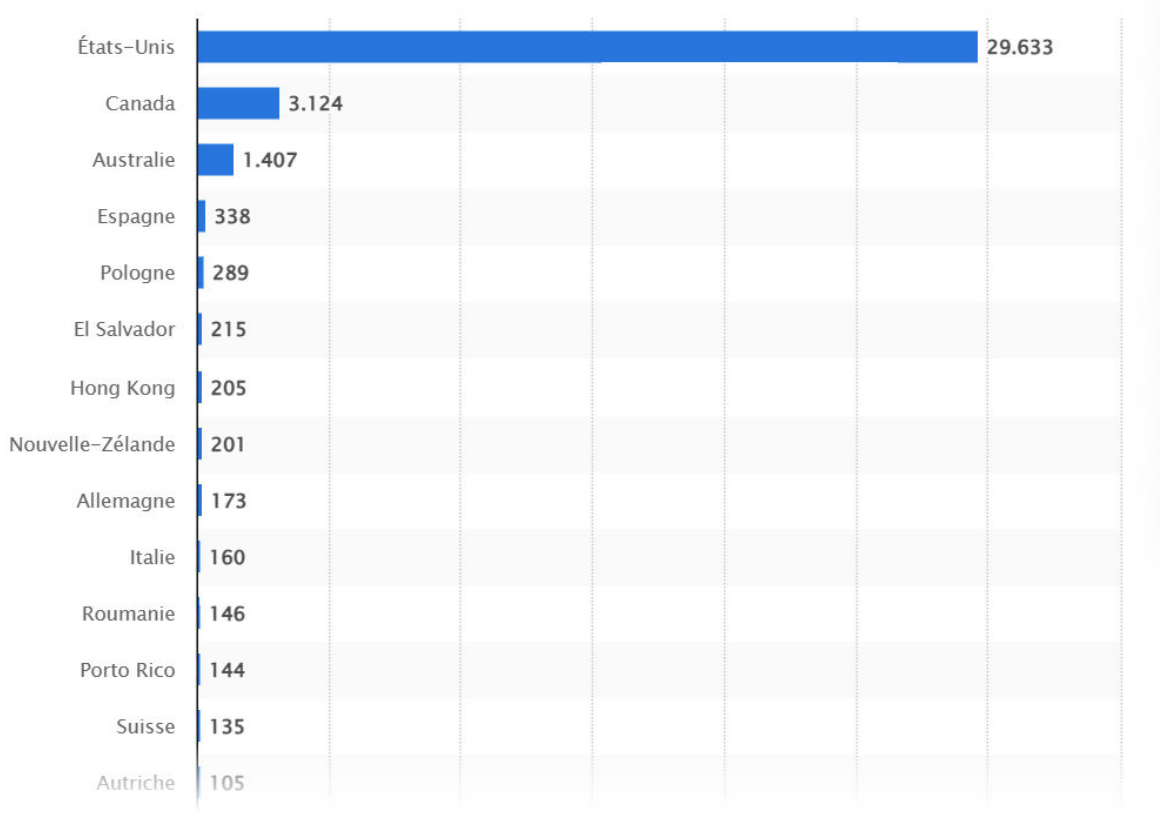
Source: *Bitcoin : utilisateurs de portefeuilles Blockchain dans le monde 2022 | Statista. (2023). Statista.*

The importance of cryptocurrencies in the economy is illustrated by a study published in August 2024 by Jake Donoghue[8], which suggests that the crypto world has become an industry in its own right, **raising more money in 2023 than the oil or pharmaceutical industries**. **Given the growing importance of cryptocurrencies in the economy, we will see that there could be a significant industrial risk associated with the massive technological architecture involved in the decentralised management of blockchains that characterises the crypto universe**. There are also psychological and addiction risks for crypto investors, who are often very young and looking to "get rich quick". Last but not least, there is a real risk of a financial bubble in bitcoin due to the sheer volume of assets under management. Indeed, virtual currencies are assets with no underlying value other than the trust and investment in the network infrastructure by the decentralised members of the community. The growing importance of virtual currencies in the global economy therefore raises new issues for public policymakers to consider.

On the other side of the Atlantic, Donald Trump understands this: during his election campaign he pledged to make the United States the world capital of crypto. This ambition raises legitimate questions: **are crypto holders becoming voters to pander to? What are the implications for the international monetary system?** Bitcoin accounts for at least 60% of the active cryptocurrency market. While Bitcoin's technological structure (the blockchain) is decentralised, **the cryptocurrency ecosystem, and that of bitcoin in particular, seems very "US-oriented", and this is an advantage for Washington in its ambition to take a leading position in the bitcoin industry**. Blackrock's bitcoin ETF (exchange-traded fund), for example, launched in January 2024, got off to a flying start in terms of fundraising, attracting billions of dollars in investment and reinforcing bitcoin's position as a legitimate investment asset. To democratise the use of bitcoin, the United States has also focused on installing a large number of Bitcoin ATMs (automatic teller machines) along streets and in shopping malls. Their use and popularity are growing. This currency is successful because many believe its value can only rise, due to its inherently limited supply (enshrined in its protocol) which will ultimately be capped at 21 million bitcoins.

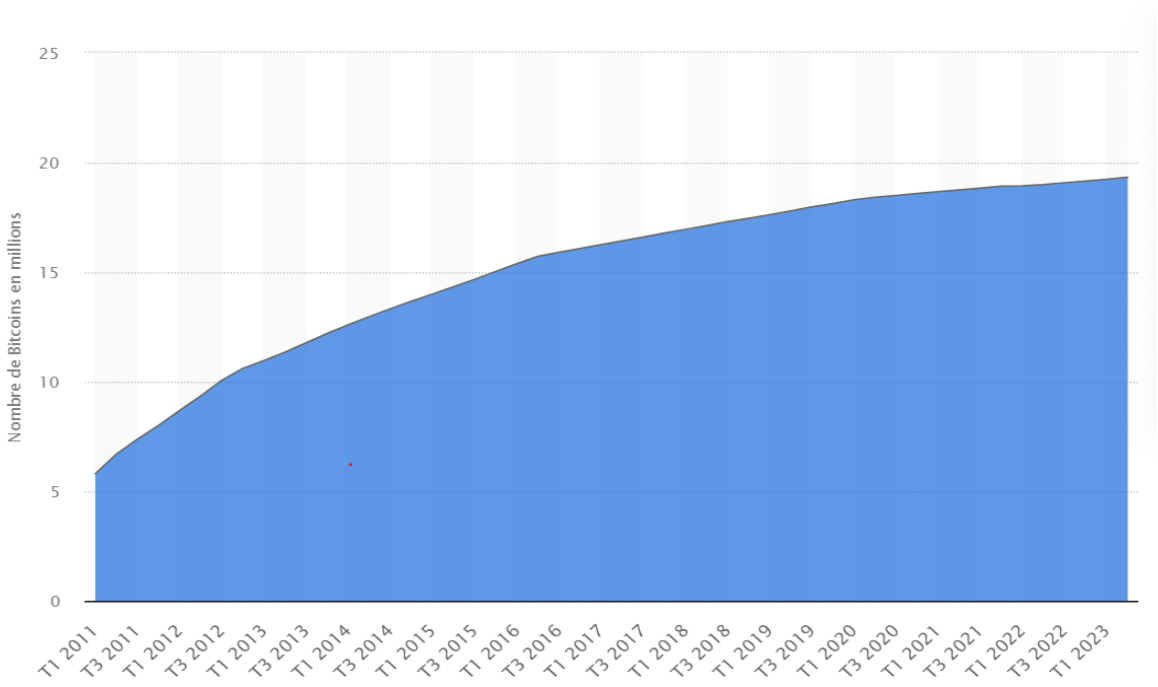
[8] Donoghue, J. (2024). *Crypto Confidential: An Insider's Account from the Frontlines of Fraud.* The History Press Ltd.

Number of Bitcoin ATMs in circulation in selected countries as of 5 February 2025[9]



[9] Bitcoin ATMs allow users to insert cash or a card to purchase bitcoins. The machine provides a QR code which the ATM user then scans with a bitcoin digital wallet to receive bitcoins. However, the transaction fees are higher than on online platforms. Statista. (2025). *Nombre de distributeurs automatiques de Bitcoin par pays dans le monde 2025*.

The number of bitcoins in circulation (2023) is limited to 21 million[10].



Some American economic leaders, such as Michael Saylor, [11]have even suggested that bitcoin could be a solution to the US debt problem. As a reminder, the US national debt exceeds 36 trillion dollars and Donald Trump has made reducing it a national priority. According to Saylor, allocating 20-25% of the nation's reserves to bitcoin would attract global investment, bolster the strength of the dollar, and stimulate economic growth. But these economic ideas also carry many related and insidious risks associated with the development of these currencies.

Thus, the questions we will be discussing are as follows:

- *Is it possible to make an overall assessment of the risks associated with the development of these cryptocurrencies?*
- *What are the ambitions for cryptocurrencies in the MAGA project?*

We provide some answers in this study. In the first part of our report, we will analyse the points of convergence between American culture and the crypto communities. In the second part, we will assess the risks and limits of cryptocurrencies. In the third part, we will look at how cryptocurrencies could lead to the destabilisation of international relations. Finally, we will conclude this study with a series of recommendations for public policy makers.

[10] Statista. (2023). *Nombre de Bitcoins en circulation dans le monde T1 2011-T2 2023*.
[11] Poddar, D. (2024, December 17). Le Bitcoin pourrait-il aider les États-Unis à réduire leur dette de 36 000 milliards de dollars ? *Invezz*.

I- POINTS OF CONVERGENCE BETWEEN AMERICAN CULTURE AND THE CRYPTO COMMUNITIES

THE SHARED CONCEPT OF FREEDOM

The Austrian Nobel Prize-winning economist Friedrich Hayek (1974) wanted to take money out of the hands of governments. He belonged to the neoliberal school of thought, which believes that the potential of the market is undermined by state intervention. According to neoliberals, the economy is self-regulating and the role of the state should be limited to providing the institutional, political and ideological framework necessary for the smooth functioning of the market[12]. Although he has never been formally identified, Satoshi Nakamoto is credited with the creation of Bitcoin. In his white paper, he proposes the same idea as Hayek: that of monetary independence. In fact, the launch of Bitcoin in 2009 was a response to the need for development at a time of crisis in the United States. This virtual currency was born in the midst of the 2008 subprime mortgage crisis. The idea was to bypass the traditional financial system, which had shown its weakness with the collapse of Lehman Brothers.

Cryptocurrencies and their blockchain architecture seem to fulfil the promise of a culture of innovation that the US is desperate to preserve, while breaking away from traditional banking institutions. Indeed, Anglo-Saxon liberalism is a pillar of American culture, characterised by the free market, entrepreneurship and mass consumption. In the technological power struggle with China, the last area where US superiority remains undisputed is financial and monetary innovation. China, on the other hand, wants to establish its national cryptocurrency, the e-Yuan, and has banned bitcoin "mining[13]" and trading on its territory. Aware of this rivalry with China in the field of virtual currencies, Trump wants to assert America's geopolitical power and, above all, its geoeconomic power. In the American economic and financial model, bitcoin can play a role it could not play in a Chinese-style economy. In the rivalry between the US and China, Donald Trump sees the economy as a weapon of the world's leading power. The US president understands the importance of cryptocurrencies for American power and promises a "golden age in digital assets". To this end, he ordered the creation of a working group tasked with drafting regulations to ensure American leadership in digital currency innovation. The American president understands that cryptocurrency is an industry of the future and that the Chinese must not be allowed to monopolise it[14]. This approach is reminiscent of Schumpeter's theory of innovation, according to which innovation drives economic development insofar as it enables the introduction of new ideas, technologies and products on the market. In other words, innovation breaks with an established order. This fits well with **the philosophy of Bitcoin and with Trump's political doctrine, which aims to unleash America's potential for innovation in order to maintain the country's power and halt its decline.**

According to Trump, to foster innovation, power must be developed outside "the establishment", which he blames for America's decline. In fact, Silicon Valley's libertarian communities have been growing steadily since the advent of the internet. It was in a garage in the San Francisco Bay Area that Steve Jobs and Steve Wozniak founded Apple in 1976. This culture of innovation has been encouraged by **the country's religious background and American symbolism, both of which are eminently decentralised. This is *de facto* at odds with the Chinese political-economic model, which has its roots in communist-state centralism.** When the first British Congregationalists[15] left Europe for America, there was indeed a desire to escape the centralised system and rely solely on their followers. The parallel with cryptocurrencies, whose value depends solely on their membership community and not on any external meta-structure, is obvious. **Bitcoin's value does not depend on an external**

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[12] Scull, S. (2024). Populism: the symptom of a democracy in crisis? SKEMA Publika.

[13] Karayan, R. (2024). La Chine interdit toutes les transactions de cryptomonnaies. *www.usine-digitale.fr*.

[14] Lang, H. Hunnicutt, T. (2025). Trump orders crypto working group to draft new regulations, explore national stockpile. Reuters.

[15] Congregationalism is a denomination of Protestantism that failed to reform the Church of England at the time of the English Reformation. Following this failure, many members emigrated to the United States of America from the 17th century onwards.

meta-structure, such as a central bank, **nor on an underlying asset that gives it intrinsic value**, as would be the case with a banking system for traditional currencies influenced by interest rates, which in turn are linked to exchange rates that determine the relative attractiveness of one currency over another, thus promoting inclusion and integration into the international monetary system. This makes America's liberal culture fertile ground for the development of cryptocurrencies, and Trump intends to unleash their potential to ensure US dominance. The volatile and decentralised nature of cryptocurrencies raises the question of reassessing the role of state institutions.

THE MIRAGE OF THE MINIMAL STATE

The future of the internet and the Big 5 (Google, Apple, Facebook, Amazon and Microsoft) is partly linked to concerns about the total lack of privacy. Between the surveillance laws that allow governments to spy on users and the companies that sell those same users' data, privacy does not really exist online. In fact, Bitcoin's success is partly due to the anonymity it seems able to offer thanks to the blockchain and its decentralised management. This means that Bitcoin cannot be in the hands of any economic or political actor. The leading reference for the libertarian approach associated with cryptos is The Crypto Anarchist Manifesto, a text published in 1988 and written by Tim May, who was considered the founder of the Cypherpunk movement: "About 30 years ago, I got interested in the implications of strong cryptography. Not so much the 'sending secret messages' part, but the financial implications, the bypassing of borders, letting people transact without government control." In essence, the decentralisation approach may seem desirable. In the eyes of many Americans, it is, given that central government agencies facilitate exploitative elements and, according to the most radical, even apparatchiks. Decentralisation and the reduction of the size and scope of the federal government are two components of Donald Trump's MAGA project. Since his return to business, the billionaire has appointed Elon Musk to head up the Department of Government Efficiency, known as DOGE. This very American vision of decentralisation is close to Hayek's ultra-liberal Austrian school of economics, which advocates a minimal state. Cryptos fit in well with this view, but this promise is partly an illusion, as we will show below. **It should be noted, however, that there is a risk of institutional capture to promote these societal aspirations and exploit the narrative of anonymity and complete independence from the economic-financial spheres.**

In reality, Bitcoin offers only pseudo-anonymity. While the use of pseudonyms may make transactions appear private at first glance, the transparency of the blockchain, where everything is traceable, and the constant improvements in analytical tools significantly reduce the crypto's ability to offer true anonymity. **The Bitcoin protocol offers very little in the way of native security to ensure anonymity**, unlike some other cryptocurrencies, but those do not always have all the qualitative attributes of Bitcoin, especially when it comes to network robustness. So for bitcoin investors, the disconnect with the narrative that presents most cryptocurrencies as independent of the political and economic spheres **could lead to a real "philosophical" disillusionment**. **This narrative seems very flawed**, as the value of bitcoin remains measured in fiat currencies (e.g. USD, EUR) that are controlled by central banks. In particular, both the demand for bitcoins and their price are influenced by the global supply of fiat money (mainly the US dollar) and therefore by the monetary policy decisions of systemically important central banks (Fed, ECB, Bank of Japan, etc.). Bitcoin has no autonomous money creation function to support economic growth and its fluctuations. Cryptocurrencies therefore remain indirectly linked to state power.

In addition to the risk of "philosophical" disillusionment, there are of course deviant uses that are far removed from the ideals of monetary emancipation espoused by bitcoin's early adopters. Jake Donoghue's book (2024) describes the ambiguous role of certain industry players: a culture, in his view, dominated by ambitious, sometimes irresponsible personalities, motivated by quick profits and speculation. The bankruptcy of FTX in 2023 and the scandal surrounding the cryptocurrency exchange and its founder Sam Bankman-Fried (SBF), a friend of business and political luminaries, epitomise this image of crypto industry players driven by ambition, political connections and irresponsibility. Donoghue reveals that **fraud is rife in the sector, often hidden behind sophisticated technological rhetoric and promises of innovation**. He describes **modern-day Ponzi schemes and massive market manipulation** that exploit regulatory weaknesses. Finally, the book explores how influencers (so-called 'Bitcoin maximalists'), social media and forums are amplifying the hysteria around cryptocurrencies. **He warns of the pervasive disinformation that tricks novice investors.** The Netflix documentary "Bitconned" also aptly illustrates the story of young Americans who exploited the cryptocurrency craze of the early 2010s to pull off an elaborate scam. Their project, Centra Tech, promised to revolutionise the financial world with a debit

card that could instantly convert cryptocurrencies into dollars. They raised millions of dollars from investors, notably by using Harvard academics as intellectual backers. But behind the veneer of cleverly marketed innovation were hidden insurmountable technical constraints. The founders embezzled the investors' money to live a life of unbridled luxury.

The new Trump administration (unlike the Biden administration) seems less in favour of strict regulation of cryptocurrencies. In January 2025, Donald Trump announced the creation of a crypto task force led by David Sacks, the White House special adviser on AI and crypto. The purpose of this group is similar to Musk's DOGE in that it will be tasked with simplifying regulations and, most importantly, developing a federal regulatory framework for the crypto industry. The challenge is to provide regulatory clarity in a sector that is currently unclear[16]. Simplified regulations would also allow Musk to promote projects that favour decentralised cryptos over traditional currencies. **This would weaken sovereign control over monetary policy and the management of financial flows.** Musk's case is interesting because he seeks to promote technologies or initiatives that benefit his companies. Given his close ties with the Trump administration, **the risk of conflicts of interest in public decision-making is real**. With decentralised cryptocurrencies, the place of political institutions in the crypto universe is likely to evolve, and this is a structural marker of the Trumpist party line of reforming the federal state.

[16] Armandet, P. (2025). Décret exécutif : voici tous les projets cryptos que va lancer Donald Trump. *BFM BUSINESS*.

II- THE RISKS AND LIMITS OF CRYPTOCURRENCIES

SOCIETAL ISSUES

Today, there seem to be more "speculators" in the bitcoin community than activists who are philosophically attached to bitcoin, but the two publics coexist. In some cases, bitcoin has even "popularised" speculation. The research paper *Dark personalities and Bitcoin®: The influence of the Dark Tetrad on cryptocurrency attitude and buying intention*[17] explores the similarities between investing in cryptocurrencies and gambling. It highlights **psychological mechanisms such as FOMO (fear of missing out) and the addiction to fast money.** This is striking both when examining specialised social networks[18] and in the large number of scientific papers published in 2022, 2023 and 2024, suggesting that investing in cryptocurrencies induces unique behaviour biases[19].

Numerous mental health problems are observed among users, some of them very young (14-15 years old), who sometimes spend 15 to 20 hours a day monitoring cryptocurrency fluctuations. Users are also predominantly male (less than 15-25% female). Laurence Allard claims that **bitcoin is also aimed at the unbanked/underbanked**[20]. According to the Triple-A crypto consultant, crypto owners have the following characteristics:

Source: *Triple-A. (2024)* *Cryptocurrency ownership data*

[17] *Brett A.S. Martin, Polymeros Chrysochou, Carolyn Strong, Di Wang, Jun Yao,*
Dark personalities and Bitcoin: The influence of the Dark Tetrad on cryptocurrency attitude and buying intention, Personality and Individual Differences, Volume 188, 2022, ISSN 0191-8869.

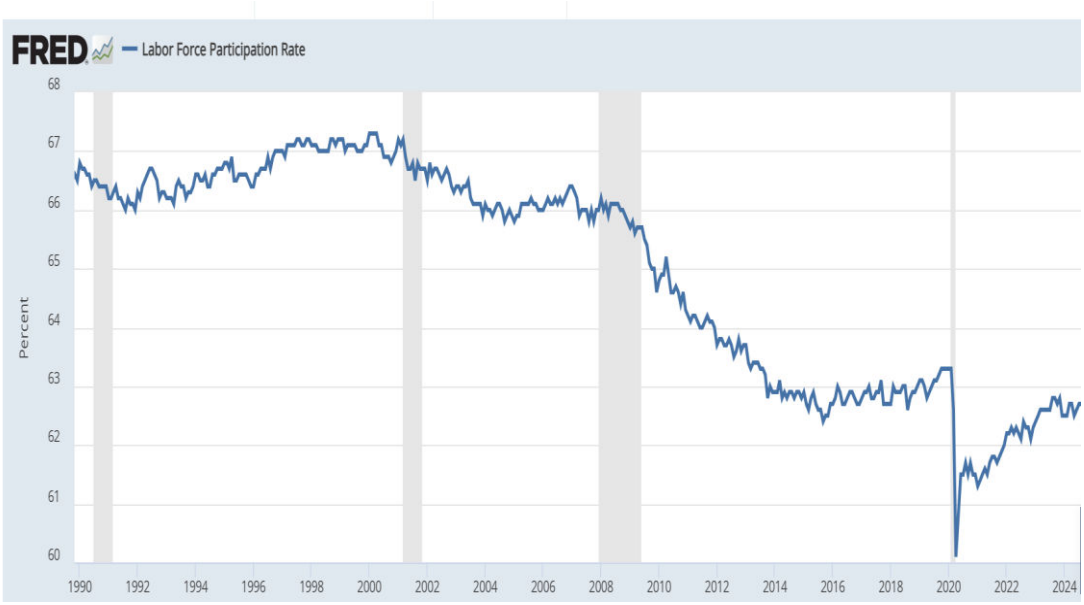
[18] *Sharma, R., & Sharma, R. (2024, August 9). 'Crypto Ruined My Life': The Mental Health Crisis Hitting Bitcoin Investors. VICE. https://www.vice.com/en/article/crypto-bad-for-mental-health/*

[19] Al-Mansour, B.Y. (2020). Cryptocurrency Market: Behavioral Finance Perspective. *The Journal of Asian Finance, Economics and Business*, 7(12), 159-168.
Abdeldayem, M., & Aldulaimi, S. (2023). Investment decisions determinants in the GCC cryptocurrency market: a behavioural finance perspective. *International Journal of Organizational Analysis*
Makarchuk, I, Granovska, I., & Makarchuk, I. (2023). Cryptocurrencies from a behavioural finance perspective. University Economic Bulletin, 18(4), 17-23.

[20] Laurence Allard « Le bitcoin s'adresse aussi aux exclus du système bancaire ». (2024, February 18). *L'Humanité*. https://www.humanite.fr/social-et-economie/entretiens/laurence-allard-le-bitcoin-sadresse-aussi-aux-exclus-du-systeme-bancaire

We are also seeing an increase in the number of rentiers outside the labour market. For some Americans, the extreme concentration of wealth in the United States is due to the technocratic governance of currencies. For economists, it is true that the policies pursued by central banks since 2008, known as Quantitative Easing (QE), have notoriously exacerbated inequalities, which are now at record levels never before seen in the history of capitalism. Young people want to invest in cryptocurrencies to change their lives and escape "alienation through work". There is no denying that some are living comfortably (though not necessarily opulently) on the money generated by their crypto investments. In fact, their number seems to be growing. Labour force participation among working-age adults has been falling steadily since 2008. Although multifactorial, monetary quantitative easing programmes since the subprime mortgage crisis have continued to boost the prices and returns of all financial assets and the development of alternative assets such as cryptocurrencies. Paradoxically, central banks – and their unconventional policies – provided the fertile ground for the development of the cryptocurrencies that claim to be emancipated from them. The hysteresis effects on the labour market, namely permanent exclusion and loss of employability, have been successively fuelled by the prospect of easy profits. Since 2009, this effect has been accentuated by the development of cryptocurrencies.

Labour force participation at critical levels – a decline that began in the 2000s but was exacerbated by the subprime mortgage crisis in 2008 and the COVID crisis in 2020.



Source: *FRED. (2025).* *Labor force participation rate*.

Chasing a certain standard of living, jumping on the bandwagon, hoping for a better life. These are the aspirations that drive young people away from work. This also explains the almost daily appearance of new cryptocurrencies to fuel the desire to be part of the crypto adventure and to open up the possibility of enrichment for those who missed the train on bitcoin, which is now too expensive. It is estimated that there are now 23,000 different cryptocurrencies. Nevertheless, only bitcoin now seems to have a place in international power relations.

FINANCIAL MARKET DESTABILISATION

Bitcoin's protocol caps the maximum number of coins that can be created at 21 million. This is often seen as a powerful and reliable catalyst for its rise in value. This perception is surprising given economic theories that suggest price stability results from a similar and gradual adjustment of supply and demand. On the contrary, the fixed supply of bitcoin is an intrinsic factor in the high structural volatility of the cryptocurrency's value. The upward trend therefore depends solely on demand, the dynamics of which can be reversed if perceptions of the use or usefulness of this currency change in the medium and long term. The lack of modularity in the offering prevents any "cushioning" effect in the event of a downturn or invalidated expectations. Finally, it should be noted that bitcoin, unlike any other currency, could not survive if its trading price were to fall durably below its mining cost – its production cost, so to speak – which is trending upwards and is far higher than the cost of creating and managing a traditional currency.

Musk attracts a broad base of individual investors with his often humorous or light-hearted tweets. The close relationship between Musk and Trump is likely to reinforce the perception of an official endorsement of cryptos, attracting more inexperienced investors and exacerbating cycles of financial bubbles and crashes. The absence of strict regulation and a more permissive administration could increase Musk's ability to influence the markets with his statements. The example of his tweets that caused massive fluctuations in crypto prices shows how this could create systemic risks through mimetic and sheep-like behaviour. It is the same type of behaviour that Keynes identified as the main cause of financial crises. Recently, Musk has been influencing bitcoin and Dogecoin prices with tweets such as "One word: Doge" or by changing his X (formerly Twitter) bio to include "#Bitcoin". This led to market capitalisation increases of several billion dollars in a matter of hours. These extreme fluctuations show that influential figures can influence or even manipulate lightly regulated markets such as crypto. Without the existence of an "exchange" or "centralised trading platform" with the ability to close or block trades for a given period of time, the cryptocurrency market remains volatile and vulnerable to influence. All these factors could naturally lead to significant losses for inexperienced investors and undermine confidence in these financial assets. Dogecoin, or DOGE, a cryptocurrency that shares its name with the Department Of Government Efficiency, was previously virtually worthless but experienced a 90% surge in value when Trump was elected. The combination of naming the government efficiency agency DOGE and promoting more flexible cryptocurrency legislation has really boosted the value of Dogecoin[21].

Thus, the growing integration and interconnection between cryptoassets and the traditional financial system is a source of concern for public authorities. Beyond a certain level of exposure, a crisis in the cryptoasset sector would mechanically spill over into the wider financial system, with far-reaching consequences for the economy in general, such as credit contraction (or so-called credit crunch) phenomena, and so on. Accordingly, international rating agencies should increasingly – as they already do to some extent – include in their assessments the exposure of a country's banks to cryptoassets, whether in the form of direct investments, loans to companies in the sector, or the sale of crypto ETFs and the collection of funds invested in them. US banks are leading the way in this area, selling ETFs that directly hold crypto, while others hold crypto futures or have exposure to companies in the crypto or blockchain ecosystem. Finally, it is worth considering that if a significant portion of a country's economic transactions were to be conducted in bitcoin, the central bank would lose some of its control over monetary policy. This could make it harder to manage inflation or, even worse, deflation in the event of a financial crisis. But for Trump, the strategic importance of bitcoin outweighs the risks it poses to domestic financial markets. As mentioned earlier, the cryptocurrency could play a key role in the power relations between the United States and the BRICS countries, especially China. The aim is to assert the dominant position of the United States in the use and development of bitcoin, without destroying the golden goose that is the US dollar and its long-standing monetary and financial dominance. If Musk strategically aligns himself with the Trump administration in the long term, the increased adoption of cryptocurrencies could facilitate financial flows beyond the control of governments, reducing their ability to impose economic sanctions or monitor illicit transfers through money laundering, for example. What will happen to bitcoin if it is ever discovered that bitcoin transactions were used to finance a terrorist attack against the United States? Governments consider inadequate or insufficient regulation to be one of the main risks associated with cryptoassets. It is therefore essential to establish a clear and effective regulatory framework, particularly to limit the risks of money laundering and

[21] Tragett, T. (2025). *Dogecoin Price Prediction: Has the Hype Faded?* Libertex Europe.

terrorist financing, and to protect investors. Of course, there is a delicate balance to be struck between data protection and confidentiality versus private interests and those of public agencies. The fact that there are different perceptions of where the balance lies does not facilitate international cooperation, which is particularly important when it comes to cryptocurrencies.

FRAGILITY OF BITCOIN'S INDUSTRIAL ARCHITECTURE

The first risk lies with those who are essential to the robustness of the Bitcoin blockchain network: the miners, who are responsible for validating transactions. These miners use extremely powerful computers to solve complex mathematical problems (largely based on **cryptography**). Once these problems have been solved, a block of transactions can be validated and added to the blockchain. Currently, the miners receive bitcoin as a reward (financial incentive) for validating blocks of transactions. A process called 'halving' reduces the reward by half every four years or so (every 210,000 blocks). Reducing the miners' reward is tantamount to increasing the cost of producing bitcoin (mining cost). **A reduced incentive to mine can create security problems for the network.** For the system to survive, the price of bitcoin must remain above its mining cost. The average cost of mining a bitcoin reached around $51,887 in the second quarter of 2024, up from $19,344 in the same period of 2023. It appears to be trending upwards due to energy costs and electricity prices, the increasing complexity of cryptographic problem solving as the network evolves, the reduced reward for mining, as well as increased competition and the need for ever more powerful and expensive computers. **The other major risk of weakening comes from advances in quantum computing, particularly where the cryptographic foundations of blockchain are concerned.** With a sufficiently powerful quantum computer, it could be possible to use Shor's algorithm to break cryptography and **extract a private key from the public key once it has been revealed** (e.g. after a validated transaction). This would potentially allow someone to steal funds in bitcoin. However, there is some debate about the level of risk and the timeframe in which this could happen. In theory, it should not be an issue for the next 10 to 20 years. Today's quantum computers are still a long way from being powerful enough.

The final risk relates to the reliability and resilience of bitcoin trading platforms such as Binance. The majority of bitcoin transactions are conducted through a very dominant trading platform called Binance, which is **based in various locations, but mainly in the Cayman Islands.** If such a platform were to go bankrupt, it would not pose a risk to the architecture and operation of Bitcoin as such, but it would have a massive impact on the value of the currency, as was the case in 2022 following the bankruptcy of FTX (over 60% loss in value). The total amount of FTX losses has not been made public, but is estimated to be in the billions of dollars. Individuals, institutional investors and venture capital funds that had invested through FTX suffered losses, some of which were substantial. To date, Binance has not established a global headquarters. It is true that the location of a company's headquarters alone does not determine all the regulations to which it is subject, as the location of its operations also determines the regulations that apply. However, the existence and location of a headquarters is still of great importance, particularly for issues relating to data protection and brand image. In this respect, although it may come as a surprise given the difficulties the company has encountered with US regulators, **the idea of Binance establishing its headquarters in the United States is not entirely out of the question, and even offers certain potential advantages in terms of prestige, trust and transparency.**

Finally, it is worth noting that the dominance of a crypto platform is by no means a "natural monopoly" and can be challenged very quickly. For example, the Binance platform had a 92% market share in spot trading in 2022, but this fell to 43.8% in 2023 due to various regulatory challenges and market developments. Finally, although not American, the Binance platform is already under heavy surveillance by the NSA (National Security Agency). Companies such as Chainalysis and Elliptic are working with the US government (NSA and FBI) to track certain transactions on the Bitcoin blockchain, including those made on Binance. Of course, given the sheer number of transactions, it is unlikely that they can all be monitored, and the risk of bitcoin transactions being used for illicit purposes remains significant despite the constant advances in monitoring.

III- INTERNATIONAL FINANCIAL ORDER IN THE AGE OF CRYPTO

CRYPTOCURRENCIES AND POWER RELATIONS IN THE INTERNATIONAL MONETARY SYSTEM

The rise of bitcoin and other cryptocurrencies is often seen as a potential challenge to the reserve currency status of the US dollar. This idea seems very premature and unlikely for at least two reasons:

First, **while the bitcoin market is large, it remains small compared to the dollar-dominated bond or money markets for very "existential" reasons.** As monetary and bond assets are interest rate-sensitive, it is difficult to separate them from the national currency. In addition, the speed of transaction processing must be high in order to trade without changing the value. The Bitcoin network can process around 7 transactions per second (TPS), while traditional payment networks such as Visa handle up to 24,000 in the same timeframe. This makes bitcoin unsuitable for many financial markets requiring high volumes of fast transactions. On the other hand, some cryptocurrencies, such as Solana, do not have this disadvantage and can even be faster than Visa. Solana can process up to 65,000 transactions per second, with lower transaction fees than bitcoin, let alone Visa or other traditional systems. However, the robustness of the Solana network has yet to be proven on a large scale.

Second, **the volatility of bitcoin is the second almost insurmountable obstacle to its widespread adoption as a reserve asset**: bitcoin typically has an annualised volatility of between **60% and 100%** (up to 200% during certain "bullish runs"), compared to the **5% to 10%** of major fiat currencies such as the US dollar, the euro or the yen. Bitcoin's ability to stabilise in value will be discussed below. Bitcoin's volatility and the technical impossibility of using it on a large scale in the bond and money markets make it an unsuitable substitute for the US dollar for central banks. Lastly, and although these elements could potentially evolve, strategic international trade transactions (oil, mining and agricultural products) are currently rarely conducted in bitcoin. The few international bitcoin payments are concentrated and limited to **technological, digital and financial services**, as they can be based on fixed-term contracts and generally do not involve the same immediate production costs as physical goods.

Finally, **US leaders cannot afford to kill their golden goose, the dollar, in favour of bitcoin**... The "exorbitant privilege" of the dollar – a term used by Charles De Gaulle and taken up by Valérie Giscard d'Estaing in a 2007 interview – allows the United States to live on credit, i.e. to consume and spend beyond its level of production and income, but also to raise international funds at low cost and possibly reinvest them abroad with a better return! The "benign neglect" conceptualised in the statement "the dollar is our currency, but it's your problem" by John Connally, US Secretary of the Treasury under President Richard Nixon in 1971, would be more aptly reformulated as "the dollar is our currency, but it's doubly your problem" since the US administration uses the dollar not only as a tool of geopolitical influence, but even more so as a weapon of economic warfare. Indeed, economic warfare intensified in the 1990s and 2000s with the increased use of economic sanctions and the control of international financial flows through the SWIFT system. The dollar has become a powerful instrument of US extraterritoriality, a term that denotes the application of American laws, standards of use and geoeconomic desiderata beyond the borders of the United States, provided that the use of the dollar or of American technologies is proven. The **Financial Times** and **Bloomberg**[22] provide precise figures on the amount of fines collected each year for sanctions violations. In 2014, for example, they amounted to $20-25 billion, and in 2019 they had already exceeded $36 billion. The Department of Justice (DOJ) is therefore a major contributor to the US budget. Seigniorage income from dollar issuance by the Federal Reserve (the Fed) is also a major source of revenue for the US Treasury. Seigniorage is the difference between the income generated by issuing currency in circulation and the cost of producing and managing it. It helps to reduce the cost of financing US debt, which is another considerable advantage given the size of the debt. Remember that the United States is the country with the largest foreign debt – held by non-residents – in the world. Consequently, reducing the proportion of US

[22] Bloomberg in the following articles: "U.S. Sanctions and Fines Foreign Banks for Violations" and "Financial Institutions and U.S. Sanctions: A Global Impact"
The Financial Times in the following articles: "U.S. Sanctions and Global Trade: The Fine Line" and "The Rise of U.S. Economic Sanctions as a Tool of Foreign Policy"

dollars in international central bank reserves or in circulation in foreign developing countries by even a fraction in favour of bitcoin would reduce US seigniorage revenues. Seigniorage tied to the dollar is undeniably a major economic and geopolitical advantage for the United States. For the moment, bitcoin offers no such advantage.

While bitcoin seems poorly positioned to compete directly with the dollar, gold is an alternative reserve asset and in competition with the dollar. Bitcoin could, to some extent, weaken gold's appeal to modern investors looking for digital assets that can bypass traditional banking systems or take advantage of blockchain. In this case, bitcoin could be seen as a **"Trojan horse"** that poses a threat to gold's long-standing dominance as a safe haven. Once again, however, gold represents only a relative threat, since **gold reserves account for only 12-15% of global foreign exchange reserves, versus 65% for the US dollar**. So it is not so much a question of challenging the dollar's dominance. Even a slight drop in the use of the greenback would be a fatal blow for Washington, as it would lead to a reduction in its seigniorage revenues[23]. The other issue is more specific to the BRICS countries, which have a clear industrial, mining and agricultural dominance over the United States and are seeking to reduce their monetary dependence. **Together, these countries (Brazil, Russia, India, China and South Africa) hold around 20% of the world's gold reserves. But even within this self-proclaimed "post-Western" group, the US dollar is still the majority currency!** The idea that BRICS could hold more gold than dollars in reserves is a possible scenario, but still a highly unlikely one for several reasons. First, gold is more volatile than the dollar in the short term and does not benefit from the actuarial protection of interest payments. The fact that gold does not pay interest increases its short-term volatility. Second, the BRICS countries would have to buy a huge amount of gold to exceed dollar reserves. The induced rise in the price of gold could destroy the value of the gold already held and create a **speculative bubble** in its price, which other countries would no longer be able to pay, thus reducing the metal's attractiveness as a reserve asset considered liquid, i.e. easily bought and resold.

BITCOIN TO COUNTER A BRICS DIGITAL CURRENCY?

While it is difficult to imagine any traditional currency or asset "deposing" the dollar, a BRICS monetary coalition seems a potent threat, given their significant economic weight in international trade. To give an order of magnitude, BRICS account for around 30% of global oil production, 65% of global coal production, 35% of global gas production, 50% of global steel production, 60% of global rare earth extraction, and over 90% of sales of the refined products needed for the energy transition. China is the world's leading producer of rice and vegetables, India is the world's leading producer of milk and mangoes, Brazil is the world's leading exporter of soybeans and coffee, and Russia is a major producer of wheat and maize. Although a single currency could facilitate trade between them and replace the US dollar as the currency of choice for international commodity transactions, this option seems virtually unthinkable given their divergent economic, monetary and political models. China, for example, uses strong financial repression by controlling domestic interest rates in the face of record debt levels – total debt exceeds 300% of GDP[24].

A more realistic option might be the creation of a **BRICS digital currency**. Several BRICS countries, notably China and Russia, have already made significant progress in developing **central bank digital currencies (CBDCs)**. **China** has developed its own **digital yuan** (known as e-CNY), and other countries such as **Russia and India have explored similar initiatives**. **A common BRICS digital currency could potentially circumvent some of the difficulties associated with creating a common physical currency, such as managing divergent monetary policies.** This is where bitcoin becomes particularly relevant for the US, to counter the internationalisation of domestic digital currencies. Indeed, the digital yuan is increasingly seen as a counterpart to "social credit", a manifestation of the surveillance of the Chinese population. **This cryptocurrency model, controlled by a central bank[25], does not therefore seem easily adaptable to liberal societies**, as I argued in 2022 in the article *Digital money, private and public: is this the face of the future?*[26] Trump's efforts could put the use of bitcoin in a dominant position,

[23] The Banque de France, France's central bank, defines seigniorage income as the difference between the interest the central bank earns on its assets and the cost to the central bank of producing, distributing and maintaining banknotes.
Banque de France. *Le seigneuriage*.
[24] Fouquet, C. (2019). Chine : la dette dépasse 300 % du PIB. *Les Echos*.
[25] **Central Bank Digital Currency (CBDC)**.
[26] Goguel, A. (2022). Digital money, private and public: is this the face of the future? Think Forward.

effectively **creating an American stranglehold, without the currency appearing to be controlled by a central authority or directly "made in USA"**. **In contrast to Chinese policy, the tactical opportunity is interesting.**

STRATEGIC BITCOIN RESERVES: THE GAME CHANGER?

Trump has announced his intention to purchase 1 million bitcoins (200,000 bitcoins per year for five years) to create a strategic bitcoin reserve. Several countries have accumulated small amounts of bitcoin as a result of legal seizures linked to illegal activities. This bitcoin is not necessarily a "strategic reserve" in the strict sense of the word, but it is a state-owned asset. **In addition to nation-state holdings, some sovereign wealth funds or public companies may hold bitcoin indirectly through investments in cryptoasset-related companies or specialised investment funds.** To date, only one country – El Salvador – has taken the step of adopting bitcoin as an official currency, despite numerous warnings and recommendations to the contrary from the IMF and other international financial institutions. Smaller, more agile countries less constrained by traditional financial structures could be the first to officially adopt bitcoin as a reserve asset. **However, while El Salvador may have adopted bitcoin for some of its domestic transactions, the majority of its official reserves remain in US dollars**, not least because of its continued dependence on international financial flows in US dollars, including money transfers (remittances) from the Salvadoran diaspora, sent mainly in US dollars.

Michael Saylor – an American "Bitcoin maximalist" (i.e. he publishes extensively on social media to promote the adoption of bitcoin, just like Jack Dorsey and Elon Musk) – makes an astonishing proposal: that the United States sell its official gold reserves to buy 5 million bitcoins, or in other words 20 to 25% of the bitcoins in circulation (the maximum possible supply is 21 million bitcoins and we are currently at around 19 million bitcoins in circulation). **This would cause the gold price to plummet and the bitcoin price to rise. The first effect would be to reduce the value of the gold reserves held by the country's geopolitical rivals, Russia and China. The second would be a massive increase in the price of bitcoin, which would be a catalyst for other countries to buy bitcoins.** It is also hoped that a significant increase in the number of bitcoins "immobilised" in central bank reserves could stabilise bitcoin prices by sending a strong signal of acceptance and confidence. **More broadly, a growing institutional adoption of bitcoin could help to reduce the volatility of the cryptocurrency's price over time. However, as gold prices suggest, this vision is not a given:** the quintessential institutional asset remains significantly more volatile than the dollar, albeit less so than bitcoin today.

Presidential candidate Trump's proposal was more "modest" than Michael Saylor's. **His target for the US strategic bitcoin reserve is one million tokens over the next 5 years**, which would still cost around 50 billion US dollars. **Where would this money come from, given the country's high level of debt?** According to several Republican senators from the Congressional Budget Office (CBO), the idea again would be to sell the gold currently held by the 12 US federal banks (including certificates). The gold reserve is valued on the Fed's balance sheet at its historical purchase value of USD 11 billion (book value). Selling the gold at the current market price (a total of about 8,000 tonnes of gold in reserves, i.e. 261.6 billion ounces of gold, sold at about $2,500 per ounce, for a total value of around $653 billion) would increase the liabilities on the Fed's balance sheet, i.e. the reserves of commercial banks, by between $11 billion and $50 billion. The Fed would then have to pay interest on these new reserves without any income-producing assets to back them up. Losses for the Fed could lead to an increased risk of inflation. Bitcoiners criticise money printing, but this project would potentially amount to creating money to buy these bitcoin reserves. **While it is true that a potential discrepancy between the book value of certain assets and their sale price amounts to potentially inflationary money creation, the figures given to the US press are inaccurate** for at least two reasons: the sale of such quantities of gold by the Fed would have a significant downward impact on the market price of gold, and it is unlikely that the Fed could even sell that much gold over five years without causing a major illiquidity shock, given that **the Fed holds almost a quarter of the world's gold reserves and 4% of all gold in circulation worldwide**. **The Fed is the largest holder of gold in the world.** Moreover, **the gold held by central banks is in fact more generally valued at its current market value. This means that the value of the gold on the Fed's balance sheet fluctuates according to the current market price of gold.** There can be exceptions to this rule, such as gold certificates purchased by the Fed which do not represent physical gold but rather claims on gold held by the US Treasury. It is likely that their original book value is still being used on the Fed's balance sheet and is therefore below their market value when sold. However, this represents a much smaller amount than the total stock of gold, and the exact amounts are not publicly disclosed. The Fed considers this information confidential for security and monetary policy reasons.

In short, **Trump's "business and finance intelligence" policy plans require more in-depth studies of the sequencing, funding and overall economic cost** of these operations. **An inflationary risk is possible, coupled with the protectionist measures and customs barriers emphasised by the Trump administration.**

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, we have looked at how bitcoin is part of an approach that serves the American power of the MAGA movement. Trump's ambition is to dominate the market and use it as a weapon to win the great power competition with China. We have also highlighted the point of convergence between the crypto communities and American culture when it comes to the notion of freedom, which favours the development of digital currencies. However, while cryptocurrencies are being embraced more widely, they are unlikely to challenge the US monetary monopoly in the short term. Because cryptocurrencies are not issued by a central bank, their value is determined by the law of supply and demand. Cryptocurrencies therefore remain dependent on public action insofar as their value is measured against that of fiat money.

While it is true that cryptocurrencies hold promise as the currency of the future, there are still risks associated with their development that need to be considered now.

1. **Insufficient or inadequate regulation of cryptoassets is considered to be the main risk factor.** Indeed, cryptocurrencies are currently being used for illicit activities such as money laundering, terrorist financing and circumvention of international sanctions, beyond the control of governments. In addition, the growing integration and interconnection between cryptoassets and the traditional financial system is a source of concern for public authorities. Beyond a certain level of exposure and without sufficient regulation, a crisis in the cryptoasset sector would mechanically spill over into the wider financial system, with far-reaching consequences for the economy in general ('**echo chamber**' effect). It is therefore essential to establish a clear and effective regulatory framework for the development of cryptocurrencies. Of course, there is a delicate balance to be struck between data protection and confidentiality versus private interests and those of public agencies. The US Securities and Exchange Commission (SEC) has made it clear that bitcoin does not meet the criteria to qualify as a "security" according to the **Howey Test**, a legal test based on several criteria, one of the most important of which is the expectation of profit from the efforts of others. Bitcoin, being completely decentralised, does not meet this criterion. As it is not considered a security (unlike stocks and bonds), it is *ipso facto* less regulated and more complex to regulate. In particular, it is virtually impossible to identify a single entity that could be responsible for regulation, as transactions are verified by a network of participants (miners) spread across the globe, making the coordination and enforcement of rules complex.

2. As for private actors, they will have to adapt to the greater influence of cryptocurrencies in the global economy. **International credit rating agencies could increase the extent to which their ratings take into account the exposure of a country's banks to cryptoassets**, whether through direct investments, loans to companies in the sector, or the collection of money invested in exchange-traded funds (ETFs) composed of cryptocurrencies.

3. The social risks and addictions specific to these cryptoassets need to be prevented, and the **psychological mechanisms involved, such as FOMO (fear of missing out) and the addiction to fast money, need to be identified and understood.** Public policies to prevent these risks seem essential.

4. **Bitcoin should not be developed to "compete" with the US dollar.** The use of a financial asset for geopolitical purposes could very quickly undermine its value in the absence of an underlying value or majority use for the settlement of international commercial transactions. In this respect, bitcoin's scalability remains a major issue, i.e. its ability to evolve and the capacity of its network to handle an increase in demand and workload without degrading performance.

5. Trump's political plans for “business and finance intelligence” require more in-depth **studies of sequencing, financing and overall economic cost.** In particular, financing large strategic reserves of bitcoin could have a significant inflationary cost, especially in the current context. Although it was rarely the sole cause, it is important to remember that most of the great empires of the past collapsed as a result of excessive debt and money creation, combined with inflation and currency depreciation.

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