

Chapter 7

U.S. Strategy to Dominate the Dollar With Stablecoins: Geopolitical and Economic Implications

Silvio Andrae

 <https://orcid.org/0000-0002-8586-7812>

Independent Researcher, Germany

ABSTRACT

This chapter thoroughly examines the United States' strategy of intentionally utilizing stablecoins to bolster and extend the dollar's hegemony in the digital era. The objective is to systematically scrutinize the economic logic, political narratives, and geopolitical implications of this strategy. Methodologically, the article integrates political economy, hegemonic currency theories, and empirical analyses of the issuance, use, and regulation of stablecoins, supplemented by case studies in emerging markets. The results demonstrate that stablecoins amplify the demand for U.S. government bonds, streamline international payment flows, and firmly establish the dollar on a global scale through digital platforms. However, this strategic move also introduces new risks. In summary, the analysis reveals that stablecoins are more of a digital extension of dollar hegemony than a replacement, offering opportunities for the US, but also posing significant risks to the stability of the global financial order.

DOI: 10.4018/979-8-3373-3725-8.ch007

Copyright © 2026, IGI Global Scientific Publishing. Copying or distributing in print or electronic forms without written permission of IGI Global Scientific Publishing is prohibited. Use of this chapter to train generative artificial intelligence (AI) technologies is expressly prohibited. The publisher reserves all rights to license its use for generative AI training and machine learning model development.

INTRODUCTION

Dollar Hegemony in the Digital Age

Since the end of World War II, the global economic order has been primarily shaped by the unprecedented hegemony of the U.S. dollar. The dollar not only holds a dominant position in international trade but also serves as a central investment and hedging instrument for governments, financial institutions, and companies. According to Bertaut et al. (2025), approximately 58% of global currency reserves are invested in U.S. dollars. In addition, nearly 90% of all transactions on global foreign exchange markets are conducted in dollars, underscoring its function as the dominant currency (Chatham House, 2025). This position showcases the economic and military power of the US, which stems from institutional agreements such as the Bretton Woods system and the U.S. financial market's role as a 'haven.'

However, with the ongoing digitalization of financial markets and the emergence of new forms of money, the dollar faces new challenges. In this context, stablecoins can be seen as a revolutionary innovation that combines the stability of traditional currencies with the flexibility and innovative power of digital technologies. In contrast, Bitcoin and other cryptocurrencies are considered volatile and should be viewed primarily as speculative assets. In contrast, stablecoins have established themselves as a promising medium for international payment flows, trade, and decentralized financial applications, heralding a new era of financial opportunities. Stablecoins are digital assets designed to maintain a constant value. Typically, this value is pegged to a fiat currency such as the dollar or a basket of assets. Their development was aimed at counteracting the volatility of cryptocurrencies (Catalini, 2025).

The US has identified this potential and increasingly views stablecoins as a geopolitical tool to secure and expand its dollar hegemony in the digital age. In view of increasing competition from the digital yuan, European initiatives under the MiCAR regulation, and discussions about new currency areas in the context of the BRICS+ countries, the U.S. strategy aims to actively shape the digital transformation of the monetary system and structurally anchor the dollar in this new environment. The goal is therefore not only to maintain the dollar's hegemony, but to deepen it globally through digital infrastructures.

Research Questions and Objectives of the Chapter

This problem statement gives rise to key research questions that guide the chapter:

RQ1: The role of stablecoins in the current U.S. strategy to secure the hegemony of the dollar will be examined. This analysis will underscore the strategic importance

40 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/us-strategy-to-dominate-the-dollar-with-stablecoins/394054

Related Content

The Significance of Shadow Education in Competitive Exams: A Comprehensive Exploration

Narmada Devi Rathinam, Nagadevi Bala Nagaram, Kala Raja Mohan, Sathish Kumar Kumaraveland Regan Murugesan (2024). *Shadow Education in Asia: Policies and Practices* (pp. 24-35).

www.irma-international.org/chapter/the-significance-of-shadow-education-in-competitive-exams/354269

Freedom and Responsibility in Education 5.0

Mohammad Ali Al-Saggaf (2024). *Preconceptions of Policies, Strategies, and Challenges in Education 5.0* (pp. 275-283).

www.irma-international.org/chapter/freedom-and-responsibility-in-education-50/351878

Generation Z and the Transformation of Education: Learning Habits, Digital Environments, and Pedagogical Adaptation

Venelin Terzievand Marin Georgiev (2026). *Generation Z and the Transformation of Education, Work, and Digital Society* (pp. 281-308).

www.irma-international.org/chapter/generation-z-and-the-transformation-of-education/413270

Market Structure of the Banking Sector and the Turkish Banking Sector

Nizamülmülk Güne (2021). *Handbook of Research on Institutional, Economic, and Social Impacts of Globalization and Liberalization* (pp. 584-604).

www.irma-international.org/chapter/market-structure-of-the-banking-sector-and-the-turkish-banking-sector/266051

Health Expenditure: Short and Long-Term Relations in Latin America, 1995-2010

Jesus Salgado-Vegaand Fatima Y. Salgado-Naime (2018). *Health Economics and Healthcare Reform: Breakthroughs in Research and Practice* (pp. 268-292).

www.irma-international.org/chapter/health-expenditure/186088