Will the U.S. use a crypto gambit to default on its debt?

Context

In September 2025, Anton Kobyakov, a senior adviser to the Russian presidency, put forward a startling assertion at the Eastern Economic Forum:

"The U.S. is now trying to rewrite the rules of the gold and cryptocurrency markets. Remember the size of their debt—35 trillion dollars. These two sectors (crypto and gold) are essentially alternatives to the traditional global currency system. Washington's actions in this area clearly highlight one of its main goals: to urgently address the declining trust in the dollar.

As in the 1930s and the 1970s, the U.S. plans to solve its financial problems at the world's expense—this time by pushing everyone into the "crypto cloud." Over time, once part of the U.S. national debt is placed into stablecoins, Washington will devalue that debt. Put simply: they have a $35 trillion currency debt, they'll move it into the crypto cloud, devalue it and start from scratch. That's the reality for those who are so enthusiastic about crypto."

The fact that US has a massive debt problem aggravated by its reckless fiscal deficit policy is well known. What caught our attention is the reference to Stablecoins that might be used as a potential solution by US and the reference to the 1930s and 1970s to solve its financial problems at the world's expense.

Let's break it down and evaluate if there is merit in his statement that has caught attention of the alternative media and independent podcasters versus mainstream media.

What are stablecoins?

A stablecoin is a type of cryptocurrency that is designed to maintain a stable value, unlike Bitcoin or Ether which fluctuate heavily. It is a digital asset that is usually pegged to the value of a stable asset such as the U.S. dollar, the Euro, gold, or a basket of assets. Example: 1 USDT (Tether) or 1 USDC (USD Coin) is generally intended to equal 1 U.S. dollar (together USDT and USDC dominate the stablecoin market with about 80-85% share).

Biggest use of stablecoin is in the crypto-trade. They act as a cash leg or settlement currency for trades in bitcoin, ether, etc. Instead of moving in/out of dollars through banks, traders swap into stablecoins to buy/sell Bitcoin, Ether, etc. Its quick and low cost compared to traditional cross border money transfers with banking system. Other uses of stablecoins:

- Cross border payments and remittances, especially with countries that have weak banking regulations and / or high cost of international money transfers;
- Decentralised finance (De-Fi): Stablecoins because of their stable value (and solid asset backing) are used as collaterals in lending protocols or for liquidity with automated market makers;
- Treasury and corporate use, for working capital and on-chain settlements; and
- Everyday transactions, e.g. merchant payments and payroll.

Stablecoins first came into existence in 2014, when Tether was launched as a first US Dollar backed coin, to be used as a settlement option in crypto markets. Since then, the market has evolved manyfold into $250 - $260bn in size. Tether (owner of USDT) and Circle (owner of USDC), backed by Goldman, Blackrock and Fidelity), are estimated to control about 80-85% of stablecoin market.

The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act)

It is U.S. federal legislation designed to create the first comprehensive regulatory framework specifically for payment stablecoins (i.e. digital assets meant to be used like money, redeemable at a fixed value) rather than cryptocurrencies broadly. It passed both chambers of Congress in 2025 (Senate June 17, House July 17) and was signed by the President on July 18, 2025. The Act defines permitted issuers, who under oversight of their respective regulators, can issue payment stablecoins. Payment stablecoins must be 1:1 backed by low-risk assets such as U.S. dollars, demand deposits at insured banks, or short-term U.S. Treasuries. Issuers must maintain segregation, proper custody and transparency about reserve holdings.

The rationale for the promulgation of the law is largely to regulate the growing stablecoin market, provide it legitimacy, clear rules so more investment can go into the development and growth of the market. The direct / indirect benefit of the law is that a growing stablecoin market will have a growing ready buyer of US Short Term treasuries.

It is important to note that while the act has been passed, for it to be effective, rules and procedures are still being developed (though there are mentions in US media that the US treasury is moving fast to make it effective at the earliest).

Size conundrum

The outstanding US government debt is around $36t (per Table FD-1, Treasury Bulletin, September 2025), of which about $29t is held by public (per Table FD-1). Of the $29t, about $24t is held by private investors (table FD-5, Treasury Bulletin, September 2025). Of course, US is adding about $2.5t in new debt each year presently so these numbers are expected to go up significantly in coming years.

Compare the above to the current market size of unregulated stablecoin market i.e. $250-260bn, the problem is large and solution appears to be inadequate.

False alarm?

Was Anton Kobyakov spreading propaganda or creating a false alarm? May be. May be not.

In the fact sheet dated July 18, 2025 regarding "Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law", available on the white house website, one of the stated objectives of the GENIUS Act is:

"ENSURING U.S. DOLLAR GLOBAL RESERVE CURRENCY STATUS: *By driving demand for U.S. Treasuries, stablecoins will play a crucial role in ensuring the continued global dominance of the U.S. dollar as the world's reserve currency.*

- *The GENIUS Act will generate increased demand for U.S. debt and cement the dollar's status as the global reserve currency by requiring stablecoin issuers to back their assets with Treasuries and U.S. dollars."*

U.S. Secretary of the Treasury Scott Bessent issued the following statement following President Trump's signing of the GENIUS Act:

"Stablecoins represent a revolution in digital finance," said Treasury Secretary Scott Bessent. "The dollar now has an internet-native payment rail that is fast, frictionless, and free of middlemen. This groundbreaking technology will buttress the dollar's status as the global reserve currency, expand access to the dollar economy for billions across the globe, and lead to a surge in demand for US Treasuries, which back stablecoins. The GENIUS Act provides the fast-growing stablecoin market with the regulatory clarity it needs to grow into a multitrillion-dollar industry. The signing of this bill marks a seminal moment for digital assets and dollar supremacy."

In congressional testimony, Bessent projected that $2 trillion was a reasonable stablecoin target, with room to exceed that. In June 2025, Bessent in a post on X.com stated as follows: *"Recent reporting projects that stablecoins could grow into a $3.7 trillion market by the end of the decade. That scenario becomes more likely with passage of the GENIUS Act."*

Politicians are known to trumpet their own goods and oversell their initiatives but the real test of any new change, lies in its adoption or in this case investments. The GENIUS Act is still new and rules / procedures are still being laid down, however, following have been reported in American media:

- **Circle (USDC**) — says it's "ready for GENIUS Act" and outlines its path to alignment (Circle would still need a formal permit under the Act). No new investments announced recently but it received $400m funding from BlackRock, Fidelity, Marshall Wace, Fin Capital (Apr 2022).
- **Tether (USAT – new U.S. product)** — announced a U.S.-regulated, GENIUS-aligned dollar stablecoin with Anchorage Digital Bank (infrastructure/custody) and Cantor Fitzgerald (reserves/custodian / primary-dealer role). Separately, Cantor F bought 5% of Tether for $600m and Tether is exploring a $15–$20 billion private raise (valuation talk up to ~$500 billion). [Note-Cantor Fitzgerald is led and owned by the sons of Howard Lutnick, US Secretary of Trade]
- **Paxos (issuer of PayPal's PYUSD)** — reapplying for an OCC national (trust) bank charter to come under federal oversight consistent with the Act's pathways; amount not disclosed.
- **Ripple (RLUSD)** — applied for a U.S. national bank charter (July 2025) to bring its stablecoin operations into a federal regime; also bought "Rail" (stablecoin infra) for about $200 million to bolster that push.
- **Large U.S. banks (exploratory)** — JPMorgan (alongside deposit-token work) and Citigroup have publicly discussed stablecoin issuance under the new law; amounts not disclosed.

At this point it's difficult to comment whether the stablecoin market will become meaningful enough to achieve the stated objectives of the US Government. There are several questions or doubts as to why the demand for stablecoins should pick up:

- Why would US Consumer use stablecoins vs. their guaranteed USD bank deposits?
- Stablecoins envisaged under GENIUS Act are "Payment Stablecoins" i.e. they offer no interest or returns, hence no inflation protection.
- Stablecoins doesn't counter the de-dollarisation trend globally because they are backed by USD or USD denominated treasuries
- Countries with strong central banks, will restrict or ban use of stablecoins.

In a Financial Times article dated September 29, 2025 the Bundesbank president Joachim Nagel warned against supporting "*innovation for innovation's sake alone*". Further, there is a growing concern in European Central Bank that "*we, as central banks, will not accept any developments that weaken our ability to implement monetary policy effectively," said Nagel, adding that the "anchor role of central bank money must not be weakened".*

The above highlights that even US allies would resist spread of stablecoins on a global scale.

Can stablecoins be used to restructure US debt?

For a moment, if we were to ignore the size conundrum, can the US Government use the stablecoin issuers to restructure its debt obligations? Theoretically, it is unlikely because:

- **Legal protection of contracts.** Owning a Treasury security means holding a legal contract promising payment in U.S. dollars under defined terms. Converting those obligations into tokens or rewriting terms without consent would be universally viewed as default—regardless of the marketing that preceded it.

- **Redemption pressure.** If token holders suspected a devaluation, they would rush to redeem. Issuers would then sell their underlying Treasuries to meet that demand, collapsing yields, triggering contagion, and unravelling the attempt.

- **Pre-emptive market reaction.** Financial markets price risk forward. Even a credible discussion of such a move would push yields higher immediately, making borrowing far more expensive and rendering the gambit self-defeating before it started.

However, practically, a government can write new laws to restructure its debt or just default on its obligations (as many governments including empires of the past have done).

Has US ever defaulted?

Though nothing in modern history matches a crypto rewrite, the U.S. has navigated debt stress before. However:

- In 1933, during the Great Depression, the U.S. invalidated gold clauses in contracts that promised payment in gold or gold-equivalent value. Bondholders sued, but in 1935 Supreme Court validated the government's ability to alter obligations during crisis.
- In January 1934, through the Gold Reserve Act, the U.S. government revalued gold from $20.67 to $35 per ounce. This meant that the dollar was devalued by about 41% overnight and anyone holding US government debt lost 41% of its value.
- In August 1971, Nixon ended dollar convertibility into gold, dismantling the Bretton Woods system, where US treasuries were backed by gold at $35/ounce. By removing the dollar convertibility, the holders of US debt lost their "security" and left holding an IOU.

History or media narratives do not talk about the above as a debt default or restructuring of debt.

Conclusion

Does Anton Kobyakov assertion have any merit? It all depends whether stablecoins become a large and a meaningful market. US Government is under tremendous pressure and the markets are concerned about the ability of US government to honour its commitments. History is full of examples of empires defaulting on their debt as they struggle to find the right balance between their role as global military power and how to finance it. US has devalued the USD twice in the last century and taken away the "security of gold" from its creditors, so the arguments of ethics or legal protection doesn't hold.