



By: Jayati Ghosh

Trump's pro-crypto policy Is undermining American power



The Ouroboros, the ancient image of a serpent devouring its own tail, has long symbolized self-defeating strategies.

It is thus an apt metaphor for US President Donald Trump's current policies. His reckless and illegal war against Iran is the clearest example, but his administration's enthusiastic embrace of cryptocurrencies represents a subtler, slower-burning expression of the same self-destructive tendency.

Unlike conventional money, cryptocurrencies are generally not legal tender and are not government-backed.

Their price is largely determined by market demand, much of it driven by their ability to obscure transactions and bypass regulations, taxes, and legal oversight.

This makes them attractive not only to speculators, whose activity fuels their extreme volatility, but also to criminals and other bad actors.

Since returning to the White House, Trump has positioned himself as one of the industry's most prominent champions.

This reflects both the **massive campaign contributions** he has received from major crypto investors and his own business interests: members of the Trump family have reportedly earned roughly **\$5 billion** from various crypto-related schemes.

In service of these interests, the Trump administration has aggressively deregulated crypto markets while promoting dollar-pegged stablecoins through measures like the **GENIUS Act**.

At the same time, it has rejected the development of a central bank digital currency (CBDC), a more stable and regulated alternative to crypto, which is already being explored or adopted by countries like China.

New financial risks

By weakening regulatory oversight, these moves have introduced new financial risks.

Enforcement actions against crypto firms have been scaled back, even in cases involving clear wrongdoing.

The consequences of Trump's pro-crypto agenda extend beyond financial markets

Binance, which has business ties to the **Trump family**, is a prime example. Its founder, **Changpeng Zhao**, pleaded guilty to facilitating money laundering and served a four-month prison sentence, only to be pardoned by Trump.

This has likely **emboldened** the crypto sector's most dubious actors, undermining investor protection and financial stability.

But the consequences of Trump's pro-crypto agenda extend beyond financial markets.

Cryptocurrencies create an alternative financial infrastructure that can be used to evade economic sanctions, the United States' tool of choice for bullying other countries. Their spread also poses a clear threat to the dollar's global dominance.

Illegal cryptocurrency transactions

In this sense, cryptocurrencies have become a geopolitical Ouroboros. Their defining feature, opacity, has disproportionately benefited America's adversaries.

In 2025 alone, **illegal cryptocurrency transactions** increased by more than 160%, largely driven by countries like Russia, Iran, and North Korea.

The Trump administration's support for dollar-pegged stablecoins has further accelerated that trend.

Russia was among the first to seize the opportunity. After its central-bank assets were frozen by former US President Joe Biden's administration, the country turned to cryptocurrency exchanges to circumvent **economic sanctions**, facilitate re-exports of sensitive goods through intermediaries like Kyrgyzstan, and finance the procurement of low-cost **military drones** deployed in Ukraine.

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It has since moved to formalize this approach. In July 2024, the **Russian Duma** legalized the use of cryptocurrencies in international settlements.

A month later, President Vladimir Putin announced the legalization of crypto mining, which the **Trump administration** has also promoted at home.

The Strait of Hormuz - a hub for crypto transactions

The same dynamic is now playing out in Iran. When the US and Israel launched their war in late February, the Iranian regime had already expanded its use of cryptocurrencies.

By 2025, its crypto sector was estimated to be worth **\$7.8 billion**, with entities linked to the Islamic Revolutionary Guard Corps (IRGC) accounting for more than half of all inflows.

More recently, Iran has made cryptocurrencies central to its efforts to assert control over the Strait of Hormuz, **charging shipping companies** \$1 per oil barrel—payable in renminbi, Bitcoin, or the stablecoin Tether—in exchange for safe passage.



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On a single day this month, 15-18 tankers passed through the Strait; at roughly \$2 million per ship, these tolls generated an estimated **\$36 million** for the beleaguered Iranian regime.

In other words, a strategic maritime chokepoint is now a hub for crypto transactions.

Some of these transactions have reportedly been conducted on the TRON blockchain, which can settle payments in under three seconds. TRON, founded by the Chinese developer Justin Sun, has also been linked to ventures associated with the **Trump family**.

Taken together, these developments point to a remarkable shift. US policies, shaped by crypto financiers and pursued in the name of innovation, have expanded and legitimized the infrastructure used to evade American sanctions. The irony is hard to miss.

For Iranians caught in the middle of a brutal conflict, and for ordinary people around the world facing rising energy and food prices, the consequences are all too real.

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