

PROTOCOLS OF POWER

*Stablecoins, Sovereignty,
and the New Monetary Order*

USDC

USDT



WERNER L. HERNANI-LIMARINO

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and the New Monetary Order

Werner L. Hernani-Limarino

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*For those who build, and those who question
what is being built.*

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Preface

In the beginning, money was a ledger in the mind of a priest. Then it became a token in the hand of a king. Now, it is a consensus between anonymous machines, moving at the speed of code, indifferent to borders and sovereigns.

This book is about the silent coup d'état happening beneath the surface of the global monetary system. Not the kind staged in parliaments or palaces, but in GitHub repos, validator sets, Telegram groups, and zero-knowledge proofs. Power is not disappearing — it is mutating. And crypto, in all its chaos and speculation and meme-fueled fervor, is merely the camouflage for something far deeper: a restructuring of how financial power is coordinated, who gets to issue money, and how sovereignty is enforced in the twenty-first century.

You will read no breathless praise here. This is not a manifesto, nor a user manual, nor a trader's guide. It is a diagnosis. A map of the emerging order. A field manual for those who want to understand how protocols are becoming institutions, how incentives are becoming constitutions, and how blockchains — misunderstood as technology or ideology — are in fact infras-

tructure. Monetary infrastructure. Governance infrastructure. Extractive infrastructure.

In Lagos, a teenager automates foreign exchange arbitrage through a stablecoin bot and earns more in a month than his father did in a year. In Tehran, a sanctions-evading miner secures his savings in Bitcoin, while the regime quietly experiments with CBDCs. In Buenos Aires, a dollarized economy runs on Tether and underground USDC desks, while the central bank hemorrhages reserves. In San Francisco, Ethereum developers vote on Lido proposals that affect global capital flows more than most finance ministries.

None of this is accidental. Protocols are absorbing the functions once performed by empires and states. Stablecoins are dollarizing the world faster than the IMF ever could. MEV is rewriting the logic of taxation and rent extraction. Validators are becoming the new central bankers. DAOs are performing governance without governments. Bridges are doing what SWIFT never could. The script has changed — and most of the players have not noticed.

Yet this is not a utopia. Protocols are not neutral. Code is law only in the courtroom of ideology. Behind every consensus algorithm is a set of incentives, and behind every incentive is a struggle for power — to issue, to validate, to extract, to govern. This is not the end of politics. It is the rebirth of geopolitics in cryptographic form.

This book will not predict which chain wins. It will not tell you which coin to buy. But it will tell you what is happening, and why the world will not go back to how it was. You may not like the world crypto is building — but you should understand it before it finishes the job.

A note on the Frontline Dispatches. Each chapter opens with a short narrative set in a specific city — Beirut, Lagos, Guangzhou,

Istanbul, Lima, Havana, Accra, and elsewhere. These dispatches are fictionalized composites, not literal reportage. They are constructed from documented patterns: real trade corridors, real monetary crises, real platform behaviors, and real user experiences reported in academic research, investigative journalism, and field interviews. The characters are invented; the systems they navigate are not. Where a dispatch describes a specific transaction flow or platform feature, it reflects verified functionality as of 2024–2025. The dispatches are intended to make visible the human stakes of abstract monetary infrastructure — to show what it feels like when protocols replace institutions in the lives of ordinary people.

History is not written by the winners. It is encoded by the validators.

Welcome to the protocol age.

Part I

Monetary Collapse and the Rise of Shadow Infrastructure

The Ghost of Bretton Woods

1.1 Frontline Dispatch — Beirut, Telegram, and the Tuition That Settled Itself

Fatima leans against the cement wall of a shuttered bank in Beirut, the afternoon sun pressing on her shoulders. The poster on the door reads *No Dollars. No Service*. Weeks have passed since she last withdrew cash from her account. The vaults are effectively frozen. Her son, Samir, is expecting a university tuition payment in Paris by the end of the week.

A year ago, this would have been hopeless. Today, Fatima doesn't bother pleading with bank tellers or currency dealers. She opens Telegram on her phone.

In a group chat named "Lebanon P2P Dollars," she types: *Looking to send \$2,000 USDT to Paris — need EUR bank payout*. Within seconds a reply comes from an intermediary: a first name, a trust reputation earned in dozens of past deals, and

a rate. Fatima confirms. She copies a string of characters — a crypto address — and pastes it into her Tron wallet. *Send USDT?* Yes.

With a tap and a low buzz, \$2,000 in stablecoin moves from her phone to a stranger's. Three minutes later, a WhatsApp message pings: a screenshot of Samir's university portal showing a tuition payment received in euros. Transaction complete. No bank, no SWIFT code, no government waiver. Just two smartphones, a shared faith in a stablecoin, and the silent cooperation of a blockchain network.

Fatima exhales. The elaborate rituals of international finance — forms, fees, “know your customer” delays — have evaporated. Her workaround was not a rebellion. It was a necessity. The global monetary order once shaped in marble halls at Bretton Woods has begun to dissolve into digital street markets and encrypted chat rooms.

What just unfolded in a Beirut alley is not an isolated anecdote. It is a sign of a new monetary order emerging beneath the old.

1.2 The World Bretton Woods Built (and Lost)

In 1944, as world war smoldered, the Allied powers convened in Bretton Woods, New Hampshire, to forge a financial order for the postwar world. The design was bold: the U.S. dollar would be pegged to gold at \$35 an ounce, and every other currency would hitch itself to the dollar. The International Monetary Fund would police this system and extend credit to nations in crisis, enforcing fiscal discipline in exchange for lifelines. The World Bank would finance reconstruction. The Bank for International Settlements would quietly coordinate central bankers as the system's high priests. Bretton Woods built a pyramid of

trust with the dollar and gold at its apex — an architecture of signatures and seals guaranteeing value.

For a while, it worked. Through the 1950s and 1960s, the dollar reigned supreme, as good as gold by international decree. But the foundation cracked. By 1971, Washington's vaults could no longer back every dollar with bullion, and President Nixon unilaterally suspended gold convertibility — plunging the world into floating exchange rates. The agreement painstakingly crafted by economists and diplomats was undone with a televised address.

In the decades that followed, a patchwork of institutions tried to manage the unruly global currency scene. The IMF took on a new role: debt and discipline, issuing loans to distressed nations but shackling them with austerity conditions. SWIFT, a secure messaging network founded in 1973, became the circulatory system of international bank transfers — moving money with bureaucratic patience and hefty fees. The BIS evolved into a financial surveillance hub, where central bankers swapped data on who was printing money and who was in trouble. All of this machinery ran on trust. Trust that nations would honor debts. Trust that banks would follow protocols. Trust that, given enough oversight, the system would hold.

But trust is slow, and compliance carries costs. A wire transfer from Lagos to New York could snake through five intermediary banks and take a week — each one demanding its toll and identity checks. A World Bank development loan to Nairobi came tied with a tome of conditions and timetables. By the 2000s, the cracks were visible: the system was cohesive on paper but exclusionary and cumbersome in practice. The World Bank's own data shows that the global average cost of sending \$200 in remittances remained above 6% well into the 2020s, with some African corridors charging 12–15%. For the billions locked outside the first world's banking networks, the Bretton Woods

infrastructure was not a safety net. It was a toll road they could not afford.

1.3 The Protocol Substitution Begins

Crypto did not storm the gates with fanfare or political manifestos. It seeped in through the cracks as a substitute for systems that had failed.

What began as Bitcoin's cypherpunk experiment evolved into a toolkit for pragmatists in failing economies. Consider Lebanon's collapse, Venezuela's hyperinflation, Nigeria's dollar shortages, Argentina's capital controls. In each case, ordinary people found that the official pipes of global finance had rusted shut for them. So they quietly laid new pipes.

Instead of revolutionizing money outright, crypto protocols slipped into roles left vacant by dysfunctional institutions. A street vendor in Lagos needs to pay an importer in China? Formerly, she endured a gauntlet of currency exchanges. Now she opens an app and swaps naira for Tether within minutes. A family in Caracas receives remittances from relatives abroad? They have learned to say "send USDT" instead of wiring dollars through banks that might freeze them.

Around the world, a pattern has crystallized: Tron + USDT + Telegram = functional foreign exchange. It is a makeshift monetary system without central banks or correspondent banks — a neutral dollar rail available to anyone with a phone.

To grasp the magnitude of this substitution, consider a traditional bank transfer alongside a Tether transaction on Tron (Table 1.1).

The comparison highlights an inversion of power. The bank wire moves at the pace of bureaucracy and politics — it asks permission at every hop. The stablecoin moves at the speed of

Table 1.1: Classic FX transfer vs. stablecoin transfer (USDT on Tron).

Feature	Bank Wire (SWIFT)	Stablecoin (USDT/Tron)
Fees	\$30–50 plus FX spread of 3–5%	≈\$0.50–\$1; negligible spread
Speed	3–5 business days (multiple intermediaries)	3–5 minutes (direct P2P settlement)
Access	Bank account and ID required; limited to banking hours	Open to anyone 24/7; no crypto wallet needed
Control	Can be delayed or blocked by banks; subject to capital controls	Irreversible once confirmed; no permission required
Transparency	Opaque ledger (bank-only records)	Public ledger (block explorers visible to all)
Minimum practical amount	~\$100 (fees make smaller transfers uneconomical)	Any amount (\$1 transfers common)

the internet — it asks only that the code runs. One is an obstacle course; the other, a direct channel. Millions of users across Lebanon, Nigeria, Turkey, and beyond have voted with their feet. Protocol by protocol, corridor by corridor, the old order is being bypassed — not overthrown, but rendered optional.

1.4 Stablecoins as the People’s Reserve Asset

In the official monetary order, there exists a curious instrument called the Special Drawing Right — an IMF-issued unit of account composed of a basket of five currencies. SDRs are the closest thing the old system has to a global reserve asset beyond the dollar itself. But they are a privilege of governments and central banks, allocated in closed-door meetings and tucked

away in national ledgers. SDRs are elite money, inaccessible to the ordinary citizen and hoarded by those already rich in currency.

Stablecoins are the unofficial, bottom-up answer. No one needs a president's signature or an IMF board vote to "allocate" Tether. USDT is issued on demand, whenever someone deposits dollar collateral to acquire it. For people in collapsing economies, grabbing hold of a stablecoin is the next best thing to holding actual dollars — sometimes better, since a digital token can cross borders at will without the permission of any intermediary.

The scale is striking. The IMF's total SDR allocations over nearly eight decades amount to roughly \$943 billion in value . Tether, by contrast, held approximately \$150 billion in circulation by early 2025 and has facilitated trillions in transactions in a single year . When the IMF rolled out an unprecedented \$650 billion SDR boost in 2021 as emergency pandemic support — a once-in-a-generation event — Tether's operators were routinely minting \$5 billion of USDT in a matter of days to meet market demand. Stablecoins expand and contract fluidly, responding to the on-the-ground needs of traders, savers, and merchants alike.

In Nigeria, this dynamic is on full display. The country's importers and businesses, starved of hard currency by banking restrictions, have embraced USDT as a standard for large transactions. By 2024, Nigerians were using stablecoins for an estimated \$3 billion in retail-sized transfers each quarter — volumes that outstrip formal diaspora remittance inflows . Across Africa and Latin America, similar patterns abound: the stablecoin is the dollar that local banks will not give you.

Stablecoins have become the reserve asset of the global underclass — issued by private companies, secured by cryptography, but ultimately pegged to the very dollar that Bretton Woods elevated. They are not an alternative to the dollar. They

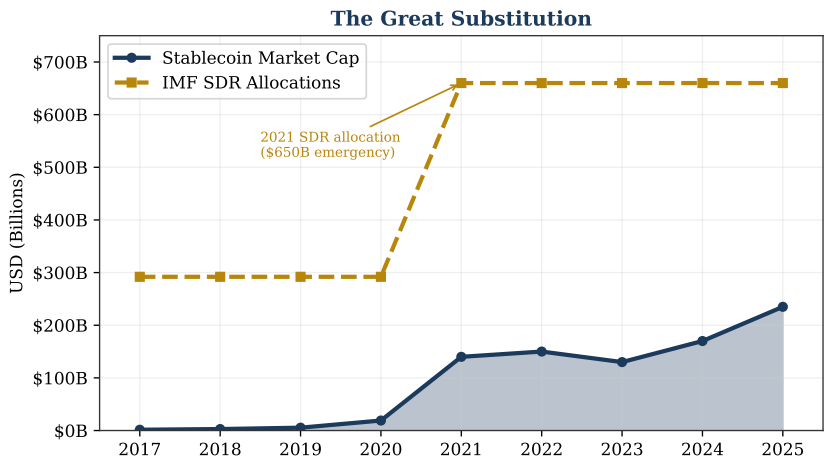


Figure 1.1: Stablecoin market capitalization vs. IMF SDR allocations (2017–2025). While SDRs grew through a single extraordinary allocation in 2021, stablecoins have expanded continuously in response to grassroots demand.

are its most aggressive extension, carrying the dollar’s purchasing power into every corner of the globe without needing the Fed or IMF to sign off on delivery.

1.5 USDT over Tron: The Unacknowledged Global Rail

Behind Fatima’s frictionless tuition payment lies a blockchain network that few in Washington or on Wall Street truly understand: Tron. Dismissed by Western analysts as a copycat crypto chain, Tron has quietly become the workhorse of stablecoin transactions across emerging markets.

The reasons are purely practical. Tron is fast — blocks every three seconds — cheap — transactions costing fractions of a cent — and ubiquitously supported by exchanges and wallets

in the Global South. While Ethereum became congested with DeFi speculation and Bitcoin remained too slow and expensive for small transfers, Tron rolled out the red carpet for Tether. By 2025, the network carried roughly half of Tether's total supply and accounted for over 30% of all stablecoin value in circulation globally. In raw throughput, Tron has processed more than \$15 trillion in stablecoin transactions since its launch, with daily averages exceeding \$21 billion by mid-2025. These are not Wall Street arbitrage flows: roughly 60% of Tron's USDT transfers are under \$1,000, indicating everyday people moving value for commerce, savings, and remittances.

Why Tron? In the bazaars of Karachi and the markets of Kinshasa, nobody cares about crypto ideology. They care that it works. A typical flow looks like this: a migrant worker in Dubai uses Binance's P2P marketplace to sell \$500 of USDT on Tron to a buyer in exchange for Nigerian naira deposited to her local bank account. Binance escrows the USDT; the buyer in Lagos releases the naira once received; and the USDT is unlocked to the buyer's wallet. In that chain of events, Binance P2P acts as a digital hawala broker, Tron provides the settlement rail, and the stablecoin bridges the currency divide. No SWIFT message is sent. A transaction hash on Tron's public explorer serves as the receipt. This patchwork of exchange ledgers and blockchain confirmations has effectively become an informal SWIFT, FX market, and escrow system for millions.

The scale is staggering. Binance's P2P volumes in Kenya, Russia, and the Philippines quietly ballooned into billions of dollars, rivaling established remittance providers. Tron wallet addresses are exchanged and memorized the way bank routing numbers once were. A stablecoin transaction hash is treated with the same confidence as a cleared check — once confirmed, the money is as good as delivered.

In policy circles, few will openly acknowledge this shift. But

in the streets of Lagos, Beirut, and Karachi, the verdict has been reached: Tron won the popular vote of the financially excluded. It provided a neutral rail when others blocked the tracks. While regulators focused on Ethereum ETFs and central bank digital currencies, the real monetary transformation hummed along on Tron and WhatsApp, out of sight but increasingly consequential.

1.6 The Numbers That Changed Everything

Before proceeding further, it is worth pausing on a single data point. In 2024, on-chain stablecoin transfers surpassed \$27.6 trillion, outpacing the combined annual payment volumes of Visa and Mastercard worldwide .

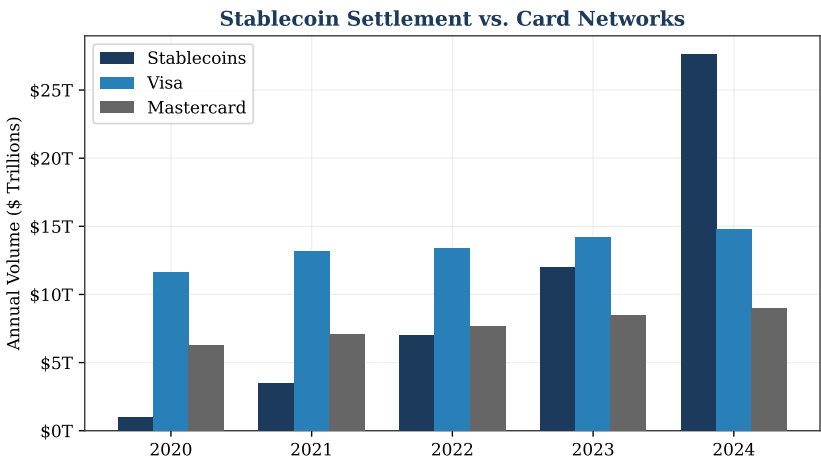


Figure 1.2: Annual transaction volumes (2020–2024). Stablecoin on-chain settlement volume overtook Visa and Mastercard combined in 2024. Note: stablecoin figures represent all on-chain transfers including treasury operations and DeFi activity, not only retail consumer payments; the comparison is nonetheless significant as an indicator of total settlement throughput.

This number requires careful interpretation. Stablecoin volume includes treasury operations, DeFi protocol flows, and large institutional movements alongside retail transfers — it is not a like-for-like comparison with consumer card spending. But as a measure of settlement throughput, it is revelatory. The infrastructure that Bretton Woods built to move value — correspondent banking, SWIFT messaging, clearinghouse settlement — is being matched and exceeded by software that is barely a decade old, running on networks that most finance ministers could not name.

The trajectory matters as much as the current figure. Stablecoin volumes grew from roughly \$1 trillion in 2020 to nearly \$28 trillion in 2024 — a twenty-eight-fold increase in four years. No institution in the Bretton Woods architecture has ever scaled at that rate. One estimate suggests that nearly a quarter of global remittance volume is now carried by cryptocurrency, up from single-digit percentages just a few years prior. These are harbingers of a regime change — not a future one, but one already underway.

1.7 The IMF Cannot Compete

If the Bretton Woods institutions are aware of this parallel monetary universe, they cannot outgun it.

The IMF's toolkit for global liquidity — SDRs and emergency loans — is cumbersome and deeply politicized. Special Drawing Rights are allocated through horse-trading among member countries; they cannot be freely transferred to whoever might need them most at a moment's notice. By design, SDRs are not a currency for people buying bread or paying tuition. They sit in central bank accounts, almost metaphysical in their detachment from daily economic life. Stablecoins, by contrast, are in the

hands of anyone who downloads a wallet. They are instantly transferable to the exact corner of the world where demand exists, no political approval required.

The conditionality that accompanies every IMF program — budget cuts, policy reforms, “structural adjustments” — has no analogue in crypto. No one will freeze your stablecoin balance or demand you privatize your power grid as a precondition for using it. The protocol does not lecture or negotiate. It settles. This is a fundamental asymmetry. Stablecoins are not cheaper because they are more efficient technology per se — they are cheaper because they bypass the institutional overhead that the old system layered on at every step. Remove the gatekeepers, and the fees collapse.

Even central banks find themselves in a bind. Attempts to impose exchange controls now face a persistent escape hatch. Nigeria’s central bank banned crypto transactions in banking in February 2021, only to see peer-to-peer volumes surge in response — stablecoin trading activity rose by over 25% in the months following the ban as users migrated to VPNs and Telegram groups. Lebanon’s government forbade transferring funds abroad, so an underground pipeline of USDT took root. In Argentina, where authorities imposed strict limits on dollar purchases, stablecoin trading volumes spiked with every peso devaluation.

The IMF’s tools — sanctions, surveillance, SWIFT blacklists — are blunt instruments against a swarm of pseudonymous transactions hopping from one address to another. For every official barrier erected, the crypto ecosystem routes around it. The IMF’s deepest vulnerability is not a formal challenge to its authority but a gradual obsolescence: why plead with distant boards for conditional aid when stablecoins provide instant dollar liquidity on your phone?

1.8 The Ghost Still Governs: Protocol Bretton Woods

There is a paradox at the heart of this new monetary order. The shell of Bretton Woods remains. The world still runs on dollars. The IMF and World Bank still hold meetings. Central banks still fret over interest rates. But the plumbing has changed beyond recognition.

In this emergent architecture, uncanny analogues to the old institutions have appeared. Tether functions as an informal Federal Reserve — a private company issuing dollar-denominated value, managing a reserve of assets that rivals the central banks of many countries. Its reported holdings of U.S. Treasury bills neared \$100 billion in 2024, putting it on par with the sovereign reserves of nations like Germany or Saudi Arabia . The Federal Reserve prints base money; Tether prints what billions of people now treat as base money. When emerging markets clamor for dollars that the Fed will not supply, Tether does.

In place of the BIS and correspondent banks, a network of blockchain validators now clears transactions globally. They do not meet in Basel or New York; they run code on servers. These validators enforce the monetary rules of their protocols — whether a 21-million-coin supply cap or a block gas limit — much as central banks once defended currency pegs. If the old system ran on legal agreements and bilateral clearances, the new one runs on consensus algorithms.

Exchanges like Binance and Coinbase intermediate a vast share of global flows, functioning as the commercial banks of this new order. Binance, with its hundreds of millions of users, holds more assets in custody than many national banking systems. When it halted withdrawals during a market panic in 2022, the shock was felt from Lagos to Kuala Lumpur as acutely

as any IMF credit freeze.

Table 1.2: The Bretton Woods stack vs. the protocol stack: a preliminary comparison.

Function	Bretton Woods Order	Protocol Order
Reserve asset	U.S. dollar (Federal Reserve)	USDT and USDC (Tether Circle)
Emergency liquidity	IMF / SDR allocations	Tether Treasury minting
Payment rails	SWIFT + correspondent banking	Tron, Ethereum L2s, Solana
FX markets	Interbank / Reuters dealing rooms	Binance P2P / Telegram OTC
Compliance & identity	National regulators / KYC	Chainalysis / on-chain analytics

The ghost of Bretton Woods is this: the world still needs a unit of account and a settlement network. In 1944, that meant the dollar and the institutions built around it. In 2025, it is still the dollar — but the settlement network is increasingly a mesh of stablecoin issuers, crypto exchanges, and blockchains. The old institutions continue to exist, but they are becoming ceremonial, like monarchs that reign without ruling. The real power to move money where it needs to go has diffused into an array of protocols operating beyond the control of traditional gatekeepers.

A mental diagram helps. Picture the Bretton Woods system as a pyramid: the dollar at the top; below it, the IMF, Federal Reserve, and BIS forming a capstone; then national central banks; then commercial banks; and finally the masses at the broad base, with authority flowing downward. Now picture the protocol-based system as a distributed web: multiple hubs — Tether, Circle, Binance, Ethereum, Tron — connected by digital bridges,

with individuals transacting at the nodes. Authority in the web is diffuse. It can shift, fragment, or fork if consensus changes. The pyramid was visible and official; the web is often invisible and unofficial. To a central banker peering out from the old pyramid, nothing seems amiss at first glance — dollars still dominate trade. But that appearance is deceptive. The plumbing underneath has been refashioned, and flows have already found new channels.

1.9 The Shock Has Already Happened

Monetary revolutions are often loud — protests in the streets, proclamations in parliaments. This one was quiet, executed in code and confirmed in cryptographic consensus. Crypto did not need to crash the gates of the old system. It built a parallel one and waited for people to use it. By the time the IMF and its peers started publishing concerned reports about stablecoins destabilizing the status quo, the shift had already occurred. The developing world's monetary crisis was met not with a Bretton Woods II conference, but with a grassroots upgrade: the dollar standard delivered via stablecoins because official channels had failed.

No battles were fought. A citizen of Yangon buys USDT to evade sanctions and pay for an import — no headlines, but a power shift occurs. A Ukrainian family flees war with their savings on a USB drive because banks are in ruins — no treaty is signed, but a new reality asserts itself. Country by country, reliance on legacy finance is eroding, not by ideology but by necessity. Banks did not die. They simply became irrelevant in scenario after scenario.

The empire did not fall. It forked.

When Nixon's shock hit in 1971, it was front-page news.

When the stablecoin shock hit in the 2020s, it was so distributed and granular that many failed to piece it together until it was well underway. The global monetary order quietly split in two: the old branch, where regulations and IMF programs still pretend the Bretton Woods framework holds; and a new branch, where value flows via stablecoins and exchanges that owe no allegiance to those agreements. The numbers confirm it: stablecoin settlement surpassing \$27 trillion annually, a quarter of remittances flowing through crypto rails, over \$150 billion in USDT circulating beyond the reach of any central bank .

For the incumbents, it is a loss of control so gradual they hardly noticed. The world's financial institutions did not see their authority toppled. They saw it copied, optimized, and redeployed beyond their grasp. The shock is not imminent. It is behind us.

1.10 Conclusion: Protocols Don't Propose — They Settle

Fatima's transaction was not an act of defiance against the Bretton Woods legacy. It was an act of survival enabled by a new breed of monetary tools. The architects of 1944 built a dollar-centric world, believing only governments could be trusted to manage a global currency. They designed accords, institutions, and safeguards to enforce it. Those institutions still carry the authority of that era, but they have lost their monopoly on settlement.

The protocols took over the plumbing without asking permission or waiting for a new grand agreement. They started settling value, until the volume became too large to ignore.

Bretton Woods built a dollar world. The protocols inherited it and rewired its circuits. Where Bretton Woods promised

global monetary stability through the cooperation of nations, crypto protocols delivered global value transfer through the cooperation of machines. The unit of account remains the same — the dollar — but the settlement logic has been reprogrammed. A smart contract does not convene an assembly; it obeys its inputs. A stablecoin issuer does not wait for international consensus; it issues or redeems based on market demand.

The implications are double-edged. Fatima and millions like her can now bypass failed states and dysfunctional banks to plug directly into a global network of value. But this new settlement layer operates in a legal gray zone, largely outside the oversight that the Bretton Woods architects considered essential for stability. The chapters that follow will explore both sides of that equation: who benefits from the protocol order, who is endangered by it, and what happens when code replaces institutions as the arbiter of global finance.

Protocols do not draft manifestos or seek permission from the G-7. They do not propose. They settle. And the settlement is already clearing.

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