

# Some Thoughts on Stablecoins and Decentralized Governance

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\*Disclosures: I advise a16z crypto and Meta Platforms, Inc;  
this deck reflects my personal views

Crypto was originally motivated by decentralization

## Bitcoin: A Peer-to-Peer Electronic Cash System

Satoshi Nakamoto  
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www.bitcoin.org

For money...

“Bitcoin is the best modern example of decentralized money...there’s no central authority able to filter it or cancel it.”

–Cato Institute Report

But also for the web...

“a programmable computer that lives in the sky, that is not owned by anyone and that anyone can use”

–Tim Roughgarden

Stablecoins' original goal:  
Decentralized like bitcoin but stable like \$\$\$

“Unlike other Stablecoins, Dai  
is completely decentralized

The primary feature of a  
decentralized cryptocurrency  
is censorship-resistance”

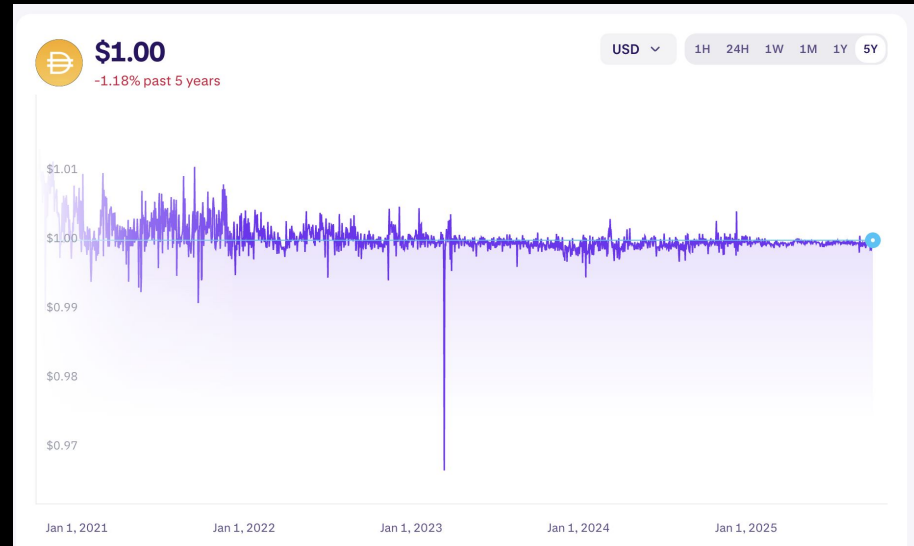
-DAI white paper



# But decentralized stablecoins are hard...

- (1) Governance by tokenholders leads to standard agency problems, voter apathy
- (2) Hard to keep peg without using “real world assets”, which introduces “centralization risks”

DAI struggled to keep its peg



Source: Kraken

# Today's major stablecoins are not decentralized, understandably

## The WHITE HOUSE

**COMBATING ILLICIT ACTIVITY IN DIGITAL ASSETS:** Through regulatory oversight of stablecoin issuers, along with coordination with the Treasury Department's enforcement, the GENIUS Act reinforces our national security.

- The GENIUS Act explicitly subjects stablecoin issuers to the clearly obligating them to establish effective anti-money laundering compliance programs with risk assessments, sanctions list verification, and user identification.
- This legislation improves the Treasury Department's ability to combat illicit stablecoin activities by enhancing its sanctions evasion and money laundering enforcement capabilities.
- All stablecoin issuers must possess the technical capability to seize, freeze, or burn payment stablecoins when legally required and must comply with lawful orders to do so.

```
267
268 contract BlackList is Ownable, BasicToken {
269
270     ////////////////////////////////////////////////////////////////// Getters to allow the same blacklist to be used also by other contracts (including upgraded Tether) //////////////////////////////////////////////////////////////////
271     function getBlackListStatus(address _maker) external constant returns (bool) {
272         return isBlackListed[_maker];
273     }
274
275     function getOwner() external constant returns (address) {
276         return owner;
277     }
278
279     mapping (address => bool) public isBlackListed;
280
281     function addBlackList (address _evilUser) public onlyOwner {
282         isBlackListed[_evilUser] = true;
283         AddedBlackList(_evilUser);
284     }
285
286     function removeBlackList (address _clearedUser) public onlyOwner {
287         isBlackListed[_clearedUser] = false;
288         RemovedBlackList(_clearedUser);
289     }
290 }
```

# What will centralization mean for stablecoins?

## Bear case: “The worst of both worlds”

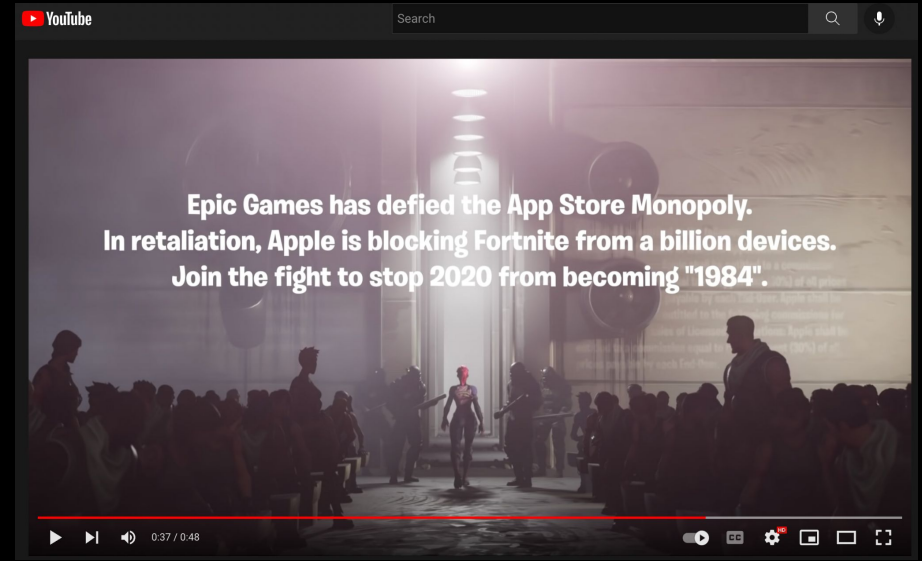
- Centralized stablecoins have the same censorship/privacy risks as CBDC
- Other benefits of blockchain might prove incidental for stablecoins

## Bull case: “progressive decentralization”

- Centralized stablecoins limit censorship by making it “arms’ length”
- There is a legal path to decentralized stablecoins in the future

# Agentic payments: the next arena of this battle

Will agents be able to freely transact  
across the web, or will walled  
gardens close them off?



So far, frameworks like AP2 focus on consent, reversibility—very different from original stablecoin vision

If AI companies are responsible for reversing mistakes, likely to lead to strong centralized powers