

Bretton Woods 2.0: The Digital Fort Knox Proposal

A dual-asset strategic reserve proposal pairing existing U.S. gold holdings with a Bitcoin reserve — federal monetary policy brief

Rhode Island Bitcoin Policy Initiative | June 2026

This brief outlines the Bretton Woods 2.0 proposal: pair America's existing gold reserves with a strategic Bitcoin reserve to create a dual-asset backing for the dollar in an era of accelerating sovereign debt and reserve currency competition. The proposal is prepared for federal monetary policy and budget audiences.

\$39.2T U.S. national debt (June 2026, JEC)	\$1T+/yr Annual interest payments (FY2025 onward)	~57% Dollar reserve share (IMF COFER Q3 2025)	8,133 t U.S. gold reserves (Treasury)
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1. THE PROBLEM

The United States is borrowing money to pay interest on money it has already borrowed. Interest payments crossed \$1 trillion in FY2025 and CBO projects \$1+ trillion annually going forward. The nation's gold reserves of 8,133 metric tonnes (valued at market) provide modest cover against the debt — approximately 2% at current gold prices, or effectively 0.03% at the statutory \$42.22/oz valuation that still governs Treasury accounting. The gap between America's debt and its hard-asset reserves has never been wider.

Meanwhile, the dollar's share of global central bank reserves has declined from a peak of approximately 73% in 2001 to roughly 57% in Q3 2025 (IMF COFER). De-dollarization has been gradual but structurally persistent: it represents central bank diversification decisions made over decades, not a single shock.

2. THE PROPOSAL: DUAL-ASSET STRATEGIC RESERVE

Combine America's existing 8,133 metric tonnes of gold with a strategic Bitcoin reserve acquired over five years per the structure proposed in the BITCOIN Act (S.954). The Bitcoin acquisition target under S.954 is approximately 1 million BTC, with a 20-year mandatory hold period. Custody would use multi-signature cold storage with public on-chain attestation — a level of transparency typically unavailable for sovereign reserves.

Why a dual-asset structure

Gold and Bitcoin are correlated as inflation hedges but uncorrelated in their political risk profiles. Gold cannot be technologically obsoleted; Bitcoin cannot be physically confiscated en masse. The two together provide structural diversification across the failure modes of single-asset reserves.

3. WHY THIS MATTERS FOR BUDGET AND FINANCE COMMITTEES

3.1 Debt reduction without spending cuts

Asset appreciation over a 20-year hold horizon could meaningfully offset debt growth without requiring cuts to Medicare, Social Security, defense, or discretionary domestic spending. Bitcoin's historical compound annual growth rate substantially exceeds Treasury yields, even after accounting for volatility.

3.2 No new taxes required

The reserve appreciates passively in a mathematically scarce asset (21M supply cap on Bitcoin). The acquisition strategy under S.954 uses Treasury forfeiture pipelines and existing federal asset management capacity, not new appropriation.

3.3 Dollar strengthening

A verifiable dual-asset reserve restores global confidence in the dollar as the unit of account for international trade. The shift from declining dollar reserve share to stabilizing or growing reserve share would have meaningful current-account and interest-rate effects.

3.4 Radical transparency

Bitcoin's public ledger enables continuous on-chain attestation of reserve holdings. This eliminates the audit and trust problems that have historically constrained Treasury gold reserve reporting. The reserve becomes verifiable by any citizen.

4. FEDERAL CONTEXT

4.1 Strategic Bitcoin Reserve already established

President Trump signed Executive Order 14233 on March 6, 2025 establishing the U.S. Strategic Bitcoin Reserve. The reserve is held by the Treasury Department and is composed primarily of Bitcoin previously forfeited to the federal government — an estimated 200,000+ BTC. The reserve structure exists; the Bretton Woods 2.0 proposal builds on it by adding a long-duration acquisition

program.

4.2 BITCOIN Act (S.954) provides the acquisition mechanism

Senator Cynthia Lummis introduced the BITCOIN Act on March 11, 2025. The bill proposes federal acquisition of up to 1 million BTC over five years, with a 20-year mandatory hold. The bill has been introduced but not advanced as of mid-2026. Bretton Woods 2.0 provides the strategic rationale that S.954 implements.

4.3 GENIUS Act and CLARITY Act establish supporting infrastructure

The GENIUS Act (P.L. 119-27, signed July 18, 2025) establishes the federal stablecoin framework. The CLARITY Act (H.R. 3633, passed House July 17, 2025; reported by Senate Banking June 1, 2026) would provide market-structure rules for digital assets more broadly. Both create the regulatory foundation under which a federal Bitcoin reserve operates.

5. RISK CONSIDERATIONS

5.1 Volatility

Bitcoin's price volatility is materially higher than that of traditional reserve assets. The 20-year mandatory hold horizon under S.954 is designed to allow Bitcoin's secular appreciation trend to dominate cyclic volatility. Reserve mechanics are analogous to long-duration sovereign wealth fund management.

5.2 Custody risk

Multi-signature cold storage with on-chain attestation is the established institutional custody model. Treasury would likely contract with qualified custodians (e.g., Coinbase Custody, Fidelity Digital Assets) for operational management while retaining ultimate control. The operational risk profile is lower than that of gold storage at Fort Knox, where physical auditing has historically been constrained.

5.3 Political risk

A federal Bitcoin reserve is a long-duration commitment that survives administration changes. S.954's 20-year mandatory hold is the principal mechanism that depoliticizes the reserve. Bipartisan support for the reserve framework is meaningful: the reserve was established under a Republican administration but the underlying logic (debt diversification, dollar strengthening) is structurally bipartisan.

6. RECOMMENDATIONS FOR FEDERAL ACTION

1. Advance the BITCOIN Act (S.954) as the substantive implementation of the dual-asset reserve concept. Senate Banking Committee markup would be the natural next step.
2. Maintain the 20-year mandatory hold period in any modified version of S.954 to preserve the long-duration commitment that depoliticizes the reserve.
3. Authorize Treasury to publish quarterly on-chain attestation of reserve holdings, leveraging Bitcoin's public ledger as a transparency mechanism unavailable for gold.
4. Coordinate with international counterparts on dual-asset reserve frameworks. Other G7 nations have begun similar consideration; coordination produces collective benefit.
5. Engage state-level reserve programs (NH HB 302, TX SB 21, Arizona follow-up) on operational best practices and custody approaches.

APPENDIX: SOURCES AND REFERENCES

U.S. Fiscal Data

- Joint Economic Committee, National Debt Dashboard (June 2026: \$39.2T)
- Peterson Foundation, Monthly Interest Tracker on National Debt (\$1T+ FY2025)
- Treasury Department, monthly fiscal reports
- Congressional Budget Office, long-term budget outlook

Reserve Currency Data

- IMF Currency Composition of Official Foreign Exchange Reserves (COFER), Q3 2025
- Bank for International Settlements, Triennial Central Bank Survey

Federal Bitcoin Reserve Framework

- Executive Order 14233 (March 6, 2025), Strategic Bitcoin Reserve and U.S. Digital Asset Stockpile
- BITCOIN Act, S.954 (119th Congress), introduced March 11, 2025 by Sen. Cynthia Lummis
- White House Fact Sheet on Strategic Bitcoin Reserve (March 2025)

Supporting Federal Framework

- GENIUS Act, P.L. 119-27, signed July 18, 2025
- Digital Asset Market Clarity Act, H.R. 3633 (119th Congress)
- Federal Reserve, gold valuation under 31 U.S.C. § 5117

Gold Reserve Reference

- U.S. Treasury, Status Report of U.S. Government Gold Reserve (monthly)
- Office of the U.S. Mint, Fort Knox holdings (8,133.46 metric tonnes)

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End of Report