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STATECRAFT AND DIGITAL CURRENCIES: STRATEGIC IMPLICATIONS FOR NATIONAL POWER, INTERSTATE RIVALRIES AND HEGEMONY

A dissertation presented in partial fulfilment of the
requirements for the degree of

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Declaration of Ethics

First, this research project was officially classified, on October 27, 2022, as low-risk in the corresponding human ethics assessment. No further action was required by Massey University's academic authorities. Second, the author declares that there are no conflicts of interest related to this research project. Third, AI tools were used for editorial and proofreading support in the improvement of grammar, spelling, style, clarity and formatting. This assistance was not employed for the production of research or the generation of contents. These substantive tasks were performed exclusively by the author.

Abstract

This thesis challenges the ‘new security agenda’ view of virtual coins as a low politics issue for law enforcement. This Neorealist research argues that, under structural anarchy, digital money matters for high politics because states can mobilise its operating systems, programmable protocols and FinTech networks to further relative gains. Decentralised nonstate cryptocurrencies, corporate stablecoins and Central Bank Digital Currencies (CBDCs) are being repurposed as sources of politico-strategic applications for statecraft. Such engagements are conditionally driven by the security necessities of state positional hierarchies and contrasting digital currency governance models. In a context shaped by complex interdependence, the Fourth Industrial Revolution and the proliferation of economic warfare, their instrumental value offers higher versatility, precision and speed in comparison to analogue monetary systems. First, in the arena of national power, the benefits of these currencies can strengthen state capacities for macroeconomic planning, intelligence-gathering, covert tasks, the diversification of reserve assets, industrial policies, the projection of prestige and international influence. Second, they can be wielded as offensive and defensive vectors under circumstances of interstate rivalries. Third, these currencies provide advantageous levers for status quo and revisionist great powers that want to advance their preferred versions of world order and distributive polarity. With structured focused comparison as an overarching methodological frame, this project examines the significance of Bitcoin, the failed Facebook/Meta-led Libra project and the Chinese e-Yuan for these three areas of power politics. These analytical case studies integrate both strategic predictions and empirical examples. This thesis aims to extend the analytical horizon of Neorealism in post-Cold War security environments in which resurgent geopolitical tensions and unconventional threats are increasingly converging.

Keywords: statecraft, national security, high politics, economic warfare, FinTech, digital money, cryptocurrency, corporate stablecoins, Central Bank Digital Currency, Bitcoin, Libra, Digital Yuan.

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«Wine maketh merry: but money answereth all things».

—ECCLESIASTES 10:19

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Introduction

This research challenges the “new security agenda” confinement of data-driven coins to the low politics of law enforcement and criminal justice. This Neorealist-based thesis argues that cross-border digital currencies are an emerging frontier for the continuation of high politics because states can mobilise, wield and weaponise them to further relative gains. The operating systems, programmable protocols and financial infrastructures of digital currencies intended for international circulation are deployable sources of benefits for statecraft in the fields of national power, interstate rivalries and hegemonic pursuits. As this work explains, state politico-strategic engagement with these FinTech innovations is conditionally driven by the security needs of positional hierarchies in the global balance of power and the geometries of their governance models.

This trend is consistent with long-range patterns. The functionality of money as a pervasive and dynamic force goes beyond its valence as medium of exchange, store of value and unit of account. The historical record shows that money and high politics have been closely related for centuries. For instance, since classical antiquity, every single major reserve currency has been underpinned by the power of hegemonic polities. In the Bretton Woods era, there are also abundant examples which confirm the role of analogue money and finance as currencies of power politics, including the weaponisation of dollar-based circuits for the implementation of US coercive sanctions.

Nevertheless, it was not until the last few decades that Neorealist thinking has approached the larger significance of such a connection for security. The impacts of the Fourth Industrial Revolution, complex interdependence and the proliferation of economic warfare in the post-Cold War era have configured security environments in which resurgent geopolitical tensions and unconventional threats are increasingly interwoven. This reality is manifested in the transit of strategic competition through the domains of energy, trade, cyberspace, transnational infrastructure, finance, information and even illicit flows. In an anarchic and power-based international system, multiple states are co-opting these assets to pursue national interests, enhance security and strengthen their strategic positions. In this way, interconnectedness has morphed the dynamics of zero-sum power relations.

The extension of this ‘Great Game’ brings incentives for states to harness the digital currency landscape to serve national interests. Yet, this engagement remains under-researched in the orbit of Neorealism. Digital currencies are not just money for the so-called “information age”. The significance of blockchain-based coins goes beyond their utilitarian economic usefulness for transactions, payments or speculative profits. Virtual currencies are often seen in security as low politics enablers of illicit activities such as money laundering, organised crime businesses, tax evasion, fraudulent scams, cybercrime and the like. Although this commonplace perception is not unwarranted, it lacks strategic depth, as it neglects the angle of statecraft. The purpose of this research is to cover this gap through a comprehensive Neorealist understanding about the strategic potentialities of digital currencies for security, both beneficial and problematic. This deficit is a persisting blind spot in both academia and policymaking.

Although digital money was originally invented, in the late 2000s, to challenge the authority of sovereign governments, data-driven currencies are being repurposed for the pragmatic necessities of statecraft. Divergent evolution in digital currency ecosystems has brought the creation of virtual monetary units with varying governance models. These include nonstate decentralised cryptocurrencies, corporate stablecoins run by private firms and Central Bank Digital Currencies (CBDC) as a new format of state-backed legal tender. Their operating systems, programmable protocols and FinTech infrastructures unlock key advantages. For national power, the ecosystems of data-driven money provide instrumental applications to enhance state capacities for macroeconomic planning, intelligence-gathering, covert operations, industrial policies, international influence, the strategic diversification of reserve assets and prestige. Regarding their usefulness for warfare in both kinetic and economic battlespaces, they offer a panoply of defensive and offensive vectors worth mobilising. Concerning their foreseeable roles as hegemonic game-changers, digital currencies provide opportunities for the grand strategies of both status quo and revisionist powers interested in manipulating the distribution of polarity. In these three areas of power politics, digital money can be wielded with higher operational versatility, precision and speed, in comparison to analogue fiat-based systems.

Still, not all digital currencies are equally deployable in the arena of power dynamics. Their instrumental potential is conditional. Niche cryptocurrencies or ‘memecoins’ with limited international projection are hardly apt to perform as politico-strategic pivots in any meaningful way. Only data-driven currencies intended for large-scale international circulation matter for *Realpolitik*, but their importance is not uniform. Nonstate cryptocurrencies, private stablecoins launched by transnational corporations and ‘govcoins’ designed by great powers that meet this criterion matter for different reasons and for different states. As a result of this pluralism, their ramifications are not homogeneous. Whereas small states are likely to asymmetrically exploit the rails of dispersed cryptocurrencies, middle powers are poised to seek anchors of nonaligned strategic orientations and apex great powers are set to tailor digital currency solutions to advance their preferred architectures of world order. Likewise, a particular digital currency that is convenient for the national interest of a state may simultaneously be detrimental or even dangerous for another. For example, whereas Bitcoin is a partial lifeline for Iran as a defensive tool of sanctions evasion, this stateless cryptocurrency is problematic for a rising power like China, which prefers the rollout of a fully sovereign CBDC.

Through structured focused comparison as an overarching methodological frame, this research project maps the politico-strategic layers of three different and iconic digital currencies for statecraft. The specific units of analysis that were chosen for the case studies are: Bitcoin as a nonstate decentralised cryptocurrency; Libra as a failed supranational corporate stablecoin project developed by Facebook/Meta and the e-Yuan as a Central Bank Digital Currency launched by China. Through a Neorealist perspective (enhanced with the supplementary prisms of neoclassical geopolitics, the neomercantilist branch of political economy and strategic intelligence), their implications for national power, interstate rivalries and hegemony are examined. Each case study, in order to offer a holistic scrutiny, blends both hypothetical predictions identified through the lens of strategic forecasting and the forensic scrutiny of observable empirical phenomena.

The sequential roadmap of contents proceeds as follows. The literature review, presented in chapter 1, identifies the gaps in scholarly knowledge that this Neorealist research addresses. Chapter 2 details the methodological and theoretical underpinnings of research design. Chapter 3 introduces contextual considerations and the individual profiles of Bitcoin, Libra and the e-Yuan. The analytical case studies, presented in Chapters 4-6, assess the significance of these three digital currencies for statecraft in terms of national power, interstate rivalries and hegemony. Chapter 7 concludes with findings and strategic takeaways, as well as a corollary with lessons for policymaking and directions for future research. The appendices add methodological examples, condensed analytical tables and miscellaneous information.

Chapter 1.- Literature Review

This thesis aims to further the analytical frontiers of Neorealist thinking in an era in which complex interdependence and the so-called Fourth Industrial Revolution are reshuffling the operational grammar of power politics. As an intellectual cornerstone of both security studies and strategic studies (Wohlforth, 2017), Neorealism is helpful to clarify why and how high-tech digital money intended for international circulation matters for high politics. Thinking through Neorealist logic, this research project assesses the strategic implications —either beneficial or harmful— of different digital currencies (including nonstate cryptocurrencies, corporate stablecoins and governmental virtual currencies) for statecraft. This school of thought, because of its usefulness to approach the evolution of power relations under conditions of complex interdependence, is suitable to examine this phenomenon in security environments in which resurgent geopolitical tensions and emerging unconventional threats are closely interwoven.

Therefore, the purpose of this literature review is to trace the incremental intellectual progression from classical Realism's rather limited focus on economics to Neorealism's incipient interest in decoding the strategic dimension of money and finance, including its minimal engagement with digital currencies. The limitations and gaps identified in the state of the art suggest that Neorealist scholarship needs to pay greater attention to this issue because the proliferation of virtual coins, as disruptive FinTech innovations and vectors of interconnectedness, brings substantive risks and opportunities for statecraft in the "information age". The pertinence of this scrutiny is underscored by the impacts of data-driven economies and technological breakthroughs.

In order to recalibrate the analytical lens of Neorealism to develop a better understanding about the larger strategic layer of digital money in the sphere of power politics and statecraft, this review also integrates contributions of geopolitics and international political economy. Considering their compatibility with security studies and their helpfulness to approach the mechanisms of international power dynamics, these cognate fields supplement Neorealist perspectives and emphasise the significance of the subject matter as a phenomenon worth researching.

1.1 Realist Literature

1.1.1 Classical Realism

Classical realism, also known as *Realpolitik* or *raison d'état*, is a philosophical school of political thought whose origins go back to the teachings of ancient authors, such as Thucydides (2008), Sun Tzu (2014), Kautilya (1915) and Machiavelli (2014). More recently, classical Realism flourished during the Cold War as an opponent to the utopian views of liberal internationalism. This intellectual tradition argues that the unchanging character of human nature, since time immemorial, has been driven by incentives such as fear, greed and selfishness. Realists hold that human beings are political creatures driven by an innate *Animus Dominandi*, a primal attitude that encourages them to rise above their peers because of the advantages that such superiority confers (Morgenthau, 1949). This timeless anthropological and biological reality shapes the

universally competitive behaviour of states in the rational and sovereign pursuit of their self-interests. According to the Realist conception of international relations, all states, regardless of their internal differences, permanently seek to increase their power because, in a setting in which survival is not guaranteed, it constitutes a functional instrumental source of security, wealth and prestige (Morgenthau, 1949). Power is also a currency to achieve the level of readiness required to confront the challenging vicissitudes of fate (Machiavelli, 2014). The Realist canon points out that, under asymmetric political circumstances, there can be no balanced harmonisation of interests because of the preponderance of dominant states over their unprivileged counterparts (Carr, 1946). For Realist thinkers, the prevalence of a power-based hierarchical order therefore means that strong states can afford to impose their will, whereas weak states have no choice but to accept facts on the ground determined by others (Thucydides, 2008).

Even though Realism is an overarching intellectual disposition and not a fixed doctrinal creed (Donnelly, 2000), there are several distinctive tenets of Realist thinking. First, it would be more accurate to characterise Realism as a philosophical worldview about the human condition that may inspire testable hypothetical reasonings rather than as a full-fledged scientific theory (Gilpin, 1984). Second, the theoretical perspective of Realism is heavily influenced by the empirical lessons of historical experience about causes and effects, processes, shifting trajectories and cycles, rather than by abstract concepts, ideological preferences, legal provisions or moral aspirations (Carr, 1946; Morgenthau, 1949). For Realists, the tragic testament of history provides instructive examples worth learning from because, under conditions in which predation, destructive forces and chaos are common, the spectre of disaster is forever latent (Starobin, 2006; Mearsheimer, 2014; Brands, 2022). Third, classical Realism is mostly fixated on the study of issues such as military affairs, hard power, foreign policy, great power politics, kinetic threats and even nuclear proliferation. Still, even though Realism regards the constant prospect of conflict as an ordering principle and constant feature of international politics, this intellectual tradition does not endorse war-mongering or ideological crusades motivated by self-righteousness. Instead, Realists caution that, in an imperfect world, virtuous statesmanship needs to embrace prudence, restraint, Faustian pacts, foresight and preparedness in order to preserve order, balance, security and stability (Machiavelli 2014; Kissinger, 1994). Fourth, despite their strong emphasis on military matters and great power relations, traditional Realists acknowledge the importance of economic, sociocultural and demographic factors for national interests, national security and national power (Thucydides, 2008; Carr, 1946; Morgenthau, 1949). Yet, whereas the former are usually classified as “high politics” by classical Realism because of their existential priority for national security, the latter are usually relegated as secondary issues of what they consider to be “low politics” because of their comparatively inferior relevance (Keohane & Nye, 2000). Fifth, leading Realist thinkers such as Kennan (1947), Morgenthau (1949) and Kissinger (1994) contend that, considering their utilitarian value for real-world statesmanship and strategy, the practical wisdom of this school bridges the domains of academia and policymaking. The work of Realist scholars, as “aspiring advisers to princes”, reflects an inclination to influence decisions of statecraft based on a dispassionate understanding of power relations (Gilpin, 1984; Machiavelli, 2014). Sixth, classical realism is characteristically state-centric because its purview considers individual states to be the main units of analysis. According to Realist theorists, Westphalian nation-states are political life-forms that have proved to be more efficient in the organised management of military, security

and economic affairs, in comparison to other collective entities like tribes or even empires (Gilpin, 1996). As such, they are seen as the protagonists in the theatre of international politics (Feng & Ruizhuang, 2006).

Notably, the Realist school is the cognitive matrix of key fundamental concepts for this research project: a) statecraft, b) national power, c) interstate conflict and d) hegemony. Statecraft is a strategic art whose purpose is to achieve favourable outcomes that respond to the self-preservation and convenience of the state. As a matter of expediency, the pragmatic judgements that drive the practice of statecraft respond to the imperatives, dictates and reasonings of political prudence (Kautilya, 1915; Machiavelli, 2014; Kornprobst, 2016). National power refers to the various assets and resources that states rely on as tools to pursue the satisfaction of their self-interests. Therefore, states are permanently trying to increase their power (Morgenthau, 1949). Interstate conflict is a regular occurrence in international politics. War, from the perspective of classical Realism, is not just a policy instrument to achieve political outcomes that satisfy the necessities of a state and to settle disputes (Von Clausewitz, 1989). Hence, war is a vital matter for the state because it can make a difference between safety and ruin (Sun Tzu, 2014). The outcomes of major conflicts are consequential because they reshuffle, in accordance with the preferences of the victors, the global balance of power and the underpinnings of world order (Gilpin, 1988). Hegemony is an architectural model of world or regional order in which a powerful state reaches hierarchical and uncontested dominance over its peers (Mearsheimer, 2014). A hegemonic position is coveted and worth fighting for because it represents a source of deterrence and control. As such, it represents the maximum aspiration of great powers. Hegemonic transitions are a natural historical occurrence which comprehensively reorder existing alignments. Whereas status quo powers refuse to abandon the commanding heights, revisionist challengers intend to foster the emergence of new configurations that facilitate their rise (Gilpin, 2014).

Furthermore, the intellectual influence of Realism is visible in the propagation of strategic studies, an interdisciplinary field which examines the instrumental ways in which hard power and other coercive assets can be mobilised to achieve political outcomes in adversarial relational frameworks. This scholarship transcends the confines of academia, as it originally thrived mostly in the institutional environments of military academies and think tanks at the height of the Cold War. Strategic studies has been described as a highly specialised offshoot of the Realist school because it demonstrates the applications of Realist teachings —about state-centrism, relative gains, conflict and the rational pursuit of power— for the scrutiny of matters like nuclear proliferation and war-gaming exercises (Duyvesteyn & Worrall, 2017; Doeser & Frantzen, 2022).

1.1.2 Neorealism

The paradigm of Neorealism emerged in the second half of the 20th century. Its theoretical contribution represents a revitalisation of Realist thought because both share similar worldviews, even though their underlying suppositions are different (Donnelly, 2000). In contrast to the philosophical assumptions of neorealism about the essence of human nature, neorealism's deductive approach is focused on the structural political realities of the international system

(Wohlforth, 2017). Specifically, Neorealism holds that, since there is no supranational authority or world government that can enforce a set of universal rules, this international system inhabited by states is inherently anarchic (Waltz, 1979). This prevailing anarchy is a source of danger, uncertainty and threats because it provides incentives for the aggressiveness of potential adversaries. Accordingly, the need to settle disputes and respond to national security threats can easily trigger the outbreak of war (Waltz, 1988 & 2011). In such a world, order, morality and justice are rare (Gilpin, 1984). States then have no choice but to strengthen their power, prepare for struggle and mobilise their resources in order to secure their self-preservation, sovereignty and a favourable balance of power. In these conditions, states perform as interacting units under a zero-sum competitive logic of relative gains. Therefore, the profiles of all states, notwithstanding their internal political configurations or professed ideological convictions, are functionally similar because they seek to increase their share in the proportional distribution of capabilities (Waltz, 1979).

Neorealism is different from classical Realism for several substantive reasons. Considering the contextual circumstances in which Neorealism arose, this branch of Realist thought argues that the emergence of complex interdependence is a consequential turning point, but not as an anchor of stability and mutual benefits. Instead, Neorealist thinkers contend that a deeper level of interconnectedness creates asymmetries worth leveraging for strategic purposes, vulnerabilities to disruption and thresholds for the escalation of tensions as a result of closer interactions between competing interests (Waltz, 1970). Neorealism also considers that complex interdependence reshapes the nature of national power. In these contexts, the “network power” of an individual state is defined by its strategic location within networks of interconnectedness (Kim, 2009). Moreover, Neorealist authors claim that, in order to mitigate the disadvantages derived from interdependence, the maximum possible level of autarchy is preferable because it prevents overreliance on foreigners whose intentions may be hostile (Waltz, 1979). Unlike classical Realism, Neorealism concedes that nonstate actors, such as major private companies, can become important players in the stage of international politics, but it also clarifies that their roles are secondary in comparison to states (Waltz, 1970 & 1979; Gilpin, 1996). The demise of the Cold War, along with the dissolution of the Warsaw Pact and the Soviet Union, was not hailed by Neorealists as the prelude of everlasting peace. In contrast to the enthusiastic expectations of liberals that proclaimed the premature burial of history (Fukuyama, 2006), Neorealists warned that the end of bipolarity and nuclear weapons parity would bring the resurgence of great power rivalries due to the long-term unsustainability of unipolarity as a model of world order (Donnelly, 2000; Waltz, 2000). Likewise, Neorealism is profoundly sceptical about the potential roles of international institutions, liberal democracy and free markets (trends which momentarily gained traction in the early years of the post-Cold War era) as transformative harbingers of peace (Gilpin, 1996; Waltz, 2000; Mearsheimer, 1995 & 2019).

Furthermore, Neorealism is, in contrast to its intellectual precursor, more inclined to pay attention to the significance of economic issues for high politics due to their strategic implications for national interests, national security, strategic control, hegemonic processes and world order (Gilpin, 1984 & 1996). Neorealist works have argued that, in an era in which major economic shifts carry consequential implications for power dynamics, international political economy needs to be

reframed as a key domain of 'high politics' that must be embraced by security studies (Kirshner, 1998; Mastanduno, 1998; Ripsman, 2000). The growing Neorealist interest in the economic sphere is reflected in the creation of innovative hybrid theoretical conceptualisations, such as economic statecraft and mercantile realism. Economic statecraft refers to the offensive or defensive reliance on economic means in the pursuit of strategic foreign policy objectives and the parallel instrumental deployment of diplomatic capabilities to advance economic national interests (Mastanduno, 1999; Baldwin, 2020; Blanchard & Ripsman, 2018). Mercantile realism, in turn, leans on the premises of Realist principles about power politics, antagonism and state behaviour to address issues related to markets, trade, national wealth, economic exchanges and industrial development (Bolsinger, 2004). In an attempt to tailor a research agenda for Neorealist-based scholarship, Moran (1993) proposes the analysis of topics like commercial disparities, the upgrade of competitiveness and the pursuit self-reliance as a path to diminish dependence on foreign states.

This Neorealist evolutionary progression is not only theoretical. It encompasses analytical case studies that examine matters like the implementation of Japanese national security policies based on economic, commercial and industrial criteria (Heginbotham & Samuels, 1998), the strategic economic rationales of Japanese foreign policy in the Middle East (Miyagi, 2012), the economic components of Chinese grand strategy (Norris, 2016), the implications of economic integration for security (Schlegel, 2019; Li, 2020), the resurrection of American economic statecraft (Drezner, 2019) and the economic aspects of the ongoing strategic rivalry between Washington and Beijing (Ong, 2012). Relevant additional sources that share a similar point of view study how economic espionage was a pivotal instrument for the industrial development, particularly in sectors that nurture both prosperity and national strength, of Asian states such as Japan (Faligot, 1997; Williams, 2021) and China (Faligot, 2022). These contributions are relevant because they show that the frontiers of Neorealism are expanding to assess how power politics interact with economic phenomena. This flourishing exploration contradicts accusations about the alleged poor suitability of Neorealist thought to address the connections between power politics and economic processes (Ashley, 1984).

1.1.3 Neorealist Engagement with Financial and Monetary Issues

There is no abundance of Neorealist literature that examines the full-spectrum strategic significance of financial and monetary issues for statecraft, power politics and security. Yet, neorealist scholars have held that this avenue of enquiry is worth pursuing, particularly considering that the ripple effects and proportions and changing global economic trends highlight its pertinence (Wohlforth, 2017). However, there are some noteworthy steppingstones, implicitly influenced by Neorealist inferences, that point in this direction. Together, these works set the stage for the further exploration of what Neorealist-based scholarship has to say about the introduction of FinTech inventions, such as digital money.

Neorealism denies the proposition that, despite the rising integration of international finance and unprecedented circulation of capital flows, states will cede sovereign control of their national economies to market forces (Gilpin, 1996). However, works underpinned by the influence of this

current are exploring how states can engage the world of money and finance in order to further their national interests in accordance with the logic of power politics. Considering the increasing market power of ‘high finance’, several sources indicate that, the financial domain is nowadays an exceedingly complex battlespace of strategic competition that is suitable for conquest, conflict and the pursuit of strategic superiority (Steil & Litan, 2006; Zarate, 2015; Katz, 2013; Gayraud, 2016). Kirshner (2007), in turn, examines the interaction between state’s proclivity towards war and financial interests. This emerging trend is also reflected in scholarly works which formulate conceptual innovations such as the financial and monetary aspects of national security (Reznik et al., 2020), financial statecraft (Steil & Litan, 2006) and financial warfare (Katz, 2013). These contributions note that, in the practice of statecraft, money and finance can be strategically mobilised and even weaponised.

Another relevant theme that has been covered in this corpus is the increasingly common imposition of targeted financial sanctions by Western powers as a coercive tool against strategic rivals, so-called ‘rogue states’ and illicit nonstate transnational actors (Steil & Litan, 2006; Zarate, 2009, 2015; Drezner 2015). The same works warn that, in response, China, Russia and Iran will likely design effective countermeasures and try to circumvent, weaken and perhaps even replace the international financial and monetary circuits controlled by Western powers.

There are also works that underscore the far-reaching historical and contemporary significance of global monetary matters for international and national security, as well as for foreign policy, the evolution of global hegemony and statecraft (Steil, 2013; Viotti, 2014). Therefore, the rising contest between the US and its Eurasian rivals to determine the fate of the global monetary system in the coming decades is being researched. Relevant authors (Drezner, 2010; Zarate, 2015) hold that the ramifications are challenging for security because they could reshuffle the global order and trigger major geopolitical realignments. Similarly, authors like Blanchard (2011) and Stokes (2013) note the contemporary involvement of currencies in the grand strategies of major powers. Such works clarify that contemporary strategic competition, far from being only military, diplomatic or geopolitical, transits through the sphere of money. These contributions also highlight that, more than ever before, both status quo and revisionist great powers rely on monetary and financial assets as sources of politico-strategic advantages in attempts to influence the global systemic distribution of polarity.

1.1.4 The Absence of Neorealist Scholarship in the Digital Currency Space

Although a handful of incipient works offer relevant partial approximations about the significance of digital coins for security, the prism of Neorealism is mostly absent in these scattered analytical discussions. Therefore, their broader strategic significance for statecraft, in terms of both advantages and disadvantages, remains largely underexplored.

This existing corpus is focused primarily on the role of stateless cryptocurrencies as enablers of illicit operations undertaken by nonstate actors thanks their transnational reach and relative anonymity, attributes which make them suitable for the stealthy transfer of money (Vovchenko et al., 2017; Limba et al., 2020). Research is drawing attention to their involvement in the black

markets that flourish across the so-called 'dark web' (Kleiman, 2013; Costigan & Gleason, 2019). Additional sources clarify how they can be leveraged to facilitate money laundering (Mabunda, 2018), organised crime (Şcheau & Zaharie, 2018; Walker, 2018), terrorist operations (Pandya, 2018; Dion-Schwartz et al., 2019) and even insurgent campaigns (Baron et al., 2015). A recent RAND Corporation report frames the emergence of CBDCs as a challenge for police forces and regulatory agencies (Mignano et al., 2025). These views are mostly anchored to the 'low politics' domain of law enforcement, criminal justice and internal security, rather than the realm of high politics and power relations.

A second theme scrutinised is the technical security of cryptocurrency systems, an issue that has ramifications for states, companies and even individual users. Although these insights come from heterogeneous sources, they indicate that this is a growing concern. Attention is paid to issues like the prospect of hostile manipulation through either cyberattacks or direct material sabotage (Swammy et al., 2018; Hassani et al., 2019) and the hypothetical threat posed for the cryptographic shields of virtual currencies by the eventual weaponisation of quantum computing (Campos, 2018). Furthermore, some authors foresee the likely need to develop defensive measures designed to strengthen security in cryptocurrency ecosystems (Baron et al., 2015; Orcutt, 2018). Yet, as their perspectives are focused on tactical cybersecurity, the depth of their strategic gaze is negligible. They even fail to account the foreseeable repercussions of these technical vulnerabilities in scenarios of interstate security competition or even outright war.

Finally, the third major theme in this recent literature refers to the potential strategic applications of both digital currencies and blockchain technology for security and defence. For instance, military academic sources (Barnas, 2016; Simmerly & Keenaghan, 2019) explain that blockchain could be harnessed in defence for the enhancement of military supply chain management, battlefield logistics, the protection of classified information and the resilience of communication platforms. Lilly and Lilly (2020) share what US, Russian and Chinese military publications have mentioned about the usefulness of blockchain technology for modern warfighting. Another military author, Major Jason Lowery (2023) explores how cryptocurrency operational protocols can be weaponised as a non-kinetic conduit of power projection through and in cyberspace. Specifically, Lowery posits that 'proof of work' (which involves the intensive transformation of energy into information) can be theoretically useful to impose prohibitive costs as a way to deter prospective attackers, settle disputes, shape hierarchical asymmetries, control data and bolster national defence. This view anticipates that technological underpinnings of cryptocurrencies, despite their early condition as data-driven money, will give birth to an era of flourishing 'softwar' digital technologies. Counterintuitive works like this encourage the reassessment of doctrinal thinking about how the unlocked potential of virtual currencies can be leveraged as a strategic asset for national security. These analytical milestones show that, in an anarchic international system, states are expected to harness the instrumental potential of FinTech innovations for national security.

The emerging works in this third category denote an implicit or intuitive Neorealist approach which considers the importance of power politics and strategic competition, but their analytical horizon is limited, as they overlook the strategic benefits and vulnerabilities for statecraft which

emanate from virtual currencies. On the other hand, whereas these exploratory contributions address nonstate cryptocurrencies, they largely ignore the consequential ramifications of corporate stablecoins and central bank digital currencies for high politics in the era of complex interdependence and the Fourth Industrial Revolution. Hence, Neorealist scholarship still has not yet clarified the potentialities of digital money for national power, interstate rivalries and hegemony.

1.2 Contributions of Geopolitics to the Study of Digital Currencies

The contribution of geopolitics to this research project is relevant for three reasons. First, as various scholars have noted (Haslam, 2002; Toft, 2005; Dolman, 2012; Wu, 2018), there is a strong affinity between the intellectual spirits of geopolitics and the Realist school. Haushofer (2016) even argues that the applications of geopolitical wisdom play a major role in the practice of statecraft. Second, classical geopolitical thought recognises the strategic importance of economic factors and technological innovations for the mobilisation of geopolitical dynamics (Mackinder, 1904; Spykman, 1942). Third, geopolitical scholarship matters for security because the worldview of this field explains how potentially destructive forces —influenced by environmental conditions, spatial realities, material contexts, geographical features, and disruptive technologies— shape the behaviour of international relations (Deudney, 2002).

The long-range evolution of geopolitical thought in recent decades has produced two trends that lay the groundwork for the subsequent examination of FinTech, including digital currencies. One of them is the rise of neoclassical geopolitics. This revival of geopolitics retains assumptions about the primacy of power in statecraft, the relevance of geography as an impersonal force that shapes adversarial interactions and the recurrence of confrontation between clashing interests, as well as an orientation towards the formulation of policy and strategy. However, since it represents an extrapolation of classical geopolitical thinking to explore new frontiers, it also offers a much more multidimensional analytical view in comparison to its forerunner (Csurgai, 2019; Dolman, 2012; Morgado, 2014; Klin, 2018). Neoclassical geopolitical perspectives argue that, thanks to the far-reaching impact of technological innovations, the strategic control of systemic interconnected networks matters more for contemporary power politics and the fate of world order than the traditional struggle to conquer spatial territory or physical battlefields (Maçães, 2025). According to this view, this new strategic layer of geopolitical playbooks includes trade, currencies, AI ecosystems, digital infrastructure, social media platforms, energy and supply chains, amongst others.

The proliferation of neoclassical geopolitics is reflected in analytical studies that examine diverse phenomena with relevant implications for contemporary security studies. These include the conquest of outer space (Dolman, 2002; Deudney, 2020; Goswami & Garretson, 2020; Wright, 2020), the contest over the strategic control of rare-earth minerals (Abraham, 2015; Klinger, 2017; Kalantzakos, 2018; Pitron, 2020), the challenges posed by renewable energy sources (Vakulchuk et al., 2020), the reconfiguration of cyberspace as a geopolitical battlefield (Sheldon, 2014; Deibert, 2015), the transnational illicit flow of opiates (Chouvy, 2010) and the global struggle for technological superiority (Diesen, 2021).

Another crucial milestone in this developmental progression is the concept of geoeconomics, originally defined by Luttwak (1990) as the manifestation of how the logic of conflict is articulated with the grammar of commerce. The core premise held by relevant works of geoeconomic scholarship is that the economic sphere of markets and trade operates as an arena in which state and nonstate actors like private firms are engaged in rivalries motivated by the pursuit of power, strategic advantages and wealth (Baru, 2012; Blackwill & Harris, 2016; Csurgai, 2017; Kim, 2019; Gertz & Evers, 2020). These sources indicate that the analytical prism of geoeconomics is useful to undertake assessments, enhance the practice of statecraft —especially in the fields of foreign policy, national security and intelligence— and design grand strategies. Relevant authors (Anderson 1998; Gagné, 2007; Coelho & Pereira, 2020) consider that geoeconomics represents an attempt to bring the classical perspectives and reasonings of geopolitical thinking into the domain of international economic affairs. Other scholars (Baracuh, 2018; Scholvin & Wiggel, 2018) emphasised that these assumptions about the strategic connection between power and wealth are compatible with the tenets of both Realism and the mercantilist traditions of international political economy.

The concept of geoeconomics did not gain much traction when it was first formulated. However, relevant thinkers (Thirlwell, 2010; Baracuh, 2018) observe that its pertinence is highlighted by strategic trends like an emerging global economic multipolarity, the weaponisation of complex interdependence in the context of great power rivalries, the proliferation of illicit flows, the growing involvement of the state in economic affairs, systemic financial disruptions and the struggle for the control of strategic commodities. Accordingly, geoeconomics is being used to analyse phenomena like Russian energy supplies to foreign consumer markets (Movchan, 2016; Baev, 2018), the leadership of Germany in Europe (Mair, 2016; Kundnani, 2018), vectors of coercive power in geoeconomic confrontations (Ansar & Celdecott, 2016; Hessel, 2016; Zarate, 2016; Rivlin, 2018), the role that geoeconomic forces in the eventual reconfiguration of the global balance of power (Khar, 2016; Wright, 2016; Rufolf, 2016; Möttölä, 2018), the rise of transnational Eurasian infrastructure networks (Khanna, 2016 & 2019; Kämpylä & Aaltola, 2018) and power dynamics in the digital world (Hobbs et al., 2016). These studies show the versatility of geoeconomics and the helpfulness of this paradigm to approach issues with meaningful implications for security. The proliferation of geoeconomic literature strongly implies that the rise of digital currencies is also worth studying in accordance with the spirit of these perspectives.

Moreover, there is a rising academic interest in exploring the geopolitical significance of monetary and financial affairs. This effort can be seen as a continuation of both the expanding scope of neoclassical geopolitics and the proliferation of geoeconomics. Emerging works are examining the nature of the contemporary convergence between geopolitics and finance. For authors like De Castro (2018) and Vander Satraeten (2018), the hybrid concept of ‘geofinance’ advances a better understanding of said strategic process. This concept intends to clarify how such a connection is reshuffling international power dynamics, interstate rivalries, statecraft, national security, strategic battlespaces and the growing power of private financial entities. This eclectic perspective blends geopolitics, international relations, history, economics, finance and strategy. Much like geopolitics and geoeconomics, the lens of ‘geofinance’ is suitable for analytical, pragmatic and predictive pursuits.

There are also contributions that scrutinise the geopolitical and strategic applications of money. These include recent studies about the geoeconomic importance of gold as a monetary asset (Moghadan & Baghernia, 2021), the use of sovereign wealth funds as geoeconomic vectors of power projection (Csurgai, 2009), the geopolitical background of offshore financial centres (Piolet, 2018), the character of money as a symbol that strengthens nationalism and soft power (Frewing, 2020), the role of geopolitical analysis in the context of decision-making in financial markets (Klement, 2021), ongoing competition to remake the order of international monetary governance (Rickards, 2016) and the complex challenges for the Westphalian preservation of monetary sovereignty in the age of financialisation (Mraovic, 2010). Nevertheless, the dominant theme in this corpus is the far-reaching ramifications for the global balance of power derived from China's growing power in international finance and the increasing projection of the renminbi (Blackwill & Harris, 2016; Reilly, 2016; Hasegawa, 2018; Huotari, 2018; De Freitas, 2019).

Finally, although it is noted that the growing digitalisation of finance is likely going to encourage unconventional strategic competition in the financial domain (De Castro, 2018), the geopolitics of FinTech remains largely understudied. This deficit is puzzling considering its inherent complexity, its disruptive potential, the presence of heterogeneous myriad of stakeholders and the challenges and opportunities that it poses for policymaking and governance (Wójcik, 2020; Lai & Samers, 2020). So far, only modest approximations have been undertaken. For example, Lee et al. (2016) explain that governmental crowdfunding platforms can provide capital for public-private collaborative partnerships whose implementation advances the completion of geoeconomic projects associated with transnational infrastructure networks. Nevertheless, although these works anticipate the increasing geopolitical significance of FinTech innovations in the coming decades, they do not go far enough. Research that clarifies the larger strategic potential FinTech for the behaviour of increasingly complex geopolitical struggles is missing.

Considering this exploratory engagement with financial and monetary affairs, pioneering works that explore the various geopolitical connotations of digital currencies. Blankenship (2017) anticipates that the borderless reach of decentralised blockchain-based platforms in an environment of worldwide digitalisation will likely entail meaningful geopolitical ramifications, but this author does not discuss them at length. In turn, Hagadekatti (2017) agrees, but he also adds that states which adopt virtual currencies will have to develop massive computing capabilities and protective measures from threats like cyberattacks. Tiwari et al. (2024) point out that unregulated cryptocurrencies may be harnessed for interstate geopolitical rivalries. These scholars argue that their condition as alternative conduits for international economic exchanges makes them suitable to reduce the effectiveness of US sanctions. For this purpose, Clautice (2019) foresees that the circuits of cryptocurrency networks may be attractive for states like Iran, North Korea and Venezuela. Although the scope of these contributions is modest, they reveal that the geopolitical implications of virtual coins are consequential for security.

There are also novel works which hold that the geopolitical relevance of digital currencies will go much further in the near future as the phenomenon attracts the interest of great powers. In this regard, the possibility that digital currencies will likely play a pivotal role in strategic competition between the United States and China is being explored. For example, Aggarwal and Marple (2020)

note that the weaponisation of sovereign and even private virtual currencies under these conditions entails complex challenges and implications for statecraft, security and policymaking in Washington, Beijing and beyond. These scholars emphasise that the subsequent intensification of interstate conflict over virtual money might reshuffle both the international monetary system and the global balance of power. In a paper about the geopolitics of state-backed digital currencies, Demertzis & Lipsky (2023) put forward intriguing possibilities worth considering. These include their instrumental usefulness for de-dollarisation, the development of interoperable multicurrency FinTech infrastructures and the pressing need for the United States and the European Union to develop their own competitive CBDC solutions. Although these works are valuable stepping-stones to envisage the potentialities of digital coins for statecraft, they do not go much further. Together, these emerging studies frame the world of virtual coins as an area that deserves further geopolitical scrutiny and they also hint at critical security concerns worth assessing through a more in-depth perspective.

1.3 Contributions of International Political Economy to the Study of Digital Currencies

Considering the nature of the subject matter at hand, addressing what the complementary perspective of international political economy has to say about digital currencies is relevant for this research for three reasons. First, this hybrid intellectual tradition has spawned Neorealist-based scholarship, which studies the salient multifaceted interactions between international economic phenomena and power politics. According to key authors of this academic tradition, this scrutiny examines economic, commercial, industrial, financial and monetary issues with consequential strategic implications for statecraft, national interests and national security (Cohen, 2009; Kirshner, 2009). These contributions challenge the proverbial contradiction between “guns and butter” because they consider that, rather than being caged in the space of low politics, international economic matters need to be repositioned in the sphere of high politics because money and power act as two sides of the same coin (Ripsman, 2005). Second, the understanding of money in this field is exceedingly rich, as it goes beyond the traditional unidimensional notion of money as a mere medium of exchange, store of value and unit of account. This approach holds that the management of monetary affairs is influenced by political factors such as collaboration, policymaking, power politics sovereignty, conflict, national security, the pursuit of autonomy and hegemony (Kirshner, 2003; Tcherneva, 2016). Notably, political economy regards money as an impersonal force which is highly dynamic, fluid, pervasive, ubiquitous, versatile and territorially expansive, especially in the modern era (Spengler, 1928; Clark, 2005; Hall, 2010; Christophers, 2011; Peacock, 2017). Political economists also emphasise the multifaceted qualities of money, including its civilisational, historical, social, technological, institutional, symbolical, mythological, identitarian, cultural and even religious significance (Attali, 2002; Gilbert, 2011; Sehgal, 2015; Sørensen, 2016). Davies (2013) clarifies that the historical evolutionary trajectory of money includes innovations like barter, commodity money,¹ cheques, central banking, representative banknotes, monetary integration, currency markets, institutional frameworks of international monetary governance, fiat money,² floating exchange rates and

¹ Commodity money is made of or backed by substances with intrinsic worth, such as precious metals.

² Fiat money is issued by a governmental central bank as legal tender. Its value is determined by market forces.

electronic payment systems, amongst others. These changes are closely connected to the behaviour of finance, understood as the system of circuits and nerve centres that enable the circulation of money flows, which has historically been linked to important societal and political issues (Gilpin, 1987, 2001). For example, Ferguson (2008) explains the role of finance in imperial pursuits, the achievement of fateful military outcomes, high politics and diplomacy, the rise of powerful political clans, the proliferation of international trade, scientific progress, technological development, the global projection of large private firms, the galvanisation of countless economic activities, the renewal of business models, illicit business operations and even economic crises. Third, telling overlaps between the mercantilist branch of international political economy and geopolitical scholarship have been identified. These include a view of the state as a Darwinian living organism, the centrality of geography for the behaviour of political and economic dynamics, the importance of strategic resource management, an inherently conflictual reading of international relations, the idea of a world order underpinned by power politics and the rejection of liberal theories (Palacio, 2015). Together, these characteristics underline the usefulness of international political economy as a source of insights that can contribute to the development of a deeper knowledge of what digital money means for contemporary statecraft on a strategic level.

The following themes represent preliminary entries to assess the contributions of political economy for a closer examination of digital currencies: one of them is international monetary affairs and the other is the transformational process known as financialisation. International reserve currencies have always exhibited a political background related to stability, consensus, diplomacy, security, hegemonic transitions, war, domination, spheres of influence and a changing balance of power (Strange, 1971; Gilpin, 1987; Bandare, 2014; Cohen 2015). The scholarly works that have scrutinised this issue argue that great powers bolster the international strength of their own currencies because a higher monetary position offers substantial strategic benefits for their national interests. This research points to the enduring superiority of the American dollar as a linchpin of American primacy (Volcker, 1978; Kirshner, 2008; Norrlof, 2014). This genre has also produced novel theoretical models like the concepts of ‘currency power’ (Cohen, 2015) and ‘currency statecraft’ (Cohen, 2019).

In a similar vein, special significance has been accorded to historical and contemporary regimes of global monetary governance, including the various iterations of the gold standard, the order emanated from the Bretton Woods and the framework of floating exchange rates based on fiat money. These systems have been underpinned by political realities, such as diplomatic consensus, policy coordination, collaboration, power relations, statecraft, the quest for influence, challenges for the preservation of national autonomy, hegemonic leadership, polarity, institutional processes, legitimacy and prestige. Scholars (Kindleberger, 1970; Gilpin, 1987 & 2001; Eichengreen, 2008; Helleiner, 2014) have explained that hegemonic powers write the rules and run the resulting systems based on their preferences. Yet, they warn that the long-term feasibility of monetary regimes requires effective political guarantees that ensure stability, confidence, collective benefits, reliable alliances and multilateral cooperation.

Furthermore, recent literature is addressing the changing global monetary order as a phenomenon influenced by markets and political forces. Hence, the likelihood of increasing

competition, potential challenges for the hegemonic position of the US dollar and the prospect of an emerging multipolar currency system are being discussed (Chey 2012; Costigan et al., 2017). There are also analytical academic studies focused on various expressions of monetary power in international relations (Kirshner, 2005), the political connotations of monetary integration (Russel, 2010) or the euro's insufficient critical mass to surpass the American dollar (Schwartz, 2014). Rickards (2011, 2014) explains that 'currency wars' are not just competitive devaluations anymore, but a full-fledged facet or adversarial power politics. Still, the dominant theme in this corpus is the internationalisation of the Chinese renminbi as a sign of Beijing's global weight (Prasad, 2017; Garic & Filipovic, 2019; Liu et al., 2019).

On the other hand, a growing body of literature examines financialisation. This phenomenon comprises the rise of global financial markets in which all sorts of assets —including currencies— are exchanged on an unprecedented scale, the worldwide circulation of capital flows, the unchecked proliferation of speculative finance and the subordination of economies to financial drivers. These trends have positioned high finance as the most structurally powerful, interconnected, ubiquitous, strategic, networked and dominant sector of the global economy (Gilpin, 2001; Clark, 2005; Hall, 2011; Christophers, 2011; Vitali et al., 2011; Van der Zwan, 2014). Financialisation has been described as a source of systemic volatility, an attribute that entails potentially disruptive political consequences (Kindleberger, 1989; Stockhammer, 2010). Furthermore, Johnson and Kwak (2011) argue that a far-reaching consequence of this trend is the increasing economic, political, social, ideological, academic and even journalistic influence of private financial entities like investment banks and hedge funds. Other authors have studied the ramifications of financialisation for financial nationalism (Lupo-Passini, 2019), socio-political tensions (Chwieroth & Walter, 2019); the reconfiguration of power dynamics (Goldstein, 2009; Jayadev et al., 2018) and challenges for governmental institutions such as central banks and national treasuries (Braga et al., 2017).

The proliferation of financial technologies (FinTech), as an offshoot of financialisation in the digital age, is attracting attention. This wave of technological innovation includes inventions like digital payment systems, online banking, crowdfunding mechanisms, lending apps, asset and investment management platforms, algorithmic risk control, cryptocurrencies and blockchain, amongst others. Key authors note that this technology-driven phenomenon is deepening worldwide financialisation, transforming the global digital economy and reorganising market structures (Brass & Hornsby, 2019; Mirchandani et al., 2020; Brown & Piroška, 2021; Langley & Leyshon, 2021). These works highlight that these inventions bring disruptive challenges. Their potential impacts include opportunities for the renewal of business models, the redistribution of power in competitive ecosystems, risk management, transparency, policymaking, governance and regulation. This incipient interest in the political economy of FinTech is also manifested in more specific studies. For instance, Gabor and Brooks (2017) argue that the FinTech revolution can act as a catalyst of much more inclusive international development. Prasad (2018) notes the foreseeable impacts of FinTech for central banking, the upgrade of monetary policy, the renovation of international financial and monetary systems, the fight against illicit transactions and the possible creation of private synthetic assets. Based on the case of China, Gruin (2019)

predicts that FinTech can be harnessed to strengthen state surveillance and enable authoritarian models of socio-political control.

The current state of the art includes a plurality of works that examine the international political economy of virtual currencies. Several authors argue that —despite their marginal origins— the ascent of cryptocurrencies in the wake of the 2008 global financial crisis is a ground-breaking chapter in the evolutionary history of money because of their unique technological properties, algorithmic governance structures, versatile potential for further innovation and disruptive attributes (Kostakis & Giotitsas, 2014; Orell & Chlupatý, 2016; Halaburda & Sarvary, 2016; Volkering, 2017; Ammous, 2018; Hassani et al., 2019). These observations are useful to distinguish the differences between cryptocurrencies and preceding forms of money. The cryptocurrency ecosystem is characterised as increasingly complex and competitive, since it involves multiple participants with heterogeneous interests (Nishibe, 2016; Hsieh et al., 2018; Grabowski, 2019). In this regard, some meaningful contributions underscore the decentralised architecture of stateless cryptocurrencies as a political feature that favours a redistribution of power through the diminishment of the role played by governments and private nerve centres that control the circuitry of fiat money (Kelly, 2015; Hütten & Thiemann, 2018). There is also an emerging analytical interest in the ongoing development of official digital currencies designed as a new form of state-backed legal tender (Prasad, 2018; Dow, 2019) and in the creation of private cryptocurrencies by large high-tech firms (Massad, 2020; Fourcade & Gordon, 2020). In a Bank of International Settlements working paper, Auer et al. (2020) portray CBDC R&D in multiple jurisdictions as a phenomenon driven mostly by an interest in the technical enhancement of macro and microeconomic efficiency. Yet, these sources fail to visualise the strategic potential applications of digital money.

More specifically, there is a body of literature that intends to identify the political subtexts and larger implications of digital coins. Recent scholarship is drawing attention to their ramifications for taxation, policymaking, regulatory oversight, the debate over the issuance of money as a traditional governmental monopoly, the reconfiguration of governance models, the redefinition of monetary sovereignty, individual privacy and the material challenges related to the sustainability of operational infrastructure networks, amongst others (Campbell-Verduyn, 2018; Fama et al., 2019; Fantacci, 2019; Limba et al., 2019). Likewise, the strong ideological undertones associated with digital currencies and the influence of such worldviews in the conformation of online communities are being scrutinised (Dodd, 2018; Brekke, 2021). Majewski (2019) and Wang (2018) hold that, since they easily transcend borders, cryptocurrencies can operate as pivotal vectors of economic, political and sociocultural forces that further complex interdependence. Other scholars (Bandare, 2014; Efremenko et al., 2018) discuss the prospect that the evolutionary proliferation digital currencies might potentially reshuffle the structure of the global monetary system and perhaps even give birth to new international reserve currencies. Buckley et. al foresee the emergence of digital monetary and financial systems with hybrid public-private governance architectures (2021). However, such incipient exploration remains largely superficial.

Newer works offer alternative perspectives worth studying. Cason (2023) purports to decode the hidden meaning of Bitcoin's underlying philosophy of political economy. According to this author,

BTC embodies the sovereign liberty of a peer-to-peer commonwealth of enlightened initiates. Based on this perspective, the BTC system represents a metaphorical borderless promised land whose architecture prevents arbitrary Schmittian exceptions or acts of tyranny committed by high-tech Hobbesian rulers. This thought-provoking interpretation also holds that, as a herald of algorithmic truthfulness and redemption, BTC challenges the illegitimate falsehoods and illusions of fiat money. Regardless of their controversial propositions, the insights of these contributions reveal that digital currencies are undergirded by inner ideological connotations which need to be deciphered in order to understand the overt and hidden intentions of their programmers. Still, the core philosophical tenets and ideological creeds behind the development of different categories of corporate or state-led virtual currencies remain largely unaddressed. Krause (2025) briefly discusses the possibility that the rollout of private dollar-backed stablecoins brings a window of opportunity to strengthen US monetary and financial hegemony and counteract BRICS de-dollarisation strategies. This author also acknowledges that more research is needed to approach the significance of corporate FinTech and digital assets for statecraft, the geopolitics of digital currency adoption strategies and the comparative study of CBDC models.

The analysis of digital money in international political economy is an unfinished work. While these emerging observations about the theoretical, innovative, economic, political, regulatory and ideological aspects of the phenomenon under scrutiny advance a better preliminary understanding, the full extent of their strategic relevance for contemporary high politics and statecraft has not been mapped.

1.4 Critical Assessment

This integrative overview shows that Neorealist scholarship is missing an opportunity to examine the strategic significance of digital currencies for statecraft in fluctuating security environments in which conventional geopolitical challenges interact with unconventional challenges. Existing literature that examines their implications of this novel phenomenon for security do not go far enough, since most of them are grounded to the 'low politics' sphere of law enforcement and criminal justice. Hence, these references ignore their potentialities and applications (both beneficial and problematic) of their instrumental grammar for the behavioural logic of contemporary high politics. General observations about the usefulness of digital currencies to evade sanctions barely scratch the surface because no further elaboration is provided. This thesis intends to remedy this deficit by identifying and explaining the strategic positions of data-driven money in contemporary power relations. The wisdom of Realist teachings can be leveraged to further a deeper and broader understanding about the interplay of cutting-edge financial technologies (such as virtual coins), power politics and statecraft.

In particular, the applications and risks of digital money for national power, interstate rivalries and hegemony remain unclear and uncharted. Despite the nonstate origin of digital currencies and their hybrid governance ecosystems, the expanding universe of these high-tech monetary units represents a fertile ground for Neorealist-based research in order to envisage the full spectrum of their engagement with the chessboard of power politics, competitive pressures, power shifts and foreign policy strategizing. This evolutionary progression would be consistent with the

theoretical evolution of Neorealist thought in the post-Cold War era and its adaptable analytical applications to approach a reality shaped by the impacts of complex interdependence, the worldwide financialisation of economies and advanced technologies brought by the Fourth Industrial Revolution.

Considering the incipient efforts made in the fields in geopolitics and international political economy in the exploration of digital money, as well as the supplementary compatibility of these academic traditions with the intellectual spirit of Realism, multidisciplinary approaches are valuable to decipher the strategic layer of virtual coins. In the scholarly orbit of geopolitics and international political economy there are some contributions which explore certain geopolitical facets and connotations of cryptocurrencies that are relevant for security. These approximations are partially enlightening, but their scope does not go far enough because they discuss digital currencies in general as a broad category, individual cryptocurrencies or even hypothetical virtual currencies.

An additional gap that must be noted is that, regarding the methodological approaches that are being used to approach these issues, existing scholarship relies on qualitative descriptive-analytical models (Ehdaee, 2024), theoretical views (Zimmer, 2017; Cason, 2023) or speculative possibilism (Gómez & Pasin, 2018). Yet, there are no comparative perspectives that can help identify important similarities and contrasts in the strategic thresholds of different data-driven designs for large-scale international circulation. This task is pertinent considering the expanding projection of stateless cryptocurrencies and the design of far-reaching virtual coins by transnational high-tech private companies and great powers. As a matter of fact, few existing works lay out the differences that distinguish these different types of virtual currencies from one another.

Another pertinent observation is that there is an overall lack of interdisciplinary scholarly works which address the involvement of cryptocurrencies in geopolitical matters that are consequential for security. Considering that unidimensional approaches lack the analytical bandwidth to examine at length the full-spectrum strategic ramifications of such a complex phenomenon (undergirded by high-tech complex interdependence and the disruptiveness of the Fourth Industrial Revolution), this gap is significant. The only relevant academic source that sheds some partial light about it (Luft & Korin, 2019) predicts that virtual currencies could act as game-changers in the ongoing great power contest to remake the international monetary system as a pillar of world order. Still, this work is focused on contemporary strategic competition in the domain of money and finance in general and digital currencies are only discussed rather tangentially. Such shortcoming underlines the importance of furthering this research direction.

Likewise, a handful of works written by knowledgeable professional experts provides interesting insights and takeaways. For instance, Rickards (2018) anticipates that the proliferation of virtual currencies is likely going to increase the complexity and intensity of global monetary competition, as the phenomenon attracts the involvement of great powers, large private companies and transnational forces. Townsend (2018) and Birch (2020) hold that, since they entail the potential to reshape the global monetary and financial landscape, the race for superiority in the field of

virtual currencies is going to be geopolitically significant. Furthermore, Gomez and Pasin (2018) offer scenarios which explore the geopolitical connotations of several hypothetical virtual currencies. Nevertheless, these works must be assessed carefully because they are not scholarly works that bring developed methodological structures, present evidence to back their claims or share their references. Therefore, a more robust academic understanding is needed.

The following table summarises the gaps that have been identified in this literature review.

Summary of Gaps		
Gap	Observations	Expected contribution
Neorealist-based scholarship is mostly absent in the discussions about the significance of virtual money for complex security environments in which conventional geopolitical challenges and unconventional threats interact.	Existing perspectives about digital currencies from a security perspective focus on 1) involvement with illicit activities, 2) the technical security of their systems and 3) the military applications of blockchain technology. Yet, the full extent of their strategic implications for high politics and statecraft remain underexplored.	This thesis relies on a Neorealist account to decipher the strategic risks and opportunities of digital currencies in the areas of national power, interstate rivalries and hegemony.
Most deliberations approach nonstate cybercurrencies. There is only a tangential and superficial understanding of other types of digital currencies.	As the universe of data-driven currencies is increasingly complex and plural, these narrow perspectives do not go far enough.	This research project considers nonstate cybercurrencies, private virtual coins developed by large corporations and governmental currencies designed by great powers.
There is a shortage of interdisciplinary contributions.	The multifaceted nature of the subject matter at hand requires interdisciplinary research efforts to advance a broader and deeper understanding. Unidimensional views do not provide comprehensive knowledge.	In order to strengthen its analytical lens, this Neorealist dissertation incorporates the contributions of geopolitical scholarship and international political economy.
Lack of comparative scholarship. Existing contributions approach cryptocurrencies in general, one particular digital currency or even hypothetical virtual coins.	Concerning methodological underpinnings, available works rely on qualitative descriptive-analytical models, theoretical readings or speculative possibilism.	This work, based on structured focused comparison as an overarching, presents three analytical case studies which exemplify different categories of digital currencies.

Source: made by the author.

Chapter 2.- Research Design

This chapter presents the fundamental underpinnings of this research project. These contents include the justification of its pertinence, its purpose, the corresponding thesis statement, a customised theoretical and conceptual framework and the detailed methodological layout that was followed, as well as intended outcomes and limitations.

2.1 Pertinence

Why does this research project matter? First, there are various historical precedents which demonstrate a strong connection between geopolitical matters and monetary affairs. As a monetary substance, silver mined in the American hemisphere underwrote the global maritime and commercial expansion of the Spanish Empire (Stein & Stein, 2000; Frankopan 2017). The pound sterling became the world's top reserve currency and London emerged as a major global financial hub thanks to the rise of «Pax Britannica» after the military defeat of Napoleonic France (Gilpin, 1987). The conformation of the Bretton Woods monetary and financial regime, with the dollar as a key linchpin of US-led alliances, solidified American hegemony during the Cold War (Steil, 2013, Zeihan, 2016). In the context of the Suez crisis, since it could not afford direct military action against a fellow NATO member, Washington successfully relied on threats of financial coercion in order to compel British forces to withdraw (Cohen, 2019; Bullough, 2022). After the implosion of the Soviet Union and the dissolution of the Warsaw Pact, the creation of the euro was partially motivated by an interest of the Franco-German axis in advancing a multipolar balance of power (Rickards, 2014; Blackwill & Harris, 2016). The need to protect the dollar's dominance in international energy markets was one of the main drivers behind the 2003 Anglo-American military invasion of Iraq (Clark, 2005). Extrapolation suggests that the proliferation of digital currencies and their growing levels of international projection could get involved in similar issues in the near future.

There are also contemporary examples that illustrate that the geopolitical undertones of monetary phenomena are strategically consequential for security. The militant terrorist group ISIS (also known as *Daesh*) intended to launch a trimetallic currency system in occupied Syrian and Iraqi territory in order to challenge both traditional Western financial paradigms and American monetary hegemony, for both pragmatic and doctrinal reasons (Mueller & Stewart, 2016; Oxnevad, 2016). Eurasian revisionist powers —such as China, Russia and Iran— are accumulating gold holdings in physical vaults because this precious metal is an asset with intrinsic value which goes beyond the direct control of Western financial circuits (Rickards, 2014). That means that, in case conflict breaks out, such reserves cannot be frozen, confiscated or subject to other measures of economic warfare. China's strategic bid to overturn the American-centric world order transits through the competitive arena of money and finance. Beijing's efforts intend to overtake the supremacy of the US dollar, regarded as a cornerstone of American strength that needs to be weakened (Zha, 2012; Cohen, 2015; Blackwill & Harris, 2016). Together, these phenomena underscore the importance of reading the geopolitical dimension of digital currencies.

Furthermore, the findings derived from this work provide a contribution for the enhancement of contemporary security studies and neoclassical geopolitical scholarship. This project highlights the importance of studying money in both fields through multidisciplinary perspectives. Moreover, they offer instructive lessons for the reassessment of national security, statecraft, foreign policy and strategic intelligence, which would be valuable for key governmental agencies of both great powers and smaller nations, such as New Zealand or Mexico. In addition, a better knowledge of these issues is helpful for entities from the private sector, especially in activities related to decision-making, strategic foresight, market intelligence, risk management, collaborative partnerships and international financial operations.

2.2 Purpose of Research

This research project seeks to clarify the strategic significance of digital currencies for statecraft under conditions of changing security environments in which traditional geopolitical and emerging challenges are converging. For this pursuit, it relies on a multidisciplinary approach that integrates analytical contributions from security, geopolitics and political economy. A qualitative comparative analysis will be undertaken to scrutinise the geopolitical implications (in terms of national power, interstate rivalries and hegemony) the various similarities and contrasts of three representative digital currencies: 1) Bitcoin, a stateless and decentralised cryptocurrency that was introduced more than fifteen years ago, 2) Libra, a transnational corporate virtual currency developed by Facebook/Meta and other American firms from Silicon Valley and 3) the e-Yuan, the central bank digital currency launched by China as a data-driven form of governmental money.

2.3 Thesis Statement

This thesis disputes the “new security agenda” view that confines data-driven coins to the low politics of law enforcement. From a Neorealist frame, it argues that cross-border digital currencies matter for high politics because, in a zero-sum anarchic environment, their operating systems, programmable protocols and FinTech infrastructures can be wielded to further relative gains, with higher operational versatility, precision and speed than analogue fiat systems. Accordingly, decentralised, corporate and state-backed digital currencies may be deployed as politico-strategic assets of statecraft in national power, interstate rivalries and hegemonic pursuits. The heterogeneous ways in which states can strategically engage the digital currency landscape are conditioned by the security necessities derived from their hierarchical positions in world order and the contrasting governance models of these currencies.

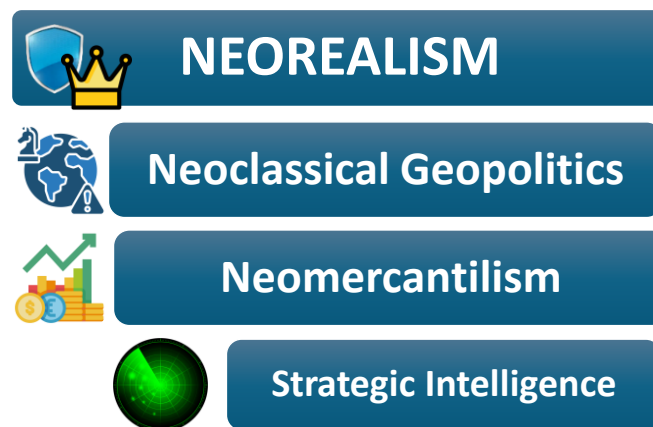
2.4 Theoretical and Conceptual Framework

As shown in the literature review, prior work foreshadows that digital currencies are likely suitable to be mobilised in the arena of power politics. However, an in-depth assessment of their strategic implications for statecraft (in terms of national power, interstate rivalries and hegemony) and comparative analyses of their implications for complex security ecosystems in which traditional and emerging challenges converge are missing. Moreover, there is still no established theoretical

tradition that discusses their far-reaching ramifications. Therefore, this work's theoretical and conceptual framework is a hybrid amalgamation that integrates various contributions which are suitable to examine at length the strategic significance of money, both historical and contemporary. Specifically, the interpretative prism of this research project represents an extrapolation of reasonings and teachings imparted by schools of thought such as Neorealism, neoclassical geopolitics and neomercantilism. Despite their different origins, these three currents share meaningful common denominators which highlight their pertinence to address the subject matter at hand. These tenets include: a) a state-centric approach; b) the conception of power politics and economic dynamics as two sides of the same coin rather than as independent from one another; c) a zero-sum strategic view of international relation and d) their place in security studies. Furthermore, the existence of overlaps encourages both compatibility and complementariness. The similarities between geopolitics and realism (Morgado, 2023), as well as between geopolitics and mercantilism (Palacio, 2013) have been noted. In addition, as observed in the literature review, evolutionary crossbreeding has produced interdisciplinary hybrids (such as geoeconomics, mercantile realism and economic statecraft) that have thrived because of their analytical usefulness to approach frontier phenomena whose complex behaviour cannot be comprehensively understood through a single traditional paradigm.

In order to supplement its deductive inferences, this theoretical framework also leans, as a fourth component, on the long-range mindset of strategic intelligence. Such a template is useful to explain the current trends and expected trajectories that drive state performance in the field of power politics under the influence of impersonal forces (Friedman, 2014; Bokhari, 2017). Envisaging these relational patterns encourages sharper analytical diagnoses and forecasts through the identification of structural constraints, situational developments, prospective risks and the threshold of potential opportunities that demarcate the margins of statecraft (Kent, 1965). These properties make strategic intelligence helpful to examine the rationales of contemporary events, but also to envisage the foreseeable behaviour of evolving phenomena.

The following figure illustrates how this research blends the interpretative reasonings and worldviews of these sub-traditions to calibrate a customised analytical prism sharp enough to decode what the complex grammar of virtual money means for 'high politics' and statecraft.



Source: made by the author.

In order to clarify the strategic coordinates of digital currencies in the realm of statecraft, national security and *Realpolitik*, the explanatory arsenal of this dissertation relies on the realist concepts of national power, interstate rivalries and hegemony. These concepts are useful to study why and how the evolving proliferation of digital currencies matters for high politics. For this research, these concepts are understood in accordance with how their contents relate to the sphere of money and finance, rather than based on their conventional definitions alone. These concepts are the basis of the analytical categories that will be used to examine the corresponding currencies selected as units of analysis for the case studies. The following explanations combine the existing theoretical and analytical contributions of authors that have explored the geopolitics of traditional currencies and their strategic significance for security and statecraft (Kirshner, 2003; Rickards, 2011; Cohen, 2019; Luft & Korin, 2019).

- **National power:** In the practice of statecraft, hard currencies with a large-scale degree of international circulation can be harnessed as instrumental sources of strength. As strategic assets, they can be employed in pragmatic purposes related to the expansion of spheres of influence, diplomatic leverage, the conformation of alliances, influence in strategic markets and the overall pursuit of self-interests. Likewise, currencies are also carriers of reputational prestige, ideological contents, identitarian symbols and ‘soft power’, attributes that confer influence. Hence, strong currencies bolster national power and, in turn, the national power of a state supports the projection of a currency.
- **Interstate rivalries:** In contexts of geoeconomic conflicts, asymmetric confrontations, strategic competition and even war, currencies can act as weaponised instruments of coercion or disruption, enablers of military expenditures, protective shields from external aggression or centres of gravity that must be either defended or targeted according to the circumstances. In a nutshell, they can play various pivotal roles in the battlespaces of economic and financial warfare.
- **Hegemony:** The evolution of the international monetary order is related to hegemonic processes, the structure of polarity and the global balance of power. Dominant reserve currencies are issued and supported by hegemonic great powers. These states try to preserve their hierarchical position because it offers far-reaching geopolitical, strategic and economic benefits. In contrast, revisionist great powers try to remake the relative distribution of polarity in order to get ahead. Thus, an internationally competitive currency could act as vector of a grand strategy conceived to hasten a hegemonic transition. There is a strong correlation between the rise and fall of hegemonic configurations and the rearrangement of global monetary and financial systems.

These conceptual explanations will be helpful for tailoring the components of this project’s methodological blueprint for several reasons: 1) they will be referenced in the formulation of the questions found in the overarching framework of structured focused comparison, 2) they will be used to develop the comprehensive in-depth explanations that will answer said questions and 3)

they will be utilised in the creation of the categorical markers that will operate as the axial codes which will facilitate the organisation of contents. Their overall usefulness for this research responds to a couple of reasons. Since they are helpful to envisage the geopolitical ramifications of traditional hard currencies, they are appropriate to examine the geopolitics of digital currencies intended for international circulation and to grasp their strategic implications for contemporary statecraft. The logic of the three concepts reflects the nature of a context shaped by the revitalisation, and increasing complexity, of geopolitical dynamics and the growing importance of monetary and financial matters for security.

Together, these conceptions provide a solid groundwork to undertake three case studies, each of which will analyse a representative digital currency. Said endeavour that requires a common framework to identify similarities and contrasts for comparative purposes. Furthermore, these theoretical assumptions are consistent with both historical experience and recent trends. They are also aligned with the spirit of paradigms such as neorealism, neoclassical geopolitics and neomercantilism. Such models, it must be noted, share similar premises about the symbiotic connection between the economic sphere of wealth, markets and money and the political sphere of power, statesmanship, control and confrontation.

2.5 Methodological Plan

2.5.1 Research Questions

This project addresses the following overarching question:

- What is the strategic significance of digital currencies for high politics and statecraft in the context of shifting security environments in which resurgent geopolitical tensions and emerging threats are increasingly interwoven?

This work also intends to clarify the following secondary questions, which seek to assess whether Bitcoin, Libra and the e-Yuan have similar or substantially different politico-strategic implications:

- What are the implications of these currencies for national power?
- What are the roles that these currencies might play in interstate rivalries?
- Can these currencies influence the evolving trajectory of global hegemony and the distribution of polarity?

2.5.2 Case Selection

This project will examine —through a **comparative analysis**— **three digital currencies** that have been chosen because they represent the three types of digital currencies in existence: nonstate, corporate and state-backed. The common denominator they share is that they are purely virtual forms of money suitable for a large-scale international circulation. Nevertheless, there are also distinctive contrasts in terms of control and governance structures:

1. Bitcoin (BTC) is a stateless cryptocurrency that was created more than fifteen years ago. Although its origins are unclear, it has achieved a substantive transnational presence. The decentralised architecture of the BTC network challenges the financial circuits run by both governmental and corporate nerve centres.
2. Libra was a supranational corporate virtual currency project developed by Facebook/Meta and other high-tech American companies from Silicon Valley. Despite Libra's short lifespan and ultimate cancellation, it is still worth studying because it represents the most ambitious private currency initiative to date.
3. The digital yuan (also known as e-Yuan, e-CNY or e-RMB) is a central bank digital currency released by China as a new form of state-backed legal tender. The profile of this 'govcoin' is highlighted by the strategic, political and economic position of China as a great power.

Considering their profiles, it is expected that the comparative scrutiny of the three digital currencies will uncover meaningful, albeit contrasting, strategic connotations for high politics, statecraft and security (in terms of national power, rivalries and hegemony). The backgrounds of these currencies will be discussed further in the following chapter.

2.5.3 Methodological Tools

The methodological structure of this research has three major components: 1) structured focused comparison as an overarching approach to undertake case studies, 2) qualitative content analysis as an interpretative prism to formulate explicative narratives and 3) axial coding as a supplemental technique. The following contents explain their nature, usefulness and pertinence for this project.

2.5.3.1 Structured Focused Comparison

The qualitative method of “structured focused comparison” (SFC) entails the formulation of a set of specific standardised questions —aligned with the research objective(s), the corresponding hypothesis and/or underlying theoretical assumptions— that must be answered in each case study in a systematised manner (George & Bennet, 2005). As a method suitable for cross-case comparison, it is helpful to examine particular facets of the phenomenon under scrutiny that are deemed relevant for the corresponding research agenda (Jankauskas et al., 2023). The purpose of this technique is to strengthen the scientific rigour of comparative case studies through the identification of targeted variables of interest. The method seeks to offer comprehensive explanations and address complexities in each case through a shared transversal framework (George & Bennet, 2005). Hence, the same analytical categories, calibrated in accordance with theoretical reasonings, are present in each case (Drozdova & Gaubatz, 2014). The questions provide a coherent framework that guides the process of data collection. Detective work has to be performed to formulate explanations that answer each question (George & Bennet, 2005).

According to Kachuyevski and Samuel (2018), its operationalisation comprises three steps:

1. Research design involves the identification of objectives, the existence of gaps still uncovered in literature, analytical variables and key unanswered questions, as well as the targeted selection of cases based on units of analysis which share some substantial common denominators. The precise elements that will be used for comparison (conditions, implications, attributes, behaviours, decisions, etc.) need to be specified too.
2. The implementation of the actual in-depth case studies in accordance with the previously established parameters and through the applicable analytical filters.
3. Once the case studies are complete, the final step is the explicit presentation of the similarities and contrasts that have been discovered. The resulting findings can lead to the formulation of new questions for future research, the optimisation of policymaking and the upgrade of existing theoretical models.

Notably, this method was originally created to study foreign policy issues that are reminiscent of historical precedents or similar situations, but without reducing their complexity to broad generalisations or analogies based on a single case. According to George and Bennet (2005), structured focused comparison has been used to examine phenomena like deterrence, coercive diplomacy, crisis management, the conformation of alliances, war termination and arms control treaties, amongst others. Concerning examples, it has been employed to study matters that are consequential for security such as war initiation criteria (Rodman, 1997); containment strategies towards transnational nonstate actors (Aran, 2012); war termination decisions (Scott, 2014); NGO insecurity in conflict zones (Mitchell, 2016) and Russian grey zone tactics in the post-Soviet space (Pezard et al., 2020). Furthermore, the insights derived from the in-depth case studies carried out through this method provide instructive lessons for both scholars and policymakers (Kachuyevski & Samuel, 2018).

2.3.3.2 Axial Coding

Axial coding is understood as the creation of categorical markers, inspired by the corresponding research questions and aligned with the intellectual orientation of the research. The aim is to systematically classify the contents being scrutinised in accordance with core themes (Crang, 2003; Cope, 2020). These qualitative categories are tailored so that certain properties of a determined phenomenon can be highlighted, including conditions, interactional patterns, implications and consequences, depending on the questions that need to be answered. Thus, they can help develop a deeper understanding of the nature of an issue, why it happens, if it takes place at all, how its behaviour unfolds, under what circumstances it occurs and its effects (Saldaña, 2009).

Therefore, axial coding is instrumental to organise materials and segments of them in accordance with the topic(s) they refer to and also to establish a strong connection between interpretative

frameworks and the data. As a result, a crucial advantage of this technique is that it is suitable for comparative research (Williams & Moser, 2019).

2.3.3.3 Qualitative Content Analysis

Qualitative content analysis (QCA) is a method used to decipher the themes and meanings of information found in textual source materials in accordance with the reasonings of a given theoretical frame (Kohlbacher, 2006). According to Hernández et al. (2010), this technique is useful to interpret data, make sense of the phenomenon under scrutiny, structure explicative narratives, detect underlying behavioural patterns and advance an in-depth understanding of contextual circumstances. The same authors explain that, considering its constantly reflexive nature, qualitative content analysis is, rather than a step-by-step predetermined recipe, more like a puzzle or a spiral because the researcher builds and refines his own narrative case based on what is discovered. Considering its applications for research focused on statecraft, geopolitics, strategic studies and security (Sasikumar, 2019; Hyatt, 2024; Pennisi & Chen, 2024; Soriano; 2025), this technique offers the following advantages for this project: a) suitability to develop an eclectic perspective that integrates various contributions; b) it can be guided by the compass of an existing research matrix and c) its approach is apt to process and integrate information and records found in both primary and secondary sources.

In addition, an aspect of this method that must be noted is that the analytical inferences put forward by scholars aligned with other theoretical dispositions may yield different observations (Kirppendorff, 2004). Yet, these alternative possibilities are neither superior nor inferior. This is merely a reflection of different viewpoints (Hernández et al., 2010). For example, in the case of this thesis, liberal or Marxist thinkers —as opposed to Realist scholars— will likely come up with different accounts. Whereas research purposefully relies on Neorealism to clarify the politico-strategic potentialities of digital currencies for statecraft, a liberal thesis would be useful to explore the prospects of international cooperative governance or institutional multilateral regulations in the same field. Alternatively, a Marxist view may be inclined to approach the revolutionary aspects of cryptocurrencies for class struggle and the dialectics of high-tech capitalism in the digital age.

2.5.4 Methodological Strategy

The methodological strategy of the detective work that is needed for the implementation of this project proceeded as follows:

1. As the overarching methodological cornerstone of this project, the frame of **structured focused comparison** contains three questions —anchored to the concepts employed to examine at length the strategic implications of virtual currencies for security in the domain of high politics— that have to be answered in each of the three case studies.

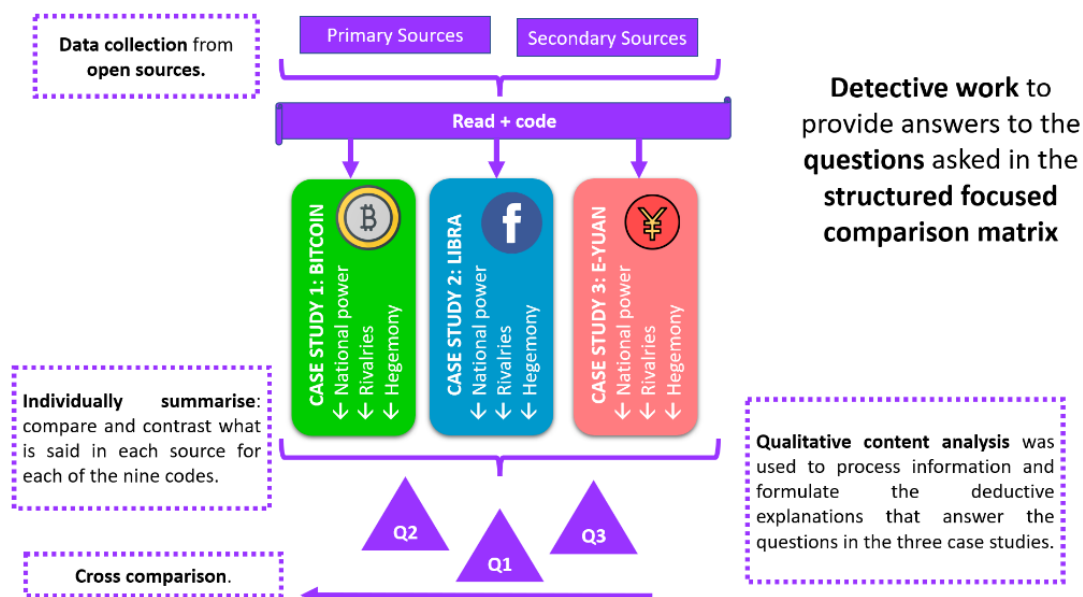
The establishment of the corresponding operational criteria or indicators draws on theoretical and analytical contributions that have studied the connection between statecraft and money, both historical and contemporary, from a perspective aligned with the intellectual spirit of Neorealism. Specifically, these propositions integrate the multidisciplinary works of authors such as Cohen (2015, 2019), Drezner (2010), Gilpin (1987, 2001), Kindleberger (1970), Kirshner (2003, 2018), Lopez (1951), Rickards (2012, 2017), Steil (2013), Strange (1971) and Zarate (2015).

Structured focused comparison matrix				
Research Question	Axial code	Case 1: Bitcoin	Case 2: Libra	Case 3: e-Yuan
Q1. What are the implications of these currencies for national power? Operational criteria: these discussions assess whether and how each currency can be harnessed as a strategic asset of statecraft or source of network power to pursue national self-interests. It considers instrumental applications to enhance security, increase wealth, develop leverage, reinforce sovereignty, project influence, underpin alliances, improve geostrategic positioning or boost prestige ("soft power").	National power	To be answered	To be answered	To be answered
Q2. What is the role that each digital currency might play in interstate rivalries? Operational criteria: these discussions assess the role(s) that each currency might play under conditions of interstate rivalries, strategic competition, traditional conflicts and the battlespaces of economic warfare. They study whether they can be used as a weaponised tool of coercion, enabler of military expenditures, protective shield from external aggression, centre of gravity that must be either defended or targeted. They elucidate the extent of their pragmatic versatility in confrontational contexts	Interstate rivalries	To be answered	To be answered	To be answered
Q3. How can these currencies influence the evolving trajectory of global hegemony and the distribution of polarity? These discussions assess the influence that each currency might have on the evolution of the global monetary and financial order or the structural distribution of polarity within the international system. They consider their potential for major reserve currency status, the possibility that they can be instrumentalised as vectors of grand strategy to alter the global balance of power or other ways in which they could hasten, herald or facilitate a hegemonic transition.	Hegemony	To be answered	To be answered	To be answered

Source: made by the author.

2. As seen in the table shown above and based on this work's key concepts, each question is associated with an axial code. The technique of axial coding guided the collection of sources, the refinement of search parameters and the catalogued classification of substantive contents whose themes offered insights, explanations, interpretations, forecasts, information and raw data related to the strategic significance of each currency in terms of national power, rivalries and hegemony. This tool was not used to draw observations, but to facilitate the systematic and orderly organisation of contents. This task was useful to gather and data-mine inputs for the subsequent analytical steps.
3. To answer the research questions, a deductive qualitative content analysis was performed to examine the contents that were previously coded for the development of arguments and supporting explanations. For this task, both the assessment of strategic forecasts and the forensic scrutiny of empirical events were considered. The corresponding analytical inferences were influenced by the teachings of a) neorealism; b) neoclassical geopolitical and c) the neomercantilist branch of political economy about the connection between money and statecraft, as well as by the view of strategic intelligence. This processing was employed to build the analytical narratives of the three case studies.
4. In accordance with the rules of structured focused comparison, after the completion of the three analytical case studies, the main findings—including contrasts and similarities, as well as strategic takeaways—are presented and discussed in the conclusions to highlight the comparative contribution of this work. Lessons for policymaking and recommendations for further research were added to this section.

The sequential process of detective work that was implemented in order to answer the questions asked in the structured focused comparison can be graphically illustrated as follows:



Source: made by author.

Finally, it must be emphasised that the character of this work is overwhelmingly qualitative. Yet, considering that quantitative information is useful to characterise and contextualise certain key aspects of monetary phenomena, illustrative numerical data is presented where appropriate. These include factors like the behaviour of exchange rates, volume of transactions, magnitude of international presence, actual or potential size of userbase, amount of energy that is needed to power cryptocurrency infrastructures and so on.

2.5.5 Data Collection

This research work relied on open sources, both primary and secondary from 2009 (the year when Bitcoin was invented) to 2025, to gather the raw data that were employed as inputs for further analytical processing. The advantages of these sources of information include their availability, access, volume, richness, affordability and minimal levels of risk and intrusiveness. Another benefit is that they are constantly being produced. Therefore, this research relies on source materials that fall under the umbrellas of security, geopolitics and international political economy. These sources were collected through a Boolean model of information retrieval based on keywords as parameters in Massey University's digital library, *Google Scholar*, conventional search engines and online platforms that sell books. The following table specifies the permutations that were used to carry out this search process:

Keywords	Boolean operator	Pool of associated search terms
Bitcoin / BTC / cryptocurrency	AND →	• Attack • Complex interdependence • Conflict • Covert • Defence • Foreign policy • Espionage • Geoeconomics • Geopolitics • Grand strategy • Great power • Hegemony • Intelligence • International security • Multipolarity. • National interest • National power • National security • National sovereignty • Network power • Power • Power politics • Realpolitik • Reserve Currency • Rivalry • Statecraft • "Soft power" • Threat • War • Warfare • Weaponisation
Libra / Diem / Facebook / Libra Association / Stablecoin	AND →	
e-Yuan / Digital yuan / e-RMB / Digital renminbi / Central Bank Digital Currency / CBDC	AND →	

Source: made by the author.

As much as possible, an effort was made to gather and engage sources that share the views of those involved as protagonists in the stories of each currency. Based on the teachings of experts, both Western (Walt, 2023) and non-Western (Shushentsov, 2023), this sense of strategic empathy is needed as a cognitive ingredient of statesmanship, intelligence tradecraft and policymaking to grasp —from an unjudgmental perspective— the logic, rationales, self-interests and expectations that guide the behaviour of agents based on their own referential frameworks. For instance, the chapter on Libra presents the views of corporate executives that participated directly in the development of this currency, such as Mark Zuckerberg (Facebook/Meta CEO), David Marcus (Head of Calibra) and Morgan Beller (conceptual co-creator of Libra and project General Manager), as well as what senior government officials or entities (President Donald Trump, Fed Chairman Jerome Powell, Treasury Secretary Steve Mnuchin, the American Congress, the French Senate, French Finance Minister Bruno LeMaire) of countries relevant for this particular case study had to say about it. Contexts were also considered. For example, the chapter on the e-CNY included as many Chinese perspectives as possible, both official and unofficial. In order to advance balanced and non-partisan accounts, the importance of nuances is taken into account as well. The same chapter also discusses the concerns of the US and other Five Eyes states to the international rollout of the e-CNY because of its condition as a CBDC launched by a state seen as a strategic adversary. In turn, the chapter on BTC shows that, whereas two great powers (the United States and Russia) are leveraging the strategic benefits of this cryptocurrency in creative ways, another (China) is rather concerned about its problematic and harmful implications. These contrasts indicate that the, far from a universal source of convenient applications, the digital currency space also brings risks.

In this case, **primary sources** were consulted because they were helpful to clarify the official positions of institutional agencies (either governmental or private), the perspectives of insiders and the experience of on-the-ground observers. These included governmental documents, official reports, white papers, institutional statements, statements made by participants, media contents that reproduce first-hand perspectives, social media posts of leading protagonists and books written by insiders. Of all 416 sources that were used for the development of the three analytical chapters, 104 (25%) of them can be classified as primary.

In addition, **secondary sources** —from the fields of security studies, geopolitics and political economy— offered valuable insights, strategic takeaways, interpretations, explanations, forecasts and data. Such ingredients were necessary order to compare, contrast and integrate information in order to achieve an in-depth multidisciplinary understanding. These included academic literature (scholarly books, papers, theses); think tank and consulting reports; magazine and newspaper articles; expert commentary; contents published by specialised analytical platforms; podcasts and informational websites. Of all 416 sources that were used for the development of the three analytical chapters, 312 (75%) of them can be classified as secondary.

Nature	Category	Examples
Primary Sources	Governmental documents	Sénat (2019). <i>Raport fait au nom de la Commission d'Enquête sur la Souveraineté Numérique</i> .
	Official reports	United Nations Security Council (2019). <i>Report of the Panel of Experts established pursuant to resolution 1874 (2009)</i> .
	White papers	Libra Association (2019). <i>An Introduction to Libra</i> (White Paper).
	Institutional statements	National People's Congress (2021, March 12). Outline of the People's Republic of China 14 th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035. https://tinyurl.com/3rpedb6t .
	Statements made by direct participants	Bukele, N. (2021, June 21). <i>Why El Salvador Made Bitcoin Legal Tender with President Nayib Bukele</i> [Interview]. What Bitcoin Did. https://tinyurl.com/3jhae9wm .
	Media contents that reproduce first-hand perspectives	Murphy, H. & Stacey, K. (2022, March 10). <i>Facebook Libra: The Inside Story of How the Company's Cryptocurrency Died</i> . Financial Times. https://tinyurl.com/24h8xs2a .
	Social media posts	LeMaire, B. [@BrunoLeMaire] (2019, September 12). <i>Avec le projet #Libra, la souveraineté monétaire des États est en jeu. Dans ces conditions, nous ne pouvons pas autoriser le développement de Libra sur le sol européen #OECDBlockchain #Blockchain</i> [Post] X. https://tinyurl.com/mhzzxwhx .
	Books written by insiders	Zarate, J. (2015). <i>Treasury's War: The Unleashing of a New Era of Financial Warfare</i> . PublicAffairs.
	Op-eds written by protagonists	Zuckerberg, M. (2018, September 04). <i>Protecting democracy is an arms race. Here's how Facebook can help</i> . The Washington Post. https://tinyurl.com/3cbzypcw .
Secondary Sources	Academic books	Diesen, G. (2021). <i>Great Power Politics in the Fourth Industrial Revolution: The Geoeconomics of Technological Sovereignty</i> . I.B. Tauris.
	Scholarly papers	Slawotsky, J. (2022). Digital Currencies and Great Power Rivalries. <i>Asia Pacific Law Review</i> , 30 (2), 242-264.
	Thesis	Lowery, J. (2023). <i>Softwar: A Novel Theory on Power Projection and the National Strategic Significance of Bitcoin</i> (Thesis). Massachusetts Institute of Technology.
	Think tank reports	Pines, M. (2022). <i>Bitcoin and U.S. National Security: An Assessment of Bitcoin as a Strategic Opportunity for the United States</i> . Bitcoin Policy Institute.
	Magazine and newspaper articles	Chen, J. (2021, September 11). <i>E-CNY trials progress, create big confidence</i> . China Daily. https://tinyurl.com/tcxttc6d .
	Commentary	Ferguson, N. (2021, April 04). <i>Don't Let China Mint the Money of the Future</i> . Bloomberg. https://tinyurl.com/3kubcrys .
	Contents published by specialised analytical platforms	Roa, C. (2019, June 22). <i>What is Facebook's Cryptocurrency and Why Does It Matter?</i> The National Interest. https://tinyurl.com/mr4xf9zk .
	Podcasts	Mansted, K., Zappone, C. & Thomas, E. (2019, September 03). <i>National Security Podcast extra: The Geopolitics of Crypto-currencies</i> . [Audio podcast]. https://tinyurl.com/3mzxk9dm .
	Informational websites	Atlantic Council. (2024). <i>Central Bank Digital Currency Tracker</i> . https://tinyurl.com/m42mhesr .

Source: made by the author.

2.6 Intended Outcomes and Limitations

This project seeks to: 1) clarify the strategic potential of digital currencies for contemporary statecraft in security environments in which resurgent geopolitical tensions and emerging threats interact; 2) map their instrumental applications and risks for national power, interstate rivalries and hegemony; 3) further the frontiers of Neorealist scholarship in the context of complex interdependence, the so-called “information age” and the Fourth Industrial Revolution; 4) highlight the relevance of virtual money for high politics based on the integrative assessment of both hypothetical predictions made through strategic foresight and the forensic scrutiny of empirical examples; 5) set a precedent to track how these trends evolve in the coming decades and 6) draw lessons for the study of other data-driven coins from a similar perspective.

Likewise, the following limitations must be acknowledged. The resulting insights of this research are not necessarily valid for all virtual currencies. This project does not intend to cover the experience of all states with all digital currencies. Since the emphasis of this work is on qualitative analytical and strategic interpretations, it does not intend to perform statistical or econometric tests. Finally, this thesis does not purport to discuss the detailed technical aspects of the digital currencies under scrutiny any more than a study about the gold standard does not address the particular physical and chemical properties of the precious yellow metal.

Chapter 3.- Contextual Background

This chapter presents contextual considerations that are needed to understand the nature and backdrop of the subject matter at hand. These contents explain the rise and expanding proliferation of digital money, known and unknown security implications of virtual currencies, the resurgence of systemic geopolitical tensions and the profiles of the digital coins that were chosen as units of analysis for this comparative research.

3.1 Rise and Proliferation of Digital Money

The idea of digital money is not completely new. There are noteworthy precedents that need to be taken into account to understand the origin of digital currencies. First, in the early 1980's, American cryptographer David Chaum came up with the theoretical idea of engineering virtual tokens which could be used to carry out untraceable payments (Baron et al., 2015). Later, the first detailed technical blueprint to develop purely virtual monetary units, conceived as “electronic cash” apt for untraceable payments whose anonymous systems would be protected by cryptographic keys, was written by analysts working for the US National Security Agency (Law et al., 1996).

As a Bank of International Settlements report notes, in an age of deepening worldwide digitalisation and financialisation, cryptocurrencies have risen from obscurity to growing levels of mainstream acceptance in the public and private sectors (Illes et al., 2025). As a product of the “information age”, these data-driven currencies represent the latest chapter in the evolutionary history of money. They are virtual items created to perform the roles associated with money: medium of exchange, unit of account and store of value. Access to their systems is granted through cryptographic keys and their technological engine is the algorithmic recordkeeping system known as blockchain, one of the key inventions of the so-called “Fourth Industrial Revolution”. In hindsight, the creation of Bitcoin in the wake of the 2008 global financial crisis was a “big bang” that triggered the proliferation of similar derivatives with minor variations (Kelly, 2015). Moreover, virtual currencies with cross-border networks and a substantial potential for international circulation are apt to perform as FinTech vectors of complex interdependence (Bonga & Khalique, 2025).

The digital currency space is undergoing rapid divergent evolution. Since the creation of Bitcoin as a precursor, new generations of digital currencies with distinct qualitative architectures have appeared. Today, the expanding universe of virtual money is increasingly plural, as it now includes ‘stablecoins’ launched by private companies and central bank digital currencies designed as a high-tech upgrade of state-backed legal tender. Concerning the proportions of this phenomenon, there are over 17,000 existing stateless cryptocurrencies already in circulation (Powell, 2025). This range is inhabited by ‘altcoins’ such as Ethereum, Monero, Ripple and even ‘memecoins’ created as online practical jokes with little intrinsic or utilitarian value (Towns, 2025). Regarding the volume of worldwide usage, 562 million people, equivalent to 6.8% of the global population, own cryptocurrencies (Kemmerer, 2025). Concerning corporate stablecoins created as virtual money

run by private firms, specialised estimates indicate that there are between 180 and 190 of these units, including Tether, PayPal USD and Binance USD (Barchat, 2025). These coins are different from cryptocurrencies for a couple of reasons: they are under the centralised and permissioned control of business entities and their value is pegged to conventional hard assets such as official fiat currencies, decentralised cryptocurrencies and even commodities (Bruce et al., 2025). Although major companies like Blackrock, Deutsche Bank, JPMorgan, Mastercard, Mitsubishi UFJ, Mizuho, Sumitomo Mitsui and Visa are making exploratory inroads in the stablecoin landscape for targeted applications (Khan, 2025), the ill-fated Facebook/Meta-led Libra project remains the most ambitious stablecoin plan ever conceived (Ferreira, 2021). Also known as “govcoins”, CBDCs represent the expected full-fledged governmental appropriation of e-money (The Economist, 2021). Notably, 137 states and currency unions are exploring their own official versions of digital money, the most advanced of which is the Chinese e-CNY (Atlantic Council, 2025). As further R&D and the formulation of conceptual models continue, plurality is likely to bring even more exotic theoretical possibilities worth experimenting with. For example, Gomez and Pasin (2018) have entertained the prospects of multilateral digital currencies launched by groups such as the BRICS forum, the areas of the post-Soviet space under the fulcrum of the so-called “Russian world”, the community of Turkic states and the ALBA “Bolivarian” partnership of Latin American states with left-wing anti-American governments.

Since this innovation entails a substantial transformative potential in terms of business models, banking, financial services, trade, markets, regulation and policymaking, the global phenomenon has attracted the attention of statesmen, corporate leaders and experts. There are several examples that illustrate this growing interest. Back in 2021, El Salvador became the first state to accept Bitcoin, an unofficial decentralised cryptocurrency, as legal tender (Lindner, 2021). During his first mandate, US President Donald Trump (2021) stated that the growth of cryptocurrencies is a “very dangerous thing” because it could provoke “an explosion someday like the likes of which we’ve never seen”, which would “make the big tech explosion look like baby stuff”. In his second Administration, President Trump changed his mind and promised to make America “the Bitcoin superpower and the crypto capital of the planet” (The White House, 2025). Russian President Vladimir Putin (2024) stated that, since crypto-assets are new financial technologies that cannot be banned by anybody, “no matter what happens to the dollar, these tools will develop one way or the other because everyone will strive to reduce costs and increase reliability”. Members of the BRICS forum—which includes Brazil, Russia, India, China and South Africa, amongst others—are discussing the possibility of launching their shared multilateral digital coin in order to the further de-dollarisation of international financial and monetary infrastructure and to hasten a more polycentric world order (Zongyuan & Papa, 2022). Former US Secretary of State Hillary Clinton (2021) holds that cryptocurrencies need to be better understood because they have “the potential for undermining currencies, for undermining the role of the dollar as the reserve currency, for destabilising nations, perhaps starting with small ones, but going much larger”. Elon Musk (2021), tech billionaire and a strong cryptocurrency advocate, thinks that they are an “unstoppable financial vehicle that is going to take over the world”. Bill Gates (2017) has said that cryptocurrencies are “a technical tour de force, but that’s an area where governments are gonna maintain a dominant role”. Whistleblower Edward Snowden (2024) has characterised Bitcoin as “the most significant monetary advance since the creation of coinage”. Nassim Nicholas Taleb

(2012) believes that “Bitcoin is the beginning of something great: a currency without a government, something necessary and imperative”. Under the umbrella of a discussion organised by a blockchain analytics firm, Eitan Danon and Matthew Pines (2025) claim that ignoring the political and strategic layers of cryptocurrencies is akin to “strategic malpractice”.

3.2 Known and Unknown Implications for Security

As a high-tech form of money created in the digital age, what is the ultimate relevance of digital currencies for security? The analytical discussions that have addressed this question offer answers that focus mostly on implications derived from their disruptive technical properties. These deliberations have approached their role as facilitators of the illicit activities of nonstate actors, the security of their own platforms and their potential applications for defence, security and intelligence. For example, a report prepared by the RAND Corporation states that unofficial cryptocurrencies could be designed and launched for subversive purposes by insurgent, terrorist or separatist forces to advance their own political agendas (Baron et al., 2015). In the Wall Street Journal’s CEO Summit, former CIA Director William Burns (2021) specified that the agency is running projects focused on cryptocurrencies and assessing their far-reaching ramifications, but he did not elaborate further.

However, the strategic layer of cryptocurrencies in the context of shifting security environments in the post-Cold War era, in which geopolitical challenges and emerging threats converge, is not comprehensively understood. Yet, there are incipient signs that this issue requires a higher degree of situational awareness. Think tanks like the Belfer Center for Science and International Affairs (2020) and Policy Exchange (2020) foresee that digital currencies might play a role in the increasing global strategic rivalry between China and Western powers. British historian Niall Ferguson (2021) goes even further. He anticipates that China’s digital currency project entails the critical mass to reshape the global monetary order, overthrow the dollar’s dominant position as the world’s top reserve currency, shield its economy from the transnational influence of American big tech and upend Western control over the world’s financial circuits. These perspectives intuit that digital money is apt to be mobilised in the domain of power politics but, as noted in the literature review, the full scale of their instrumental applications for statecraft remains largely uncharted.

3.3 Resurgence of Geopolitical Tensions

The rise of globalisation encouraged overoptimistic expectations of unprecedented peace, prosperity and institutionalised cooperative governance. However, the so-called “end of history” (Fukuyama, 2006) has not come to fruition. Instead, the international system is undergoing the resurgence and intensification of geopolitical tensions involving great powers and even some smaller states. This trend is visibly reflected in the recent outbreak of interstate military conflicts in the post-Soviet space, the Greater Middle East and the Indian subcontinent. Meanwhile, although no major conflict has erupted in Asia Pacific, the region is a major front of great power strategic competition. From a long-range perspective, such turn of events is hardly surprising.

However, a new element of existing and foreseeable ongoing rivalries is that there are multiple, and increasingly complex, arenas of strategic competition, such as trade, advanced technologies, cyberspace, outer space, energy, migratory flows and the control of transnational infrastructure networks. In these unconventional chessboards, clashing interests fight over the control of the nerve centres, systems and platforms that undergird transnational interconnectedness (De La Bruyere, 2021). Under such conditions, threats are associated not just with the possibility of kinetic destruction or nuclear incineration, but also with the prospects of disruption, subjugation, conquest or the asymmetric weaponisation of complex interdependence. In fact, the European Council on Foreign Relations (2016) estimates that these domains represent the fateful battlespaces in which the “connectivity wars” of the coming decades will be fought. Such realities highlight the importance of furthering the analytical frontiers of contemporary security studies.

The sphere of money and finance has become one of the key epicentres of strategic confrontation that have flourished in the post-Cold War era. Whereas the US is trying to preserve the superiority of the American dollar and its uncontested control of international financial nodes, Washington’s rivals —notably China, Russia and, to a lesser extent, Iran— are trying to diminish those sources of superior strength in order to advance a more multipolar balance of power, and maybe even attempt to remake the global order (Luft & Korin, 2019). Accordingly, this raises the question of whether intense monetary competition, a trend whose behaviour is likely to be influenced by the growing proliferation of digital currencies, now belongs to the strategic domain of ‘high politics’ and statecraft.

3.4 Profiles of Digital Currencies Chosen for Case Studies

This section introduces the profiles of the three different currencies that have been chosen as units of analysis for cross-case comparison. Since not all digital coins are created equal, these units have been selected based on two criteria. First, their architectural designs are politically, economically and technically suitable for a large-scale international functionality. This attribute means that they have a strong potential to operate as dynamic vehicles of complex interdependence. This consideration discards unscalable virtual currencies or cryptocurrencies created for entertainment purposes or marginal niches. Second, each exemplifies different existing categories of digital currencies. Bitcoin is the most emblematic, successful and known nonstate cryptocurrency. Libra, developed by a corporate group of major high-tech companies in charge of overlapping transnational social media ecosystems, was the most far-reaching private virtual currency blueprint ever conceived. The digital yuan (e-CNY) is an experimental governmental digital currency created by a great power whose weight is felt in international economic, commercial, financial and monetary affairs. To this date, the e-CNY is also the most advanced and ambitious CBDC pilot. This analysis intentionally excludes regional multilateral digital coins. While their existence is theoretically feasible, known projects have yet to transcend an early embryonic stage (like the digital euro) or because there are no operational plans to develop real-world prototypes or proof-of-concept tests. Therefore, this section unpacks the backgrounds of these currencies. In particular, the following contents cover their origins, the contexts of their creation, the contrasting geometries of their governance models, key economic,

general characteristics and their larger significance for the historical evolution of money in the so-called “information age”. The purpose is to emphasise the factors that determine their singularity.

3.4.1 Bitcoin as a Nonstate Decentralised Cryptocurrency

The story of Bitcoin’s origin remains mysterious. This invention was masterminded by somebody called Satoshi Nakamoto. Rather than a real identity, such name is likely an alias assumed by an individual or a group that wishes to remain anonymous for unknown reasons (Rickards, 2018). Originally launched in the wake of the 2008 global financial crisis, BTC emerged in a context shaped by growing public debates about the legitimacy of fiat money, the soundness of policies like quantitative easing, the accumulation of debts and the unchecked market power of high finance. Perhaps the most distinctive feature of this cybercurrency is that its governance structure is defined by a decentralised architecture controlled by mathematical programming rather than by the decisions of institutional nerve centres. Hence, Bitcoin reflects both the ideological principles of libertarianism and a pessimistic worldview in which systemic reliance on the algorithmic legitimacy of high-tech replaces the collective need for mutual trust. Unlike fiat money —issued by an official authority responsible for monetary policies— Bitcoin is a stateless monetary unit which circulates through the networks its digital community. In theory, this acephalous structural design indicates that BTC was originally conceived as a politically neutral currency that is not under the unilateral institutional control of any sovereign polity. The uniqueness of this virtual currency is highlighted by other factors. Access to its interfaces is protected by cryptographic keys. The engine of this FinTech innovation is the automatic bookkeeping system known as blockchain. BTC also comes with an integrated financial grid through which transactions can be undertaken in a pseudonymous way that obscures the identities of those involved. This cybercurrency is suitable for borderless operations because the span of its circuitry transcends national jurisdictions and bypasses the chokepoints held by traditional financial entities (Maurer, et al., 2013; Extance, 2015; Orell & Chlupatý, 2016; Fichera, 2017; Zimmer, 2017; Huang, 2018; Rickards, 2018; Bridle, 2019; Mansted et al., 2019; McBride & Gold, 2019; Alfieri, 2022; Destraint & Hurel, 2022)

The importance and projection of BTC have grown. Its global expansion was facilitated by its rising attractiveness for certain market agents —such as traders, speculators, small businesses, tech companies—, but also by the influence of favourable external geopolitical and geoeconomic conditions (Fichera, 2017). Specifically, the context of its emergence was shaped by realities like the changing balance of power in the economic sphere, systemic financial disruptions, the increasing power of private financial entities and the ongoing great power rivalry over the fate of the global financial and monetary order. Moreover, as an innovation that seeks to remodel the nature of society’s monetary standards in the digital age, BTC has inspired the creation of hundreds of alternative cybercurrencies and spin-offs (Orell, D. & Chlupatý, 2016; Didenko & Buckley, 2019). Yet, with a market capitalisation worth 2.302 trillion USD by September 2025, Bitcoin is still —by far— the dominant cryptocurrency. In comparison, Ethereum (its closest competitor), reaches only 560 billion USD (CoinMarketCap, 2025). This value is superior to the nominal GDP of states like Canada, Brazil, Russia or Turkey, according to the World Bank (2025).

Although nobody is in charge of its virtual environment, the rise of Bitcoin has generated a heterogeneous worldwide community —interconnected through a peer-to-peer systemic protocol— whose members share a common interest in the usefulness and potential applications of this cybercurrency. The BTC ecosystem has participants such as libertarian activists, tech-savvy enthusiasts, cyberpunks, anarchists, outlaws, political dissidents under repressive regimes, cryptographers, traders, speculators, start-up entrepreneurs and even curious members of the general public (Maurer et al., 2013; Rickards, 2018). The growth of the BTC community is an organic development that, despite Bitcoin's inherent lack of state-backing and its condition as a monetary unit with no intrinsic value, has been tacitly supported by the collective trust of its userbase (Orell & Chlupatý, 2016). As BTC and the universe of its derivatives have become mainstream for policymakers, all sorts of market agents and even financial firms (Diesen, 2021; Morell et al., 2021).

Another remarkable trait of BTC is that its supply and management are driven by algorithmic programming. This system operates as an automatic clockwork mechanism that involves both collaborative and competitive components. The verification of transactions so that they can be added to the collective record shared by all users is done through the performance of mathematical calculations by advanced computers in order to decipher increasingly complex equations ('proof of work'). Once the answer to the puzzle has been found by one of the network's computers, the winner is rewarded with 25 BTC units as an incentive to encourage participation. This process, known as BTC mining, is responsible for minting new BTC units,³ ensuring the self-sustaining and resilient operation of this cybercurrency. Since the complexity of the equations is progressively higher, mining requires specialised equipment with sophisticated computing capabilities. Such activity needs to be powered with a reliable, affordable and abundant source of electricity. This means that cryptocurrency mining is intensive in terms of technological resources and energy (Maurer, et al., 2013; Extance, 2015; Kelly, 2015; Fichera, 2017; Rickards, 2018).

Some observers have noted that, as a monetary unit with no inherent intrinsic worth, Bitcoin's value and its exchange rate are determined by the behaviour of market forces. Based on this interpretation, BTC would be similar to fiat money (Extance, 2015; Rickards, 2018). Nevertheless, other authors argue that the Bitcoin's value is de facto backed by the artificial difficulty of the mining process. Since the production of new units involves energy, hardware and work, the process mirrors the costly and tenuous effort that is needed to extract scarce and valuable commodities such as precious metals (Orell & Chlupatý, 2016; Ammous, 2018; Serada, 2020), a metaphorical resemblance that might be intentional (Rickards, 2018). As a result of its quest for hardness as money, BTC embodies the conceptual model of "digital metallism". Despite its limitations and novelty, the invention of Bitcoin has even been compared to the extraction of silver from the Spanish imperial viceroyalties in the American hemisphere and its ensuing condition as a monetary substance whose worldwide circulation played a pivotal role in world history (Zimmer, 2017).

³ The maximum possible supply of BTC units is 21 million. Once that point has been reached, no more Bitcoins can be created (Ammous, 2018; Rickards, 2018; Komath, 2021).

Even though BTC is a virtual currency, its existence transcends the virtual realm of digital code. The Bitcoin's ecosystem is anchored to material reality. Its systems could not function without a supporting infrastructure that includes telecom networks, computational hardware, servers, power grids and trading platforms, amongst others. The very survival of its operational interface requires material supplies and the work performed by both machines and humans (Maurer, et al. 2013; Rickards, 2018; Serada, 2020). Therefore, it is mistaken to presume that BTC is an ethereal abstraction detached from physical reality.

Bitcoin is often seen as a watershed in the evolution of money. As an example of this perception, Ammous (2018) claims that its introduction has the potential to fuel a worldwide systemic return to sound money, after decades of inferior fiat currencies whose influence has encouraged problematic macroeconomic phenomena like unsustainable monetary policies, increasing debts, fiscal irresponsibility, rampant speculation, the prevalence of short-term consumerism over the accumulation of savings, the constant debasement of money and the artificial inflation of military expenditures. Other authors have also underlined Bitcoin's potential as a turning point for the world's monetary standards. British historian Niall Ferguson (2020) holds that BTC can be regarded the digital equivalent of gold because of its guaranteed scarcity, its immunity from confiscation, its independence from state control and its position as an attractive asset for both companies and individuals. Ferguson argues that the global COVID-19 pandemic accelerated the worldwide digitalisation of finance, which can hasten the progress of the monetary revolution that innovations like BTC embody.

3.4.2 Libra as a Supranational Corporate Stablecoin

The creation of Libra was foreshadowed by interesting historical precedents. In fact, the existence of private money is not new. During the Renaissance, commercial bills of exchange circulated as international private money controlled by financiers, along with official coins minted by sovereign polities. These instruments enabled the monetisation of credit amongst European trade networks. As such, they underwrote the proliferation of international economic exchanges (Boyer-Xambeu et al., 1994). Later on, the English East India Company —involved in the international trade of spices, textiles and opium— behaved as a “state-company” or “nonstate authority” which had accumulated so much power, wealth and influence that it had the legal authority to mint its own money (Srivastava, 2022). In the digital age, the proliferation of cryptocurrencies like Bitcoin and the rise of FinTech have encouraged large financial firms, like JP Morgan and the Russian Sberbank, to entertain the idea of developing their own virtual currencies (Orell & Chlupatý, 2016).

In turn, the theoretical benefits of supranational money have been examined by scholars. Kindleberger (1972) explains that even though it would entail significant political costs whose affordability is debatable, such a monetary unit would provide substantial advantages. A “single world money” would be universally useful to diminish transaction costs in foreign exchange markets, favour a higher degree of stability in the prices of commodities, discourage the destabilising influence of speculation and facilitate the implementation of long-term transnational business projects. Furthermore, the possibility of actually launching supranational

forms of money has also been proposed more than once, but none of these plans has been successful. In the context of the Bretton Woods conference, economist John Maynard Keynes, head of the British delegation, proposed a supranational gold-backed monetary unit called ‘bancor’. This plan contemplated a system of fixed exchange rates with the national currencies of all members under a new international monetary regime. Bancors could be earned by states through exports and then added to their accounts held in an international clearing union. As an international currency that would reduce competitive devaluations, fluctuations in exchange rates and financial imbalances, Keynes believed that bancor could guarantee the prevalence of stability. It was expected that, after the war, bancor would encourage international trade as an engine of economic dynamism. Nevertheless, the US rejected the idea and instead seized the opportunity to ensure the rise of the dollar as the world’s hegemonic reserve currency (Steil, 2013). On the other hand, in the late 1960s the International Monetary Fund designed Special Drawing Rights (SDR) as an internal unit of account and multilateral reserve asset. The value of this synthetic asset is anchored to a basket of currencies, including dollars, euros, pounds sterling, Japanese yen and even Chinese yuan. SDRs can hypothetically act as global money thanks to their plural representation, potential role as an anchor of stability and lack of a unilateral governance structure. Yet, their usefulness is limited because they have not yet been monetised. These artificial monetary units still cannot be used in any cross-border commercial and financial operations (Drezner, 2010; IMF, 2011; STRATFOR, 2017).

In the case of Libra, the creation of this private digital currency was announced by Facebook/Meta—the world’s largest social media platform—in 2019, roughly a decade after the creation of BTC. Initially, it was even referred to by some as ‘Facebook’s Bitcoin’ (Tischer, 2020, p. 20). In comparison with the earlier generation of decentralised cybercurrencies, Libra was fashioned as a vastly different project. This virtual currency was designed as a ‘stablecoin’ conceived to overcome the volatile exchange rates of cryptocurrencies like BTC. (Birch, 2019; Babones, 2020). As such, it belongs to the second generation of digital currencies. These monetary units are more stable because their value is backed by supporting assets like a currency, a basket of currencies, bank deposits, loans or even commodities. Moreover, the permissioned governance structure of private stablecoins is run by hierarchical nerve centres, a scheme which overturns the decentralisation of blockchain-based operational environments. Importantly, they are often created, issued, controlled and managed by corporate entities (Aglietta & Valla; 2021; Fantacci & Gobbi, 2020; Tischer, 2020).

Although Libra was not the first stablecoin, it represented the most far-reaching project of its kind (Gofforth, 2021). Unsurprisingly, the Libra project was developed in secrecy (Murphy & Stacey, 2022) but, once the intended extent of Libra was publicly known, it became clear that the project turned out to be much more ambitious than anticipated (Roberts, 2021). When the project was introduced, it was presented as a futuristic innovation that would “reinvent money” (Gharib, 2019). Originally, Libra was envisaged as private cash for global payments within native virtual ecosystems rather than as an investment asset (Marcus 2019; Zuckerberg, 2019). Libra’s designers also promised that this virtual coin would become a global currency (Tischer, 2010). Facebook/Meta was convinced that the release of its own virtual currency would be a masterstroke that could fuel the company’s pursuit of strategic diversification and its participation

in finance (Raymond, 2019). As a corporate entity that offered a digital business ecosystem in which transactions are carried out through its own money, Facebook/Meta and its partners could increase their profits through commissions, premium memberships, loans, and all sorts of financial services (Raymond, 2019). Libra was “arguably the biggest in-house innovation to come from the company in years” (Duffy, 2019).

There are additional symbolical elements which illustrate these aspirations. The name “Libra” was a reference to a unit of measurement used by the Roman Empire to mint coins (Bloch, 2019; Grygiel, 2019). It also evoked the French word “livre” —which represents the concepts of freedom, justice and money— and also because the corresponding astrological sign portrays the balanced scales of justice (Murphy & Stacey, 2022). Interestingly, the team behind the development of this stablecoin chose the Old San Francisco Mint, which was originally opened during the California gold rush, as the location for its inaugural press conference (Goulard, 2022).

The Libra project was not just a virtual coin. It intended to go even further. The development of this stablecoin contemplated an accompanying financial infrastructure meant to serve billions of people through the “internet of money” (Libra Association, 2019). Called “Calibra”, its digital wallet service would act as a platform for a cross-border payment system that would enable its userbase to send money, accumulate savings and engage in transactions directly through its own non-bank FinTech circuitry (Birch, 2019; Vasudevan, 2020). The wallet would be easily accessible through all the social media app networks run by Facebook/Meta (Webb, 2019). Furthermore, according to the chief mastermind of the project (Marcus, 2019), the architecture of Calibra as the gateway to a free and open-source digital ecosystem would encourage the proliferation of competitive services and products. For instance, Calibra could have become the pivot for the development of activities related to credit or even stock exchanges (Raymond, 2019). Libra was also expected to generate further benefits like the elimination of third-party financial intermediaries, lower costs of electronic payments, the facilitation of international remittances and a greater degree of inclusiveness for unbanked or underbanked people from all over the world (Nelson & Perkins, 2019). Libra has the potential to grow beyond the userbase of Facebook/Meta and its corporate partners. This virtual currency was designed to cater to 1.7 billion people across the globe that do not possess a conventional bank account (Duteil, 2021).

Economically, this stablecoin would be supported by the so-called “Libra Reserve” (Roa, 2019). Particularly, its value would be anchored to a combined basket of hard currencies —issued the central banks of states with strong economies— in order to ensure that this currency can offer intrinsic value, low inflation, financial stability, wide international usage, scalability, technical functionality, fungibility and convertibility (Libra Association, 2019; Marcus, 2019; Zuckerberg, 2019).⁴ The holdings kept in the monetary panel of the Libra Reserve would comprise bank deposits and highly liquid short-term government securities denominated in currencies like the American dollar, euro, Japanese yen, pound sterling and Singapore dollar (Birch, 2020).

⁴ In theory, ‘stablecoins’ could also be backed not just by fiat currencies, but also by other assets like commodities (G30).

The monetary blueprint of Libra resembles the architecture of the SDRs (Birch, 2019; Entz, 2020). The purpose was to minimise exposure to turbulent fluctuations from a single region, so that people from all over the world could rely on Libra as a stable vehicle for everyday payments and financial needs (Marcus, 2019). Moreover, the assets that would be constantly added to the basket would be bought with the profits made through the sale of Libra units (Luft & Korin, 2019) in a proportion of 1:1 in order to guarantee an optimal value support (Duffy, 2019). Under this framework, the acquisition of a Libra currency would be similar to an investment in a share of the fund, whereas its transfer would be seen as a sale of it (Copeland, 2019). Libra's backers claimed that this parity would supposedly mirror the soundness of the gold standard (Tischer, 2020). However, this belief is doubtful because the exchange rates of fiat currencies are determined by markets so there is no guarantee that the stable value of a monetary unit like Libra could be ensured (Iwashita, 2021).

Rather than as the equivalent of a central bank running on blockchain (Garbade, 2021), it would be more accurate to compare this design to a "currency board" (Birch, 2019), an arrangement with which small countries try to guarantee a stable exchange rate by pegging its currency to a stronger currency through the passive management of investment assets (Pupolizio, 2021). The Libra Association has also been likened to a "money market mutual fund" (Vasudevan, 2020). Accordingly, unlike BTC, the creation of new Libra coins to increase its monetary supply would not be determined by the collective process known as 'cryptocurrency mining' (Destraint & Hurel, 2022). The assets held in the Libra Reserve would be distributed across a geographically dispersed network of decentralised nodes, with investment-grade credits ratings, that would be in charge of their custody and management. The point being to guarantee reliable standards of security, confidence, auditability and transparency (Marcus, 2019).

Libra's most disruptive feature was arguably the political economy of its governance model (Tischer, 2020). As the holder of the network's administrative privileges, the Libra Association would act as a vertical source of authority, management, policy and control (Libra Association, 2019). In contrast to Keynes' proposal to launch a supranational currency as a global public good, Libra was masterminded to serve private business interests (Vasudevan, 2020). Notably, the power and influence of the Libra Association would have been superior to those of the International Monetary Fund (Luft & Korin, 2019).

The planned location of the Libra Association corporate headquarters in Geneva, Switzerland, was telling. Banking and diplomacy have flourished there for centuries. Switzerland is also noteworthy for its openness towards FinTech innovations, secretive financial services, the presence of international institutions, neutrality in international politics, favourable tax regime, flexible regulatory frameworks, a highly qualified workforce and limited exposure to the oversight of foreign authorities (Rogoff, 2019; Zuckerberg, 2019; Tischer, 2020; Murphy & Stacey, 2022).⁵

⁵ The President of the Swiss Confederation, Ueli Maurer, has sought to position this European state as a "crypto-nation". Accordingly, it was expected that the establishment of the Libra Association's headquarters in Geneva would advance this interest. See: Commission d'Enquête sur la Souveraineté Numérique (2019). *Rapport*. Sénat.

The Libra Association would be integrated by heavyweight companies from the fields of finance, technology, blockchain services, telecom and venture capital. The list of major founding members shared by one of the project's creators included Booking, Coinbase, eBay, Mastercard, PayPal, Spotify, Stripe, Uber, Visa and Vodafone amongst others (Marcus, 2019). Interestingly, most of the companies that were involved in the project are American (Mansted et al., 2019). Furthermore, Libra can be regarded as an indicator that the incursion of high-tech companies into the realm of digital financial services through disruptive inventions is underway (Rrustemi & Tuchsschmid, 2020; Vasudevan, 2020; Diesen, 2021; Roberts, 2021). Considering the combined market power of its high-profile members, Libra's hierarchical structure has been described as an exclusive elite club which represented an "oligarchical plutocracy" (Roa, 2019) or even a "cabal of corporate capital" (Vasudevan, 2020). Each partner was expected to invest at least 10 million USD in this collaborative venture (Gofforth, 2021).

As the dominant social media network (Lee, 2018; Yeung, 2020), Facebook/Meta —the leading partner of the Libra Association— is far from being an ordinary company. Therefore, the role of this high-tech American corporation in this ambitious endeavour was significant for various reasons. The project had the potential critical mass to achieve a massive international circulation. Facebook alone has a userbase of nearly 2.4 billion people, far larger than the population of any nation-state and this firm has partnerships with 7 million advertisers and 90 million small businesses (Luft & Korin, 2019). Facebook/Meta's virtual ecosystems have given birth to networks of overlapping transnational digital communities with a growing power to mobilise and to drive change (Snow, 2021). Moreover, social media digital platforms like Facebook are naturally inclined to conform monopolistic structures because, as the number of users rises, there are incentives to increase interconnectedness (Diesen, 2021). The scale of Libra's hypothetical proportions would have been far superior to those of leading unofficial cryptocurrencies like Bitcoin and Ethereum (Taskinsoy, 2019). Plus, the deployment of this stablecoin could reach users of other platforms owned by Facebook/Meta, such as WhatsApp or Instagram (Roberts, 2021; Destraint & Hurel, 2022). Finally, the technical design of the Libra network was formulated to welcome any consumer, businesses and developer willing to rely on it (Libra Association, 2019).

Facebook/Meta operates as a platform which systematically datamines, gathers and analyses information about its users in an intensive and unrestricted way, including their preferences, habits, behaviours and economic solvency (Mansted et al., 2019; Birch, 2020). This model is valuable to target specific consumers and undertake market intelligence. Thus, Facebook/Meta's greatest asset is its "informational capital" (Leurquin, Y. & Manoeuvre, 2020). This firm illustrates the phenomenon referred to as "surveillance capitalism" (Zuboff, 2018). Extrapolation suggests that the Libra Association would be able to gather a large-scale pool of information flows ready to be monetised, marketed and harvested for commercial purposes (Rrustemi & Tuchsschmid, 2020). A byproduct of this trend is an unprecedented accumulation of power. Thus, Libra represented a potentially endless source of data, a strategic resource that is often described as the equivalent of oil in the digital age (Roa, 2019).

Libra motivated a great deal of controversy. Perhaps its greatest shortcoming was that, although conceived as a cutting-edge innovation with the potential to overtake traditional financial services

on a global scale, its original design overlooked strategic and geopolitical factors (Mansted et al. 2019). The project elicited a strong bipartisan rejection in Washington. President Donald Trump, Chairman Jerome Powell of the Federal Reserve, Treasury Secretary Steve Mnuchin, the Senate Banking Committee and the House Financial Services Committee outspokenly expressed their outspoken disapproval. Facebook/Meta tried to save the project through political lobbying and technical adjustments to address the objections of the US political elite over risks related to currency substitution, monetary sovereignty and financial stability (Tran, 2021). Libra was renamed Diem and the Calibra wallet was rebranded as Novi. These modifications included the relocation of the Diem Association's corporate headquarters to Washington and the stablecoin's monetary reengineering as a direct digital equivalent of the official state-backed hard currencies issued by the advanced economies in which the platform would operate, as well as the addition of interoperable protocols with conventional payments systems (Nelson & Perkins, 2019; Browns, 2021; Garbade, 2021; Pupolizio, 2021; Tran, 2021). In accordance with this multi-currency stablecoin plan, units like Diem USD, Diem ERU and Diem GBP would co-exist as counterparts of fiat currencies in order to avoid distortive interference with national sovereignty and governmental monetary policies in the corresponding jurisdictions (Massad, 2020; Rustemi & Tuchsschmid, 2020). Therefore, Diem would operate as an interface to which several elite currencies could be connected in a parallel way. In a secondary supplementary role, Libra would still exist as an integrative amalgam of all Diem currencies, but this parallel monetary unit would only circulate in emerging countries with underdeveloped economies (Pupolizio, 2021). In a nutshell, Facebook/Meta and its partners decided to moderate their expectations and to downsize the scale of the project (Bremmer, 2021; Feiner, 2020; Aglietta & Valla, 2021).

As it underwent meaningful changes, Facebook/Meta still promoted the project as visionary (Werschkul, 2021). This persistence was motivated by a corporate interest in harvesting the potential profits of a direct involvement in finance and also by the possibility of gathering even more data from the transactions of users. However, the weight of the political backlash intimidated some members of the Libra Association. Reportedly, Facebook/Meta had underestimated the scrutiny that the project would attract. Moreover, the reluctance to greenlight the project also responded to political discontent over Facebook/Meta's power, questionable privacy policies and the platform's involvement in scandals related to the dissemination of disinformation and foreign interference. Under this pressure, some participants left. In February 2022, the project was finally cancelled, the Diem Association announced its dissolution and the remaining assets were sold off to Silvergate Capital Corporation —a US company interested in the development of stablecoins— for 182 million USD (Massad, 2020; Duffy, 2022; Murphy & Stacey, 2022).

For some, this outcome was foreseeable because the dream of an unregulated virtual money in private hands was out of touch with reality (Massad, 2020). Yet, despite its ultimate miscarriage, the story of Libra does not completely end there. Facebook/Meta has not abandoned the spirit of the original plan. This corporation is exploring the potential design of virtual currency for the virtual world known as the 'metaverse' (Murphy & Stacey, 2022). Although Libra was never released, its larger transcendence may hasten the renewal of money on a global scale in the digital and also for challenging the existing frontiers of FinTech (Luft & Korin, 2019; Birch, 2020; Rustemi

& Tuchsschmid, 2020). In hindsight, the project can be seen as a provocative experimental attempt to measure how governments, scholars, the media and the public would react to the prospect of a supranational virtual currency run by a league of high-tech firms (Tischer, 2020). Even though the implementation of Libra never managed to take off, another high-tech company (American or otherwise) might eventually develop another private stablecoin (Massad, 2020). After all, these private entities are well-positioned to undertake experiments with virtual currencies and their digital infrastructures (Duteil, 2021).

3.4.3 The e-Yuan as a Chinese Central Bank Digital Currency

Despite their relative infancy, the universe of digital currencies is already becoming increasingly plural and complex as the natural consequence of divergent evolution. The proliferation of such a progression also features the involvement of the state through the creation of permissioned central bank digital currencies (CBDCs). As a new form of digitally issued money, CBDCs are state-backed legal tender powered by blockchain technology and supported by the faith and credit of the nation (Slawotsky, 2022). Considering their nature, these currencies highlight the strategic ability of the state to commandeer transformative technological breakthroughs. Paradoxically, a libertarian-inspired invention that was originally designed to contest the power of the state is now being remodelled as an instrument to serve the pursuit of national interests in the practice of statecraft. According to The Economist (2021), more than fifty states are developing their own CBDCs, also known as ‘govcoins’. As a revolutionary data-driven FinTech innovation, the introduction of governmental CBDCs is expected to remodel international monetary systems, financial services, banking, payments platforms and international financial infrastructure networks (Slawotsky, 2020 & 2022). Whereas many countries are still engaged in Byzantine debates about the theoretical advantages and drawbacks of governmental digital currencies, China has achieved a ‘great leap forward’ with the rollout of the e-Yuan (also known as e-Renminbi or e-RMB) as an experimental CBDC. The development of such a monetary innovation by this Asian state is not surprising, considering the role of the ‘Middle Kingdom’ as a civilisational state that has acted as a cradle of inventions (such as paper money, the compass and gunpowder). This development also embodies the more recent success of Chinese neo-mercantilist industrial policies in furthering techno-industrial development in the digital age. In fact, its creation takes place in a context in which China’s technological rise is reflected in achievements like AI innovations, hypersonic missiles and lunar missions (Slawotsky, 2022).

As a result of its leadership in economic digitalisation and the structural transition towards cashless economic exchanges, China is at the forefront of innovation in the expanding FinTech space. According to the World Economic Forum (2021), the growth of the Chinese domestic FinTech ecosystem has been powered by a blend of both co-operation and competition involving private high-tech companies, traditional financial entities and governmental agencies. The same source indicates that nearly a billion Chinese users and around 30 million SMEs are experiencing the benefits of access to FinTech services such as mobile payments, banking, insurance, investment and consumer lending. Abroad, Chinese mobile payment platforms, such as Alipay, WeChat Pay and Union Pay, are accepted by millions of businesses from all over the world (Bansal & Singh, 2021). Since 2016, a report published by the MIT noted that Chinese FinTech platforms

were already reshaping financial services, adding that their proliferation is likely to outperform traditional banking (Lipton et al., 2016). American private intelligence firm STRATFOR estimates that China is “light years” ahead of other countries in the realm of FinTech innovations (Donahue & Monderer, 2021). This ongoing digitalisation wave brings opportunities for Chinese statecraft (Slawotsky, 2022). In fact, President Xi Jinping himself is a strong advocate of Chinese efforts to unlock the full-spectrum power of blockchain —seen as a “strategic technology” for Beijing’s national interests— through research, development and standardisation (Feng & Zhang, 2019). Amongst incumbent heads of state, Xi is arguably the most outspoken supporter of harnessing the opportunities that such technology provides. Considering these milestones in economic digitalisation, China’s pioneering condition as the first-mover in the arena of advanced CBDCs is a natural consequence of an existing progression (Slawotsky, 2020).

China became the first great power and major economy to develop a state-backed digital currency initiative (Yanaka, 2022). The People’s Bank of China (PBOC) started working in the research and architectural development of blueprints for the operational design of a centralised governmental digital currency strategy since 2014. Initially designed as a digital currency / electronic systems (DCEP) experimental project, the e-CNY pilot was released back in 2019. Interestingly, work on the implementation of this project was seemingly hastened as a result of Facebook/Meta’s plan to launch Libra as a supranational corporate ‘stablecoin’ (Luft & Korin, 2019). Technically, the e-RMB and its accompanying financial infrastructure represent a digital interface which supports the increased and more efficient usage of legal tender (Zhang, 2021). This currency does not constitute an alternative to fiat money, as is the case with stateless decentralised cryptocurrencies or virtual currencies in the hand of corporate entities. In other words, the e-CNY is an official digital version of state-backed cash with a centralised governance structure. According to the project’s official white paper, the e-CNY was engineered primarily to serve as a domestic retail CBDC for common ordinary payments. However, the same document also mentions a willingness to explore pivotal gateways for the eventual internationalisation of this monetary unit in a foreseeable future. The Chinese government envisages the instrumental contribution of a digital currency for long-term economic planning (Laskai, 2022). In fact, China’s official long-term strategic policy planning documents prescribe efforts to advance the independent development of cutting-edge innovations such as blockchain and digital currency (Xinhua, 2020; National People’s Congress, 2021). In the digital age, the e-CNY is an asset that strengthens China’s strategic bid to act as an architect of international governance and source of technological dissemination (Slawotsky, 2022).

The project’s rollout has been slow, but continuous. Although there are no official quantitative details about the dimensions of its adoption in mainland China, statements made by PBOC officials indicate that there are 261 million e-CNY wallets (Kumar, 2022). Large modern cities whose prosperity showcases China’s rising economic profile —such Shenzhen, Suzhou, Chengdu and Xiong’an— were chosen as the first testing grounds and, since then, its presence has been incrementally extended to other metropolitan areas, most of which are located in wealthy coastal regions. The Atlantic Council (2024) estimates that —with a total transaction value equivalent to 986 billion dollars in 17 provincial regions in sectors like education, healthcare and tourism— the e-CNY is the largest CBDC pilot in the world. Additional measures have been implemented to

encourage e-CNY usage. In the context of the 2022 Chinese Lunar New Year celebrations, the CBDC official app offered promotions, discounts and red envelopes with e-Yuan so that people could give them away to family and friends. In addition, local governments are incorporating the digital state-ran currency in taxation, welfare programmes and social security. (Elston, 2023). Nevertheless, its full-scale nationwide circulation as a currency of first resort and the functional availability of its services is still waiting to happen. Most likely, there will be more clarity for the decision-making process once the results of these tests can be assessed. In turn, the Chinese government thinks that these ongoing intensive trials will provide windows of opportunity to calibrate technical, regulatory and operational improvements (Chen, 2021).

There are various reasons that explain why the e-CNY is no testimonial CBDC. The economic, commercial and financial weight of the nation-state responsible for its issuance is projected on a global scale. First, as a result of continuous economic growth in the decades after the implementation of Deng Xiaoping's structural reforms, China possesses the world's second largest GDP, only below the United States (CIA, 2024). China also plays a major role in international economic and mercantile exchanges. According to the Lowy Institute (2025), around 70 economies trade more with China than with the US. Regarding foreign direct investments (FDI), after decades of being a net capital importer, China has undergone a strategic shift to capital exporter (Wildsmith, 2024). According to the SWIFT network (2025), the renminbi (RMB) is now the world's fourth active currency in global payments, ahead of legacy hard currencies like the Japanese yen and the Canadian dollar. Based on figures released by the International Monetary Fund (2025), claims denominated in Chinese renminbi represented 2.17% in the currency composition of official foreign exchange reserves by the third quarter of 2024. Around 60 countries have decided to add the yuan-denominated holdings to their Forex portfolio (Luft & Korin, 2019). Another important consideration is that the 'Middle Kingdom' is the main driver of large-scale multilateral geoeconomic networks such as the Belt and Road Initiative (BRI), the Regional Comprehensive Economic Partnership (RCEP) and the Asian Infrastructure Investment Bank (AIIB).

From a geopolitical perspective, the 'Middle Kingdom' is an assertive player that seeks to overtake 'Pax Americana' in order to become one of the key pillars of tomorrow's polycentric world order (Khanna, 2019; Pillsbury, 2016). However, China does not seem eager to rely on direct military conquest or force to achieve a higher hierarchical status as a great power in the international system. Instead, this Asian state is pursuing its interests through an incremental grand strategy that blends economic superiority, technological leadership and the control of overlapping platforms which underpin vast networks of complex interdependence (Goldman, 2020; Hillman 2021). Moreover, China is an expedient practitioner of economic statecraft (Blackwill & Harris, 2016; Norris, 2016). Under these circumstances, the Chinese state has been fostering the *long march* of yuan internationalisation in order to harness the corresponding strategic, diplomatic and economic benefits (Cohen, 2019). An increasing level of international projection strongly suggests that the introduction of the e-CNY as a digital version of Chinese state-backed money will likely elicit consequential geopolitical ramifications related to national Chinese power, international confrontational dynamics and the fate of global hegemony.

Chapter 4.- Crypto Conversion: Bitcoin's Migration from Decentralised Anarchy to Power Politics

«The winds and waves are always on the side of the ablest navigators».

—EDWARD GIBBON (The Decline and Fall of the Roman Empire).

This chapter argues that, despite its original condition as a Libertarian, nonstate and decentralised cryptocurrency that was originally programmed to challenge the Hobbesian and Westphalian authority of governments, Bitcoin (BTC) offers growing politico-strategic applications for national power and interstate rivalries. In the field of national power, it contends that, notwithstanding its ambivalent nature, BTC can be useful for states with varying geopolitical positions as a versatile instrument to further their strategic interests. It also holds that, under confrontational conditions, BTC can play various defensive and offensive roles in asymmetric theatres of engagement, both conventional and unconventional. Likewise, the present chapter foresees that, in the near future, BTC's consequential ramifications will likely be felt too in geopolitical matters related to the pursuit of hegemony within the international system, especially if great powers attempt to harness it in strategies to alter the global balance of power or the structure of polarity.

There is an ongoing analytical effort to examine the proliferation of BTC as a phenomenon with meaningful implications for changing and increasingly complex security environments in which traditional threats coexist with rising nontraditional challenges. A decade ago, the American statesman Juan Zarate (2015) noted that the BTC domain provides conduits to undertake all sorts of clandestine financial activities. A RAND Corporation report states that said attribute makes them attractive for malicious nonstate actors such as organised crime, terrorists, insurgents and separatists (Baron et al., 2015). Former CIA executives claim that, in the cryptocurrency landscape, Bitcoin is the dominant unit in illicit financial flows (Morell et al., 2021). Several documented examples validate such concerns. Islamist militias like Hamas and the Islamic State have relied on Bitcoin fundraisings to bankroll their jihadist activities (Katz, 2019; Alfieri, 2022). Large Mexican criminal organisations —such as the Sinaloa Cartel and the New Generation Jalisco Cartel— are leveraging BTC to increase their sales in the “dark web” and to launder the profits of their illicit businesses (Suarez, 2021; Alfieri, 2022). Bitcoin's circuits also facilitated the reception of funds from supporters to the hacktivist platform *Wikileaks* (Maurer et al., 2013; Extance, 2015).

BTC has fuelled the rise of lawless digital underworlds and marketplaces. It has become the coin of the realm in the illicit markets which flourish in the “dark web” because it offers the discretion that is needed to conceal the identities of participants in the corresponding transactions. In such a netherworld, BTC is used to pay for all sorts of forbidden products and services, including weapons, drugs and illegal pornographic contents (Omand, 2015). For instance, until it was dismantled by law enforcement, all the items sold in the virtual criminal platform known as the “Silk Road”, including illegal psychoactive substances such as marijuana, cocaine, meth. LSD, fentanyl and others, could be purchased exclusively through payments in Bitcoin (Alfieri, 2022).

This chapter intends to further the scope of these existing discussions through the assessment of Bitcoin's strategic significance for national power, interstate rivalries and hegemony.

4.1 What are the Implications of Bitcoin for National Power?

This subsection presents the paradox that, although Bitcoin is a cybercurrency which was created to challenge the state, it can be harnessed in various ways to strengthen national power in the practice of statecraft. This reasoning is supported by historical experience: both currencies and technological innovations have always been leveraged by states in order to increase their power and upgrade their geopolitical positions. However, the overall direction of BTC's influence for national power is not straightforward or homogeneous. Under certain circumstances, it can also diminish it. In fact, BTC's usefulness or harmfulness are determined by the contextual conditions of the states that might use it (Despot, 2022). Accordingly, the increasing complexity, disruptiveness and dynamism of the BTC ecosystem entails both substantial advantages and risks for contemporary statecraft. The following contents present the variety of ways in which BTC can be used as an asset of national power, as well as its ambivalent implications.

Bitcoin's reputation as the quintessential stateless, decentralised and unofficial cryptocurrency is well-known. In theory, its anti-state characteristics seemingly suggest that this monetary innovation is automatically harmful for national power. In addition, unlike conventional fiat money, Bitcoin is not backed by the national power of any state (Nishibe, 2016). In fact, it was designed precisely to contest the political authority of states in the sphere of money (Ajdenbaum, 2021). In particular, the rise of Bitcoin —which operates through integrated borderless financial networks— and its impact as a catalyst for a flourishing monetary pluralism represents a political, technical and symbolical challenge for the centralised control of money traditionally held by states as a monopolistic attribution which represents an expression of national sovereignty (Butler, 2021). In theory, Bitcoin represents a potential threat which could compromise the implementation of monetary policies and the 'Westphalian' character of official currencies that circulate within the territorial perimeter of states (Vasselin, 2020), especially if the strength of such currencies is feeble. The monopolistic performance of said activity is essential for the self-preservation of the modern nation-state (Kavanagh & Miscione, 2015). Central banks are unwilling to accept the legitimacy of cryptocurrencies as money because such recognition would weaken their control over the issuance of state-backed legal tender (Komath, 2021). From a long-range perspective, the historical record indicates the acceptance of an item, substance or artifact as money requires not just its involvement in market transactions, but the active support of a centralised political authority. In other words, money cannot flourish as such without the sovereign power of the state, which established its full control over the monetary domain in recent centuries. Yet, although the introduction of cryptocurrencies like Bitcoin erodes said monopoly, to a certain extent, by encouraging alternatives which embody an emerging spirit of monetary pluralism, it is unlikely that they will fully replace state-backed forms of legal tender in a foreseeable future (Blaazer, 2020).

These premises imply that an innovation like BTC is —by definition— corrosive for national power in all cases. Yet, this chapter challenges that oversimplistic view and holds instead that a more in-depth and nuanced scrutiny reveals that Bitcoin can also be helpful for national power in various ways. It argues that states will predictably engage the world of cybercurrencies in order to leverage their potential strategic advantages. After all, states have always exploited the power of inventions to advance their aims. Therefore, BTC can be co-opted, manipulated and harnessed by states as an instrument to strengthen their power, project their influence and further their interests in several ways (McBride & Gold, 2019; Mansted et al., 2019).

4.1.1 Analysis of Hypothetical Applications

Several hypothetical possibilities to embrace Bitcoin as an asset to increase national power are discernible. Such forecasts highlight the multifaceted potential of BTC for innovative applications in statecraft.

4.1.1.1 Bitcoin as a Potential Instrument of Covert Operations

Special operations forces can rely on stateless cryptocurrencies such as Bitcoin to carry out covert tasks. Since they operate as digital and unofficial equivalents of cash, their transactions are difficult to track. As a result of their opacity, these currencies could be used to make undisclosed purchases in black markets, facilitate all sorts of clandestine payments and implement deceptive financial schemes designed to engage malicious nonstate actors, according to a specialised report prepared by CNA Analysis & Solutions, an American consulting firm focused on national security issues (McBride & Gold, 2019). Through Bitcoin’s unsupervised financial grid, such units could discretely fund proxy militias, obtain weaponry, fuel political agitation in foreign countries in order to instigate instability and even reward informants. Hence, BTC can potentially bolster the capability of states to engage in covert action overseas.

4.1.1.2 Bitcoin as a Catalyst for the Enhancement of Financial Intelligence

BTC could be a catalyst for the development of sharper governmental capabilities of financial intelligence (FININT). As a team of former CIA officials (Morell, et al., 2021) argue, since blockchain records all transactions, a deeper understanding of Bitcoin’s architecture would enhance the capabilities of units involved in financial intelligence, national security and law enforcement. If better regulations are introduced, this knowledge —coupled with resources such as artificial intelligence systems— would facilitate the identification of malicious activities and the identities of users involved in such operations. As the Middle East Institute points out, BTC can be “treasure trove of intelligence for governments and even open-source researchers” (Sexton & Sudetic, 2021). If states institutions manage to master the software and to develop technical and analytical capabilities, they can track cryptocurrency transactions and users —including both nonstate enemies and hostile states— in a better way (McBride & Gold, 2019). Such pursuit would entail consequential ramifications. Eventually, a growing degree of state control and surveillance in the cryptocurrency landscape could herald the development of an emerging coercive power.

4.1.1.3 Bitcoin as an Asset for the Strategic Diversification of ForEx Reserves

Another conceivable way in which Bitcoin can foster national power is as an alternative asset to undertake a strategic diversification of a state's foreign exchange reserves. In the 2019 edition of the Israel Bitcoin Summit, cryptographer Nick Szabo held that central banks of countries that experience hyperinflation, limited access to international trade or distrust in the financial assets of foreign states will likely rely on the accumulation of nonstate cryptocurrencies like BTC (Redman, 2019). In turn, Indian scholar Komath (2021) explains BTC is attractive for such purpose thanks to its organic resilience against both spontaneous market disruptions and intentional efforts to destroy it. Perhaps more importantly, he contends that it would be convenient for central banks to add BTC to their holdings baskets because, as a denationalised monetary unit, it lacks exposure to political and strategic risks associated with the adoption of a currency issued by another state, such as overdependence on foreign financial systems or the threat of potential sanctions. In other words, Bitcoin can become an unconventional financial asset which enhances strategic autonomy.

As an example, Komath argues that, considering the traditional imperative of Indian statecraft to maximise independence —a strategic orientation that shapes both foreign policy and economic matters— and Indian willingness to welcome technological innovations thanks to its comparative advantages in the field of IT, India should embrace Bitcoin it as an independent reserve currency that cannot be weaponised for political purposes. Thus, BTC would be beneficial as a national asset for Delhi in various roles, including as monetary unit whose value is likely to grow in the long run, a direct conduit to avoid dollar-denominated transactions, a protective shield from the underlying threat of sanctions, an accelerator for the promotion of blockchain-based industrial capabilities, a facilitator of remittances sent by Indian immigrants living overseas and a force multiplier of national strength vis-à-vis China, a strategic competitor that is seeking to boost the internationalisation of its national currency. According to this perspective, Bitcoin could therefore potentially help India become an assertive player that shapes the global order of economic governance in the coming decades. This potential could make BTC attractive for states that seek to position themselves as emerging powers that do not want to take sides in a systemic environment of rising strategic competition.

Nonetheless, Komath also recognises that holding BTC as a reserve currency would also entail meaningful challenges for India. These include problems associated with technological failure, the threat of hacking and security vulnerabilities which might compromise cryptographic protection (a prospect in which the potentially overpowering potential of quantum computer might play a decisive role), the marginalisation of the Indian rupee as national currency, a hostile backlash from the US as a reaction against a measure that promotes de-dollarisation and manipulative financial manoeuvres seeking to bring down Bitcoin's value. Another major issue is BTC's high levels of financial volatility. In short, this possibility comes with substantial caveats. Yet, Komath clarifies that such risks can be mitigated to a certain extent. For example, technological innovations can provide better security standards and even offer effective countermeasures for quantum-proof protection.

4.1.1.4 The Encouragement of Bitcoin Mining as Industrial Policy

States can also support the development of BTC mining as an innovative industrial activity which generates national wealth, stimulates economic dynamism and promotes technological development. A key advantage is that a BTC mining facility is more operationally and technically flexible in comparison to conventional data centres (Carter, 2022). Yet, as is often the case with advanced industries, this pursuit is not simple. As several authors (Fichera, 2017; Rickards, 2018; Komath, 2021) have noted, since the process entails the performance of increasingly complex mathematical operations to solve equations whose solutions are needed for the collective validation of systemic records, two elements are required: the availability of affordable electricity and access to specialised hardware with state-of-the-art computational capabilities. As an additional ingredient, cooling systems are needed to diminish the heat generated as a by-product (Maurer, et al., 2013). Considering the resources that are involved, economies of scale are necessary to ensure optimum profit margins (Serada, 2020). Thanks to Bitcoin's rising value, this activity reached full-fledged industrial proportions on a global scale in the early 2010's (Maurer, et al., 2013; Serada, 2020). The proliferation of BTC mining has been metaphorically described as a "digital gold rush" (Kelly, 2014, pp. 19-31). Since the benefits of cryptocurrency mining can be superior to the costs, it makes sense for policymakers to bolster the growth of a domestic industrial sector focused on this activity.

However, such process is incrementally becoming more difficult and expensive (Ajdenbaum, 2021). Although this undertaking can be profitable, its proliferation poses potentially disruptive challenges for energy security (Rickards, 2018; Pines, 2022). According to the Cambridge Bitcoin Electricity Consumption Index, Bitcoin represents 0.42% of the world's total electric power consumption (Cambridge Centre for Alternative Finance, 2022). In order to keep things in perspective, the same source indicates that, with 93.4 Twh per year, the electricity that is needed to power Bitcoin is higher than the yearly amount consumed by countries such as the Philippines (90.9 TWh) and Kazakhstan (92.1 TWh). Yet, this problem can be hedged with the introduction, in the coming decades, of cryptocurrency mining systems powered with solar energy (McDonald et al., 2022). Another strategic vulnerability for states interested in large-scale mining is the overreliance of mining hardware supply chains on foreign providers. This is problematic because the high-tech equipment and microchips employed in these industrial operations is mostly manufactured in a limited number of high-tech Asian factories (Pines, 2022). This reality requires either re-shoring in order to bring production much closer to home or the development of autarkic productive capabilities.

In sum, BTC mining can potentially provide prosperity and nourish national power for states that possess the necessary comparative advantages. The incentive to encourage it is evident when the volatile value of this cryptocurrency is high, but the marginal benefits are unclear when its value is falling or highly unstable. Thus, despite its recent emergence, this innovative industry faces traditional drawbacks associated with conventional extractive industries involved in the production of raw materials whose market prices are highly volatile. Hence, far from being universal, the convenience of this pursuit is defined by a cost-benefit analysis which considers

specific contextual circumstances. Not every state has what it takes to support vast BTC mining operations.

4.1.1.5 Bitcoin as Harmful Element for National Power

Despite the benefits mentioned above, Bitcoin is also a double-edged sword. As such, it could decrease national power. The resulting drawbacks need to be taken into consideration as well. For example, US Navy officer Frebowitz (2018) warns that the total or even partial adoption of unofficial cryptocurrencies like BTC would be potentially problematic. Since their value fluctuates wildly, their acceptance would encourage speculative attacks whose shockwaves could reach destabilising proportions. Their unstable exchange rates entail a significant degree of exposure to economic and political risks that are difficult to mitigate. Frebowitz adds that the introduction of a parallel cryptocurrency could also weaken the national currency issued by the country's central bank and compromise its sovereign ability to implement monetary policy. Far from being a technicality or a symbolism, this ability is instrumental for states to strategically direct the performance of their economies—including the management of trade, taxation and debts—in accordance with their national interests and also to underwrite governmental expenses (Kavanagh & Miscione, 2015; STRATFOR, 2015). Thus, its loss or degradation is a legitimate concern. In this regard, some central banks have decided to ban unofficial cryptocurrencies because they regard them as a threat to financial sovereignty (Losev, 2022). Yet, Komath (2021) claims that the hypothetical prospect of 'hyperbitcoinisation'—the idea that BTC can overtake national currencies at some point—is unlikely unless the adoption of stateless cryptocurrencies becomes a universal phenomenon. These observations indicate that BTC can be harmful for states whose macroeconomic, financial and monetary conditions are already experiencing turmoil. In these states, BTC has the potential to reach a widespread circulation whose proportions could worsen existing trouble.

Furthermore, Frebowitz (2018) emphasises that an assertive state might strengthen its market power in the cryptocurrency's ecosystem—through mining, technical interference or financial manipulation—in such a way that it becomes dominant, an asymmetry that could be detrimental or disadvantageous for other states. In an international system in which relative gains are the rule, the growing power of a state in the cryptocurrency ecosystem poses inherent risks for its counterparts whose positions are comparatively weaker. Considering their capabilities and ambitions, great powers are naturally the likeliest candidates to attempt something like this.

Finally, there can be other unanticipated or unknown risks associated with Bitcoin. The introduction of this cybercurrency is fairly recent and its technical design has proved to be both functional and resilient, but the impact of emerging phenomena could threaten the stability of its networks in a foreseeable future (Pines, 2022). For example, the rise of quantum computing threatens the operational feasibility of Bitcoin in the long. Such qualitative technological leap has the potential to undermine this virtual currency's encryption systems and everything that comes with them (Rickards, 2018). In summary, it is inaccurate to believe that BTC is always necessarily beneficial for the national power of all states.

4.1.2 Analysis of Empirical Realities

There are various empirical examples that show how states with varying geostrategic profiles and orientations are leveraging BTC as an expedient source of national power.

4.1.2.1 The Adoption of Bitcoin as Legal Tender by El Salvador

Concerning phenomena whose behaviour shows how BTC can be taken advantage of by states in experimental attempts to increase national power, El Salvador is the most far-reaching example because it is the first state to formally embrace Bitcoin as fully legal tender, a possibility that not even Bitcoin's staunchest supporters had anticipated. Salvadorean President Nayib Bukele (2021) has explained that this, according to him, "forward thinking decision" responds to several national interests. According to Bukele himself, said policy is expected to be beneficial for:

- Upgrading the qualitative profile of the Salvadorean economy.
- Strengthening national independence with a currency that cannot be unilaterally controlled by anybody.
- Stimulating the generation of wealth through industrial development.
- Enabling the modernisation of productive infrastructure using the country's natural comparative advantages—including the availability of geothermal energy—for sustainable cryptocurrency mining operations.
- Raising preparedness to overcome the structural problems related to fiat money, especially in an era in which a rising monetary revolution offers open, free, trustworthy and functional alternatives.
- Furthering financial inclusion of citizens who have little or no access to commercial financial services.
- Optimising the flow of remittances sent by Salvadorean immigrants.
- Bolstering the projection of Salvadorean "soft power", international prestige as a dynamic hub at the forefront of innovation and a heightened sense of national morale at home.

In other words, this was an ambitious strategic policy of economic statecraft whose purposes go beyond the pursuit of profits. Based on the aforementioned aspirations, BTC was adopted by El Salvador as an overall enhancer or force multiplier of national power. With a GDP of 27 billion USD and a population of 6.5 million (CIA World Factbook, 2022), El Salvador is a small developing nation, but its official adoption of BTC represents the first experimental attempt to merge a national economy with the BTC ecosystem in a comprehensive way (Komath, 2021). With this unprecedented measure, the government headed by President Nayib Bukele expected to increase GDP per capita and perhaps even overtake Panama as the most prosperous Central American nation (Lindner, 2021). Although the official adoption of Bitcoin is unlikely to automatically turn El Salvador into an economic powerhouse, the Salvadorean government clearly saw it as a powerful instrumental to position the country in a much stronger position. The Bukele administration likely believed that this plan could also be helpful to counter financial imbalances through the compensation of deficits and the repayment of debts (Gerard, 2021). More plans to

make the project go further are being made. CNBC reported that the Salvadorean government is planning the construction of a “Bitcoin City” as a tax-free urban infrastructure project and cryptocurrency mining hub powered by the geothermal energy of the Conchagua volcano (Kharpal, 2021).

Although primary sources barely hint at it in a subtle way, the strategic backdrop of this decision needs to be understood in a deeper way. In this regard, the Salvadorean adoption of BTC has been described as a covert de-dollarisation scheme (Gerard, 2021), especially considering that it represents an outspoken departure from the official adoption of the US dollar as legal tender a couple of decades ago. Such a course of action would be consistent with the efforts made by emerging countries from the so-called “Global South” —including larger Latin American states such as Brazil— to diminish their reliance on the dollar. In turn, Huang (2021) explains that a powerful reason for El Salvador to adopt BTC is the imperative of smaller states to navigate through the growing strategic rivalry between the US and China, a major rivalry that is felt in the sphere of money and finance. According to this analytical reasoning, for El Salvador and similar states interested in a nonaligned strategic orientation, Bitcoin can represent an instrument to strengthen their autonomy since it mitigates the potential impact of being caught in the collision of competing economic, financial and monetary systems run by Washington and Beijing. For Salvadorean statecraft and grand strategy, this benefit would be more than useful. Its pertinence is highlighted by the country’s recent background as a peripheral theatre of engagement in which proxy wars between rival superpowers —the United States and the Soviet Union— were fought in the late Cold War. This path would also be consistent with the efforts of Salvadorean policy to foster pragmatic ties to both the US and China without having to take sides.

Yet, the long-term results of this experiment are still unclear. There are meaningful risks and challenges that are potentially problematic. The volatile oscillations of BTC’s exchange rates generates reasonable doubts about the pertinence of this trajectory. President Bukele (2021) has admitted that the likely opposition of vested interests involved in high finance, corporate banking and the control of dominant fiat currencies represents an adversarial concern. If the Salvadorean example resonates and is replicated in other countries, a strong political backlash from Washington and Wall Street is not unconceivable, especially considering their proven hostility to alternatives which challenge the dollar. Another risk is exposure to cyberattacks (Cherian, 2022). Detrimental results could lead to economic destabilisation and socio-political turmoil. In other words, anchoring a country’s economy to a cryptoasset whose value is inherently unstable can backfire, debasing national power rather than boosting its growth.

It is unknown if El Salvador will continue following this BTC trajectory. Particularly, it remains to be seen if the Central American state will remain committed to the plan as an official policy for Salvadorean statecraft once Bukele is no longer in power. Political change in Central American nations is often accompanied by the push to overturn the legacy of previous governments, a reality that compromises the continuation of policies in the long run, regardless of their actual outcomes or merits. Likewise, it is not clear if other states will emulate the Salvadorean precedent and embrace BTC or another unofficial cryptocurrency as legal tender. The likeliest candidates to

do so would be small states interested in the potential strategic and economic benefits of a de-nationalised crypto-asset.

4.1.2.2 Russian Industrial-Scale Bitcoin Mining

Russia's large-scale involvement in BTC mining illustrates how states can get involved in such business in order to bolster national power in the economic, industrial and technological fields. At first, Moscow was reluctant to embrace stateless cybercurrencies because of their most problematic implications, but then it reassessed its position, a turning point which indicates a willingness to harness their benefits (Ostrom, 2018). According to media reports, President Vladimir Putin himself supports the introduction of policies and regulatory frameworks that seek to leverage Russia's advantages—including a surplus of electricity and cadres of well-trained manpower—to reap the benefits of the BTC mining industry (Pismennaya, 2022). By October 2025, 15.5% of global BTC mining operations were located in Russia, a proportion that makes this Eurasian state the world's second-largest hub, only behind the US (Hashrate, 2025).

The Russian Federation has nurtured the proliferation of cryptocurrency mining as a strategic industry in Eastern Siberia thanks to the existence of multiple comparative advantages. Aside from the availability of low electricity costs supplied by underused hydropower dams and permissive regulations, the region is suitable because its cold temperatures provide favourable conditions to support the operation of the computational equipment that is needed. The Russian Far East also offers optimal internet connectivity thanks to its direct access to a vast optic fibre network. These conditions have even attracted the presence of miners that are no longer authorised to operate in China (Estecahandy & Limonier, 2021). According to journalistic sources, the Russian Association of Cryptoeconomics, Artificial Intelligence and Blockchain (RACIB) is actively collaborating with governmental agencies and state-owned companies in projects designed to increase the presence of mining farms in Russia (Gkritsi, 2021). Moreover, the largest data centre in the former Soviet Union—located in Bratsk and owned by private company *BitRiver*—is heavily involved in harnessing hydropower for BTC mining operations through business partnerships with foreign clients (Fedorinova & Atkinson, 2019). There are plans to increase the capacity of that industrial facility and to establish a similar site in neighbouring Buryatiya (Marrow, 2021). In contrast, temporary restrictions have been introduced on cryptocurrency mining in regions with insufficient energy resources such as Chechnya, Dagestan, North Ossetia and areas of Eastern Ukraine under Russian control (TASS, 2024). In case BTC mining yields diminishing returns due to its growing artificial scarcity, the robust capacity of Russian mining farms (Bank of Russia, 2022) could migrate to decentralised 'altcoins' such as Litecoin, Ethereum, Dogecoin or Monero.

The importance of this pursuit goes beyond economic profits. This industry certainly brings opportunities to increase wealth, but also to strengthen Russian influence in the field of advanced digital technologies (Estecahandy & Limonier, 2021). It is relevant to emphasise that securing conduits to overcome the Western restrictions which limit Russian access to technology and capital is a strategic imperative for national security. In order to preserve national power, Russian economic statecraft needs to upgrade its techno-industrial capabilities—especially those related

to digital innovations— (Reach, 2022; Tkachenko & Terekhov, 2023). Russia’s position as a great power would be compromised without a comprehensive modernisation designed to harvest the benefits of the so-called “Fourth Industrial Revolution” for dual-use applications (Diesen, 2021). In this regard, BTC serves the economic, financial, industrial and technological priorities of the Russian national interest.

Moreover, the fallout of the Ukraine War provides a powerful incentive for Moscow to intensify its involvement in BTC mining. Specifically, the implementation of sanctions by the so-called “collective West” as a response to the Russian invasion included the country’s isolation from dominant international financial circuits. In this context, unofficial cryptocurrencies represent a potential instrument to overcome such restrictions. A report prepared by the International Monetary Fund (2022) about the financial consequences of the conflict states that “mining for energy-intensive blockchains like Bitcoin can allow countries to monetize energy resources, some of which cannot be exported due to sanctions. The monetization happens directly on blockchains, outside the financial system in which sanctions are implemented.” Under those circumstances, BTC mining can fuel industrial dynamism despite sanctions and facilitate the development of alternative gateways to carry out cross-border transactions beyond the control of Western powers. Another advantage of stateless crypto-assets for Moscow is the possibility to diminish dependence on Western currencies like the dollar or the euro, but also to prevent a disproportionate reliance on the Chinese yuan, both of which are asymmetrically unfavourable for Russian national interests (Prokopenko, 2023). In addition, as Valdai Club analysts have noted, experimenting with BTC and similar nonstate cybercurrencies could also help Russia gather FinTech know-how that would be needed for the implementation of a digital ‘rublefication’ of its international economic exchanges in the post-Soviet space (Rakhimov, 2022). In a nutshell, these strategic interests strengthen the Russian resolve to continue investing resources and efforts in BTC mining.

There are signs which indicate that the Russian participation in BTC mining will likely grow in a foreseeable future. According to media reports, Moscow has even considered the introduction of even more favourable regulations which could fuel all sorts of crypto-related activities (Liang, 2022). The Duma’s Energy Committee has explicitly supported the prospect of accepting payments denominated in BTC in exchange for exports of both oil and natural gas (Osorio, 2023). Another possibility entertained by the Russian government is harnessing BTC to facilitate the international transactions carried out by Russian private businesses (Amick, 2022). Yet, these plans will likely encounter opposition if they move forward. Unsurprisingly, with the purpose of undercutting the Kremlin’s ability to leverage this lifeline, the US Department of the Treasury (2022) has targeted Russian entities involving in crypto mining because said virtual assets help Russia monetise its energy resources and use the resulting profits to engage in international transactions through channels that cannot be easily sanctioned. The resulting measures intend therefore to cripple their access to both mainstream cryptocurrency exchanges and hardware needed for the operation of server farms.

4.1.2.3 Engagement of the US Intelligence Community in the Bitcoin Ecosystem

Just like some analytical forecasts had envisaged, Bitcoin is acting as a catalyst for the development of better capabilities of financial intelligence (FININT). There is a growing body of evidence which confirms the active involvement of the American intelligence community in the BTC landscape. Former CIA Director William Burns (2021) admitted publicly that the agency is running projects focused on cryptocurrencies and also trying to scrutinise their ramifications.⁶ Although said official did not disclose the precise nature of the agency's activities in the cybercurrency domain, such undertaking is comprehensible because it offers valuable actionable intelligence about the behaviour of an emerging phenomenon which entails both risks and opportunities.

Media reports have shared revealing details about the far-reaching extent of this involvement. According to classified documents revealed by whistle-blower Edward Snowden, surveillance of Bitcoin users in order to unmask their identities, track their transactions and collect as much actionable intelligence about them as possible is regarded by the National Security Agency (NSA) as a high priority (Biddle, 2018). Such revelations have uncovered that, in order to do so, the NSA has relied on various tactics, including technical interference, cyberespionage and deceptive measures like compromised platforms that, while falsely advertising the protection of their users' personal privacy, are actually datamining their information (Peck, 2018). A journalistic investigation indicates that hundreds of experts from the US foreign policy establishment, intelligence agencies, think tanks and private consultants are actively examining the challenges of digital currencies for US national security (Goodman, 2016). Such interest is motivated by the need to identify their problematic implications for Washington's ability to undermine the financial networks of its enemies—including state and nonstate actors—the prospective rise of unsupervised parallel financial circuits or even their potential to reshuffle the global financial system. For instance, in 2020, American federal agencies dismantled the financial infrastructure that Islamist terrorist networks were using to fund their militant operations through Bitcoin (Department of Justice, 2020).

As experts have noted, the proliferation of BTC and similar cryptocurrencies shapes an environment of growing challenges for the preservation of American economic and financial firepower, including the ability to weaponise the dollar as an instrument of statecraft (Zarate, 2015; Diesen, 2021). Hence, as the issuer of the world's hegemonic currency and as a leading practitioner of financial statecraft, the US is aware that it needs to understand how the cryptocurrency universe behaves. The growing circulation of unofficial cybercurrencies like BTC represents a problematic threat that might compromise both the dollar's hegemony and fuel financial turmoil in the US, a possibility that Washington's strategic rivals are aware of (Marks &

⁶ Although they are impossible to verify, there are unconfirmed rumours about the involvement of the American intelligence community in the underworld of stateless cryptocurrencies like Bitcoin. For instance, Natalya Kaspersky—co-founder of the Moscow-based cybersecurity firm Kaspersky Labs—claims that BTC was invented by US intelligence services in order to provide clandestine funding through unsupervised channels for covert operations carried out overseas (Sputnik, 2018).

Harvilicz, 2021). Therefore, considering the intensification of strategic competition in the realm of money and finance, the presence of US intelligence agencies in the BTC environment is likely to grow in the coming years. Moreover, in accordance with its geopolitical position, it is reasonable to assume that the US will probably try to gain a stronger foothold and maybe even some sort of high ground in the BTC domain.

4.1.2.4 Official Establishment of the US “Strategic Bitcoin Reserve”

Despite the previous scepticism of President Trump about nonstate digital currencies in general during his first mandate, he has reassessed his dismissive stance. Most likely under the political and ideological influence of Elon Musk, a strong crypto enthusiast himself (Bambrough, 2024), the second Trump Administration has officially established an “Strategic Bitcoin Reserve” under the management of the Secretary of the Treasury. Such an empirical development validates existing predictions about the potential application of BTC as a reserve asset which can strengthen national power. According to the corresponding executive order, the purpose of such policy is to maximise the US strategic position in the BTC ecosystem in order to harness the power of such digital currency as a store of value in the financial system to further national prosperity (The White House, 2025). This governmental document orders the formulation of strategies to increase the continuous acquisition of BTC. Notably, the US Government already possesses 200,000 BTC, the largest national cryptocurrency holdings, so the policy likely intends to pursue a consolidated supremacy in the BTC ecosystem (Al Jazeera, 2025). In fact, President Trump indicated that this course of action is intended to turn the US into the “crypto capital of the planet” (Boran, 2024) and to develop a “virtual Fort Knox for digital gold” (Walsh, 2025). The plan also contemplates the eventual addition of other stateless cryptocurrencies such as Cardano, Ethereum, Ripple and Solana to the US governmental pool of crypto-assets (Niemeyer, 2025). This cryptocurrency reserve is expected to underwrite US national security interests in the preservation of the world’s geostrategic status quo, extend its dominance to the BTC ecosystem, demarcate its influence on the global FinTech landscape and support its geopolitical advantages related to actual or potential adversaries (Danon & Pines, 2025). The implementation of this measure and the de facto condition of BTC as a US-backed cryptocurrency has the potential to encourage other states to stockpile BTC as a strategic reserve asset. In fact, there are already some signs that point in such direction. For example, the Czech central bank is entertaining a plan to add BTC as a reserve asset in accordance with a strategic logic of diversification (Reuters, 2025a).

4.1.2.5 China’s Bitcoin Strategic Anxieties

In contrast to the previous empirical examples, the People’s Republic of China’s changing attitude towards Bitcoin may have been influenced by concerns about said cryptocurrency’s detrimental influence for national power. The trajectory of Beijing’s behaviour shows initially an assertive effort to gain an upper hand in the BTC environment, followed by an aggressive attempt to

undermine the presence of such cryptocurrency in mainland China.⁷ At first, despite the prevalence of strict regulations, the ‘Middle Kingdom’ became a leading hub of cryptocurrency exchanges, a development which fuelled trading and investment (Wang, 2018). In addition, thanks to the availability of cheap electricity and governmental subsidies, China gathered the world’s largest concentration of Bitcoin mining operations (Rickards, 2018).

Then, in an apparent reversal of the previous quest for a strong position in the Bitcoin environment, Beijing adopted increasingly draconian restrictions. These included acts —both overt and covert— of technical interference (Kaiser, et al., 2019). China shut down mainland cryptocurrency exchanges, outlawed BTC mining and even banned all sorts of financial services involving the flow of monetary sums denominated in nonstate cryptocurrencies like Bitcoin (Higham, 2021). Official explanations did not offer a comprehensive explanation to justify this policy decision. The People’s Bank of China and other Chinese authorities simply announced that cryptocurrency-related activities are illegal because the “safety of people’s assets” and also because they facilitate all sorts of criminal operations. The Chinese state even warned the public that those still involved in any cryptocurrency transactions would be prosecuted (BBC News, 2021). Considering the large presence of China in the BTC ecosystem, the shockwaves of such turnaround were felt immediately. The exchange rate of BTC fell by 5% (Wilson, 2021). Chinese experts have explained that relevant factors that have motivated Beijing’s “all-out war against bitcoin and other digital currencies” includes the risks associated with financial speculation in cryptoassets and the need to fully restore the power of control held by the central bank (Leng, 2017).

However, a more in-depth interpretative perspective which goes beyond scant official statements is needed to understand the backdrop and the larger strategic implications of China’s attempt to marginalise BTC. A key consideration was the problematic prospect that the growing traction of stateless cyberrurrencies like Bitcoin could eventually corrode the legitimacy of the official currency issued by the Chinese state (Cherian, 2022). Some analysts even argue that such harsh approach reveals an effort to eradicate unwanted competition as a step to clear the path for the introduction of the digital renminbi as a major Central Bank Digital Currency (Sigalos, 2021). It is unclear if such scheme was the plan all along. Another likely rationale is the imperative of preventing capital flight through the unsupervised backchannels offered by BTC (Orell & Chlupatý, 2016; Scheau & Zaharie, 2018). The implementation of these measures was allegedly also influenced by a growing view of BTC as an unpredictably volatile asset and as a source of disruptive influence which could wreck the country’s “normal economic and financial order” (Higham, 2021). It is debatable if Beijing decided to change its mind or if the drastic overturning of its previous trajectory is not necessarily contradictory. As a long-term strategy, China may have first pursued a certain degree of control in order to achieve the strength needed to marginalise BTC. However, it is clear that, even though China is nowadays one of the world’s major powers,

⁷ It must be noted that the idea of executing a calculated reversal —which entails the deliberate enlargement of a target in order to ultimately get rid of it once its proportions are greater— as a way to achieve victory is consistent with the traditional prescriptions found in classical Chinese strategic thinking (Sawyer, 1999).

this Asian state concluded that a permissive *laissez-faire* attitude towards BTC could lead to problematic consequences.

The evolving behaviour of Chinese economic statecraft towards BTC in the direction of an adversarial attitude was likely conditioned by additional factors. Presumably, these included Beijing's ideological hostility to a monetary unit inspired by the principles of libertarianism —a model whose worldview challenges the authority of the state—, the desire to reinforce the power of the Chinese government to neutralise the ability to carry out anonymous transactions and a potential interest in unleashing disruptive shockwaves in foreign states where Bitcoin usage is common (Kaiser, et al., 2019). Together, these facts on the ground suggest that China suppressed BTC because its operational presence was deemed harmful for its national power.

4.2 What is (are) the Role(s) of Bitcoin in Interstate Rivalries?

As the battlespaces of economic warfare become increasingly complex in a strategic environment shaped by the digitalisation of finance and money, Bitcoin has various purposes under conditions of interstate rivalries and conflict. The usefulness of this unofficial cryptocurrency offers creative offensive and defensive opportunities worth harnessing in cases of rivalries, acts of hybrid warfare and even conventional theatres of engagement.

4.2.1 Analysis of Hypothetical Applications

Bitcoin has the potential to play different roles under conflictual conditions.

4.2.1.1 Potential Weaponisation of Bitcoin

Bitcoin has the potential to be weaponised in various ways. Ironically, its anti-state properties mean that it can be employed by states against other states in offensive acts of hybrid warfare (Limba et al., 2020; Mansted, et al., 2019). The BTC landscape offers 1) asymmetric advantages to instigate monetary disruption in nations with weak currencies, 2) covert channels to fund terrorist, insurgent, separatist, guerrilla or dissident groups whose militant activities fuel political agitation behind enemy lines and 3) the possibility of purchasing anonymous influence on social media platforms and other channels of the info-sphere in order to wage psychological warfare (Telley, 2018).

For example, CIA Deputy Director Michael Ellis (2025) has stated that Bitcoin and similar cryptocurrencies represent a resource that the US can leverage against adversaries such as China and other states. Ellis specified that the CIA can either disrupt adversaries' cryptocurrency usage or infiltrate cryptocurrency ecosystems to gather intelligence about hostile forces. Furthermore, an analysis published by the Valdai Discussion club notes that BTC can be employed to facilitate regime change operations *"In states with unstable regimes, cryptocurrencies can be considered by both the elites and counter-elites as a potential tool of colour revolutions. Crypto, in the event of a crisis of legitimacy, allows certain groups to fund political processes and conduct transactions*

without the knowledge of the authorities.” (Losev, 2022). Thus, BTC might enable the directed instigation of tensions in polarised societies in which the prospect of civil war is conceivable and maybe even manipulate the internal correlation of forces.

Potentially, BTC can even be engaged by major powers to trigger systemic macroeconomic and financial turmoil. Silicon Valley entrepreneur Peter Thiel (2021), himself a strong supporter of BTC, has expressed his concerns about the potential weaponisation of Bitcoin by Beijing against the US: *“I do wonder whether at this point [if] bitcoin should also be thought [of] in part of as a Chinese financial weapon against the US where it threatens fiat money, but it especially threatens the US dollar”*. Such view implies that BTC can perhaps be leveraged to downgrade the strength of the greenback as the world’s dominant reserve currency. Although its limited international projection does not pose a major challenge for the dollar, Chinese economic statecraft could add BTC its increasingly vast arsenal. Considering the staunch efforts to suppress BTC in mainland China, such course of action would be deeply paradoxical and counterintuitive, but it would be aligned with the national interests of the ‘Middle Kingdom’.

4.2.1.2 Bitcoin Circuits as Alternative Conduits to Bypass Coercive Sanctions

Bitcoin can offer a potential lifeline for states under sanctions that need to ensure the continuity of their international economic exchanges. Since the decentralised BTC grid cannot be controlled by governmental agencies, its borderless circuitry provides secondary financial arteries worth harnessing to bypass sanctions. The Bitcoin environment offers the digital infrastructure to carry out international transactions and transfer wealth without relying on conventional financial platforms anchored to traditional reserve currencies. (Dudley, 2016). An additional advantage of unofficial virtual currencies for sanctioned states is their discretion. They offer covert gateways to engage formal financial systems or even to avoid them altogether if necessary (Meyers, et al., 2020). Hence, it is difficult to determine if sanctions are being neutralised through cryptocurrencies like BTC.

Despite their evident drawbacks, such as volatile exchange rates, cybercurrencies like BTC are helpful to evade sanctions thanks to their growing transnational circulation, their unsupervised channels and their lack of centralised nerve centres that could be politically threatened, co-opted or influenced (Konowicz, 2018). This military author specifies that there are three strategies to rely on stateless cryptocurrencies as asymmetric equalisers to diminish or overcome the strength of sanctions imposed by an enemy with a superior financial firepower. Yet, their implementation comes with challenging caveats.

- 1) The theft of wealth through acts of cybercrime against cryptocurrency exchanges or ransomware attacks to demand cryptocurrency payments. This approach requires sophisticated cyberwarfare know-how.
- 2) Large-scale cryptocurrency mining as an industrial activity which generates profits that do not flow through traditional financial networks. This pursuit —as noted in previous

sections— demands investment, technological infrastructure, advanced hardware, vast amounts of energy and technical expertise.

- 3) The encouragement of the sanctioned state's population and business community to freely carry out all sorts of transactions through cryptocurrencies. Said possibility entails the risks of weakening the position of the country's official currency and the prospect of widespread economic instability, a phenomenon that could lead —in turn— to political turmoil.

Some statesmen have also identified the potential usefulness of cybercurrencies like Bitcoin to evade sanctions. For example, Sergei Glazyev —a Kremlin adviser responsible for masterminding complex strategies of economic statecraft— argues that the Russian Federation has an “objective need” to rely on unofficial cryptocurrencies to circumvent the impact of Western punitive sanctions (Kommersant, 2017). However, it would be inexact to assume that BTC represents a “silver bullet” that can completely defuse enemy sanctions. Its pragmatic limitations are being acknowledged as well. In a 2021 interview with a Western journalistic outlet, Russian President Vladimir Putin admitted that Bitcoin is a valid means of payment, but he also mentioned that, even though Russia has been seeking alternatives to the dollar in international economic exchanges as a result of its weaponisation by Washington, it was still too soon to anchor the exports of Russian energy and commodities to such cryptocurrency (Rudnitsky, 2021).

Yet, as a result of the Western backlash against the Russian Invasion of Ukraine, Moscow is seemingly deliberating about the eventual pertinence of embracing BTC in several industrial sectors to carry out international transactions that deflect American and European sanctions (Amick, 2022). Under such circumstances, Moscow is reportedly considering the possibility of accepting Bitcoin as payment for its energy exports (Yakes, 2022). Since this cryptocurrency is an asset that cannot be frozen or seized, it represents a potentially attractive financial vehicle for states that are prepared to contest the interests of Western powers, still dominant in international finance (Collard, 2022). According to the *New York Times*, in order to stockpile crypto-assets as vehicles to carry out undetected international trade operations, the Russians could even engage in ransomware cyberattacks and develop technical tools designed to mask the involvement of Russian entities in transactions in blockchain-based financial environments (Flitter & Yaffe-Bellany, 2022).

These possibilities indicate that Bitcoin and similar cryptocurrencies can hypothetically operate as protective shields for states under sanctions (Dudley, 2016). As such, they pose game-changing challenges for the effective implementation of sanctions as a tool of diplomatic coercion by the US and its allies, especially considering that such measure has become an increasingly common staple of Western foreign policy (Frebowitz, 2018; Konowicz, 2018). Nevertheless, some analysts (Meyers, et al, 20121) believe that measures like better regulations, collaborative information-sharing partnerships between governmental agencies and private entities, international cooperation and increased oversight can prevent the evasion of sanctions through BTC and similar cryptocurrencies.

4.2.1.3 Bitcoin as a Potential Asset to Hedge the Financial Risk of Geopolitical Tensions

Bitcoin has been identified as an unconventional asset that could be helpful as an alternative store of wealth to hedge the financial risks associated with conflicts or heightened geopolitical tensions. Selmi et al. (2022) hold that BTC can operate as some sort of “digital gold” because it represents a potential safe haven that provides shelter from exposure to rising geopolitical risks. In fact, the value of Bitcoin seems to be positively influenced by the incidence of phenomena which trigger a perception of geopolitical turmoil, such as Brexit, the rivalry between Iran and the US in the Middle East and the so-called “trade war” between Washington and Beijing (Bourie et al, 2020). These attributes make BTC economically attractive for states, private companies and individuals.

An important advantage of Bitcoin as an alternative asset is its high degree of resilience from both volatile market fluctuations and potentially hostile manipulations not motivated by economic interests. The horizontal BTC system cannot be destroyed. As the American financier James Rickards (2018) explains, even though some of its material or digital nodes can be attacked, the dispersed structure of BTC organic networks contains no centre of gravity that can be targeted. BTC also lacks centralised systemic records kept in physical servers which could be hit (Serada, 2020). The ability of the Bitcoin environment to withstand the impact of disruptions from external sources was demonstrated when China followed a heavy-handed approach towards said cybercurrency. Even through the ‘Middle Kingdom’ concentrated 78% of global mining capacity, the BTC ecosystem was not disabled, and mining operations relocated to other countries with more flexible frameworks (Komath, 2021).

Despite its advantages, a nuanced approach shows that Bitcoin is far from being a suitable replacement for hard assets with intrinsic worth like gold. As Selmi et al. (2022) point out, there are major differences that need to be highlighted: 1) BTC’s markets are smaller and less structured; 2) its supply is artificially limited by design; 3) the volatility of this cryptocurrency makes it convenient for short-term speculative purposes rather than as a long-term store of value; 4) whereas BTC is a nascent monetary item, the traditional role of gold as stable store of value is supported by the weight of history since the dawn of civilisation; 5) Bitcoin’s legal status is unclear in many jurisdictions. In short, BTC’s potential usefulness as a financial asset that can hedge geopolitical risks is limited. However, it could eventually play this role in case of a major systemic financial crises that undermines the credibility of holdings denominated in conventional fiat currencies and in which affordable access to precious metals is difficult.

4.2.2 Analysis of Empirical Realities

There are recent documented events which show how Bitcoin has been used —either as a weapon or as a shield— by states engaged in confrontational geopolitical dynamics. These realities underline the usefulness of nonstate cryptocurrencies with strong levels of international circulation and secrecy for modern warfighting.

4.2.2.1 Bitcoin in North Korean Cyber-Financial Warfare Tactics

Forensic evidence reveals that BTC has allowed North Korea to engage in unconventional forms of economic predation. According to a report prepared by a panel of experts for the UN Security Council (2019), the North Korean military intelligence agency, the Reconnaissance General Bureau, has been responsible for acts of cyber financial warfare and cybercrime—including malware and ransomware attacks against foreign corporate targets in South Korea and elsewhere— involving Bitcoin and other decentralised cryptocurrencies. The panel claims that Pyongyang’s presence in the cryptocurrency ecosystem also includes mining. It is estimated that the profits made by Pyongyang through these unconventional measures were worth 2 billion in a couple of years. The official report indicates that the stolen wealth can then be used to undertake unsupervised international transactions, evade sanctions and fund North Korean military expenditures, including its nuclear weapons programme. The American blockchain research firm Chainalysis (2023) calculates that, in 2022 alone, North Korean entities stole 1.7 billion USD worth of cryptocurrencies through hacking. According to Elliptic (2025), another blockchain analytics company, as North Korean operatives have improved the operational complexity and resourcefulness of their crypto-laundering schemes and methods that target both exchanges and the wallets of high-net-worth users, this trend has continued. This behaviour illustrates the problematic overtones of state-sponsored criminal activities related to crypto-assets (Alfieri, 2022). This case shows that states could offensively harness the strategic asymmetric advantages of unofficial cybercurrencies against their rivals for both economic and political reasons.

Bitcoin is more than a weapon for North Korean statecraft. This decentralised currency also supports the defensive resilience of this East Asian state, especially considering its condition as a target of US-led sanctions. Despite the hermetic nature of the North Korean regime, a journalistic investigation discovered that, Pyongyang’s policymakers regard cryptocurrency as a vital gateway to enhance the country’s financial infrastructure and to compensate a lack of access to mainstream international financial channels (Lou, 2021). Another finding of said journalistic account is that notwithstanding Bitcoin’s libertarian background, its unconventional adoption by this communist state is compatible with the strong emphasis of Juche ideology on self-sufficiency. Yet, tricky measures are needed to maximise the usefulness of wealth stolen from Bitcoin’s unregulated environment so that North Korea can purchase all sorts of goods. For instance, American financier James Rickards (2018) indicates that North Korea has used BTC to buy food. As the National Committee on North Korea explains, the volatility of Bitcoin and similar cryptocurrencies makes them unsuitable as permanent vehicles for international payments. Some North Korean partners might accept Bitcoin as payment, but it would make more sense to exchange cryptocurrency for conventional hard cash—whose liquidity is much higher— first and then use it to pay for goods and services later (Wertz, 2020).

This example highlights that unofficial cryptoassets like Bitcoin offer both offensive and defensive instrumental applications for small states caught in confrontational conditions. However, there are signs this phenomenon might go even further in the coming years. North Korean policymakers have openly expressed their intention to use the advanced technical expertise that they have accumulated for the development of a decentralised cybercurrency similar to Bitcoin, a possibility

that Western experts deem feasible (Gilbert, 2019). Nevertheless, it remains to be seen if Pyongyang's partners would be willing to use this alternative version of BTC for their corresponding economic exchanges. It is also unclear if, at some point, other states will decide to design and launch nonstate cryptocurrencies for strategic purposes.

4.2.2.2 Iranian Engagement in the Bitcoin Grid to Deflect US Sanctions

As a state under Western sanctions, the Islamic Republic of Iran has harnessed Bitcoin to deflect and overcome the impact of Western sanctions. According to blockchain consulting firm Elliptic, Teheran is encouraging BTC mining in order to use the resulting profits to pay for imports, bypassing the coercive restrictions that limit its ability to participate in economic exchanges through conventional platforms. Since the process involves the 'alchemical' transformation of energy into cryptocurrency—a borderless monetary asset that circulates in an almost unrestricted way—on an industrial scale, it offers the Iranian state an opportunity to monetise its energy resources (oil and natural gas). This advantage is important for an economy deprived of access to international capital markets (Robinson, 2021). The Middle East Institute adds that the proliferation of cryptocurrency mining farms as a lucrative business model has even attracted the interest and involvement of foreign companies (Sexton & Sudetic, 2021).

Yet, the Iranian presence in the BTC ecosystem is not restricted to mining operations. Teheran is engaged in negotiations with other states—including Austria, Bosnia-Herzegovina, France, Germany, Russia, South Africa, Switzerland and the United Kingdom—in the development of collaborative frameworks for the use of cryptocurrencies in cross-border financial transactions (Ratna, 2020). For Iran, Bitcoin represents a covert backchannel that provides access to the world economy (Konowicz, 2018). In fact, Iranian users—including firms involved in cryptocurrency trading—even managed to carry out international transactions denominated in BTC and other stateless through the cryptocurrency exchange platform Binance, the world's largest (Berwick & Wilson, 2022). By offering alternative gateways that enable the continuity of its international economic exchanges, Bitcoin bolsters Teheran's defensive policy of "economic resistance", largely consistent with the tenets of Shia Islam. Although deliberations continue, Iranian policymakers have discussed the need for a national roadmap to guide the state-led design of cryptocurrency industrial and commercial strategies that bolster both resilience and efficiency (Mehr News Agency, 2025). In these exploratory consultations, Iranian officials have addressed the possibility of Iran as a regional hub for decentralised innovations as a path to increase geopolitical influence, technological partnerships and the flow of FDI (Mehr News Agency, 2025).

Iran's position towards stateless cryptocurrencies has zigzagged as the perceived balance between costs and benefits has fluctuated. In 2021, Iranian authorities reversed their permissiveness towards Bitcoin mining due to rising electricity consumption, shortages of natural gas supplies as a result of the sanctions, Bitcoin's falling value and the incidence of draughts which have diminished the capacity to generate hydropower (Filseth, 2021a). Teheran even launched a clampdown due to concerns over the prospect that widespread BTC mining could overload the country's power grid and provoke blackouts, a problem with the potential to fuel socio-political unrest in a context shaped by simmering popular discontent (Filseth, 2021b). Since it could have

triggered systemic economic disruption and political instability, the continuation of mining could have worsened these problems. Yet, there are signs which indicate that Teheran is revisiting its position once more. In August 2022, the Iranian Ministry of Industry, Mine and Trade announced on social media that the Middle Eastern country had completed its first import order denominated in an unnamed stateless cryptocurrency, a transaction worth 10 million USD, adding that more operations like this will continue in Iran's international economic exchanges (Helms, 2022). Although still worried about the troublesome consequences of mining for energy security, Iran has released hardware for BTC mining that had been previously seized (Sarkar, 2023). This indicates that the asymmetric reliance on BTC to bypass sanctions is a feasible and partial solution under favourable circumstances. Yet, said course of action comes with drawbacks and challenging caveats.

4.2.2.3 Bitcoin Crowdfunding Donations to Support the Ukrainian War Effort

As an indirect enabler of military expenditures, Bitcoin can be used to strengthen the defence of a state engaged in a conventional conflict. In the Ukraine War, it has been employed by Kiev to prepare for the clash and to mitigate its consequences. Through crowdfunding campaigns organised by both the Ukrainian government and private networks of volunteers through virtual platforms, Ukraine received donations denominated in cryptocurrency from foreign supporters. This digital war chest was helpful to increase Kiev's pool of resources before and during the 2022 Russian invasion (Ciancio, 2022). As both primary and secondary sources have reported, these cryptoassets were invested in the purchase of military equipment, unmanned aerial vehicles, medical supplies and even facial recognition software to identify Russian soldiers, spies and mercenaries (Elliptic Intel, 2022; Filseth, 2022).

Although Kiev has received far larger sums of money through more traditional financial systems (Elliptic Intel, 2022), the BTC grid turned out to be direct gateway for the reception of donations from overseas because it does not require the permission of institutional facilitators or intermediaries, only an internet connection (Yakes, 2022). As specialised analysts note, this flow of money completely bypasses the formal paperwork and, perhaps more importantly, the restrictions of conventional financial channels that prevent remittances whose purpose is to fund military activities (Filseth, 2022; Tidy, 2022). Ironically, this course of action was inspired by the preceding crypto-asset fundraising undertaken for years by pro-Russian separatist militias in the Donbass (Elliptic Intel, 2022). This reality indicates that crypto has become not only a mainstream financial phenomenon, but also an instrumental digital asset in contemporary conventional warfighting (Stewart and Heilweil, 2022). Considering that both Moscow and Kiev are actively resorting to decentralised cybercurrencies to gain an upper hand in this ongoing conflict, such confrontation has been metaphorically described as the world's first "crypto war" (Zeitchik and Newmyer, 2022). Yet, it is still unknown if cryptocurrencies will represent a game-changer that can decisively alter the facts on the ground in favour of either side.

As media reports have indicated, in order to increase its coffer of crypto-assets, the Ukrainian government even courted the participation of large private cryptocurrency trading platforms, including FTX, Kuna and Everstake (Stewart & Heilweil, 2022). This involvement generated

unexpected externalities. Specifically, the journalistic revelations that have uncovered the fraudulent criminal behaviour of private cryptocurrency exchange FTX under the leadership of Sam Bankman-Fried, involving cyclical transfers of wealth as a scheme that was facilitated by powerful political and corporate connections, demonstrate that that these initiatives can also offer opportunities which encourage acts of corruption (Despot, 2022; Kumin, 2022). The resulting fallout is problematic because it harms the legitimacy of the crowdfunding efforts due to the fear of misappropriation of funds and also because at least some of the money sent by donors might not have reached its intended destination.

In the context of this war, BTC has not just been used to optimise the defensive capabilities of the Ukrainian military in the operational theatres of engagement. This cybercurrency has also helped civilians caught in the crossfire of this war. As a response to the destruction of infrastructure, Ukraine's worsening macroeconomic trouble, the intermittent occupation of large urban areas by Russian forces, the exodus of millions of refugees and the unreliability or unavailability of traditional financial services under such conditions, Ukrainian citizens are turning to BTC. As a humanitarian currency of "last resort", this cybercurrency has helped such people carry out safe and quick transactions that cover essential needs. (Gladstein, 2022; Kharkov, 2022). In other words, this example also shows that BTC can operate as an alternative currency for individuals to settle everyday payments under conditions of military confrontation in which conventional financial services are offline.

4.3 Can Bitcoin Influence the Evolving Trajectory of Global Hegemony and the Distribution of Polarity?

This segment holds that although per se BTC lacks the critical mass to determine the trajectory of global hegemony, status quo and revisionist great powers could rely on it in attempts to remake world order in accordance with their strategic agendas. It also discusses ways in which BTC's influence may be pivotal for the evolution of global hegemony.

4.3.1 Analysis of Hypothetical Applications

Unlike the previous subsections of this case study, this one does not offer empirical examples because none has been identified at this point. From a long-range perspective, Bitcoin's existence has not lasted long enough and the historical record indicates that the global balance of power and the international monetary order does not change overnight. Yet, both historical precedents and emerging trends suggest that nonstate cybercurrencies might bend the trajectory of global hegemony in more than one direction.

4.3.1.1 Bitcoin's Potential to Become a Major Reserve Currency

The idea of a major global reserve currency not controlled by any state is not new. In the context of the Bretton Woods conference, British economist John Maynard Keynes proposed the idea of

launching a supranational monetary unit, called “Bancor”, which would be backed by gold, a plan that was not welcomed by Washington (Steil, 2014). In the post-Cold War era, the rise of Bitcoin endorses once more the hypothetical scenario of a de-nationalised global currency that cannot be unilaterally controlled in accordance with the interests of a single state (Efremenko et al., 2018; Komath, 2021). As the American private intelligence firm STRATFOR (2017) notes, some observers believe that the dollar’s hegemonic position will not be inherited by another national currency, but by an unconventional new generation of monetary assets and Bitcoin could become one of the largest reserve currencies. Actually, since it was created, Bitcoin’s staunchest supporters have entertained “the dream of a single world currency that is private, free for all to use, and under the control of the masses” (Peck, 2018, p. 77).

The introduction of stateless cryptocurrencies like BTC represents a potential catalyst for the renewal of the global monetary order or, at the very least, for a growing diversification. In theory, a virtual currency like BTC could evolve and potentially act as an item that performs all the roles associated with money on a global scale: medium of exchange, unit of account and store of value (O’Grady, 2014; Efremenko et al. 2018). Setheraman et al. (2017) contend that Bitcoin is a game changer that offers many advantages over traditional currencies and even gold: algorithmic programming, transnational circuits and apolitical governance. As its financial ecosystem has grown, it has attracted the involvement of mainstream economic agents—including online retail business platforms, start-up companies, traditional financial firms and exchanges—, increasing its projection beyond marginal sectors. At some point, BTC could gain a much higher degree of traction for all sorts of cross-border payments, even though it would have to face meaningful regulatory obstacles. Such development would challenge not just the dollar’s hegemony, but also the legitimacy of other economic paradigms such as fiat money and fractional reserve banking (Maurer et al., 2013).

Yet, the idea that BTC will become a major reserve currency should not be taken for granted. There are reasonable doubts motivated by technical, economic and political obstacles. Since Bitcoin’s structural design determines that no more than 21 million units can exist, this limited money supply does not offer the volume that a reserve currency would need to play a much larger role in international commercial or financial transactions through systemic platforms (Rickards, 2018; Hazlett & Luther, 2019; Serada, 2020). Despite the hype around them, unofficial cryptocurrencies are innovations still in their developmental infancy (STRATFOR, 2015). Another important factor is the volatile fluctuations of Bitcoin’s exchange rates. This instability is problematic because rather than an item that performs reliably as international money, Bitcoin behaves more like an unstable speculative asset with no intrinsic worth that is traded for quick profits and exchanged for more traditional forms of wealth (Hashemi, 2014; Friedman, 2017; Huang, 2018; Blaazer, 2020). Notably, Middleton (2018) even argues that Bitcoin might trigger a speculative bubble whose eventual collapse would mirror the ill-fated ‘tulipmania’ frenzy that took place in the Dutch Golden Age.

However, perhaps the most important difficulty is that BTC lacks the political support of a powerful state. In order to reach a much higher degree of international projection, it would require a measure like its adoption as some sort of anchor for a hard currency, either national or

regional (Orell, D. & Chlupatý, 2016). Without such an ingredient, its strength would be feeble. No currency in world history has become dominant on a global scale without the active backing of a great power. In contrast, the American dollar is underwritten by the full national power of the United States, including its military capabilities, manpower, economic wealth, infrastructure, institutional systems, land, culture and infrastructure (STRATFOR, 2017). In addition, most states are unlikely to relinquish the benefits that come with their sovereign ability to control their own monetary policies (O’Grady. 2014).

In a nutshell, the predictions about a widespread global adoption of Bitcoin are, at best, premature (Hashemi, 2014). The potential of any first-generation cybercurrency—including BTC—to become a major reserve currency in the near future is negligible (Luft & Korin, 2019). For the reasons above, Bitcoin is no suitable candidate to overtake the American dollar any time soon (STRATFOR, 2017). However, the prospect of their increased international presence in the long run could incrementally downsize the strategic advantages that the US gets as a result of the dollar’s hegemonic position and even provide an instrument of statecraft to advance a partial de-dollarisation (Diesen, 2021). As such, their potential condition as alternative or secondary reserve currencies is worth considering (Komath, 2021). So, although is unlikely to position itself as a major reserve currency, BTC could partially weaken the dollar’s hegemony if it becomes a minor reserve currency.

4.3.1.2 Bitcoin as a Counter-Hegemonic Vector of Grand Strategy

The growing borderless projection of decentralised cybercurrencies like Bitcoin is a trend that could create a much more fragmentary, horizontal and plural global monetary order (Orell & Chlupatý, 2016). Considering their disruptive nature, these digital monetary innovations have the potential to erode the position held by the dollar as the hegemonic currency since Bretton Woods and the collective West’s ability to implement coercive sanctions. Furthermore, according to Major Jason Lowery (2023), BTC’s dispersed, egalitarian, permissionless and competitive structural architecture has strong counter-hegemonic properties because it prevents the asymmetric unilateral control of special administrative privileges and access. Such systemic features mean that BTC can be attractive for states which seek to overturn the enduring American dominance of international financial and monetary circuits. Therefore, decentralised cybercurrencies can be harnessed strategically by revisionist great powers that seek to encourage de-dollarisation, further multipolarity in the sphere of money and develop parallel networks of financial infrastructure (Dudley, 2016; Jonsson, 2017; Yakes, 2022). Some authors even warn that the next major hegemonic confrontation might not involve a military clash in traditional battlefields, but competing financial structures (Dudley, 2016).

For example, certain experts hold that, despite its ideological hostility to BTC’s libertarian background, China might attempt to manipulate BTC in as an unconventional weapon in an attempt to tarnish the dollar’s prestige and challenge American global financial leadership (Rickards, 2018; Zapone, 2021; Marks & Harvilicz, 2021). Such a possibility has implications for American national security. These concerns are shared by prominent members of US business elite: American hedge fund billionaire Ray Dalio (2019) has warned about an eventual “capital

war” as one of the facets of a rising strategic rivalry between China and the US, as both powers struggle for systemic superiority in the domain of currency and finance.

Ross (2019) argues that, as a great power that intends to rewrite the architecture of the global balance of power, Russia could also be interested in the counter-hegemonic properties of Bitcoin. The unofficial cyberrcurrency could be leveraged by this Eurasian great power as an instrument of statecraft that might encourage a more multipolar correlation of forces. Moscow cannot directly compete with the US in the field of money, but it can rely on stateless cryptocurrencies as weaponised asymmetric vectors of grand strategy to diminish the international strength of the greenback. Said measure would reduce the power and influence of the US in the system of global financial and monetary governance and worsen American financial imbalances, including unsustainable levels of indebtedness. Moscow could even become a hub for independent cryptocurrencies like BTC. In fact, it has been noted that the reassessment of Russia’s initial reluctance to embrace cryptocurrencies towards a more permissive attitude is likely related to the Kremlin’s strategic interest in weakening the dollar (Costigan & Gleason, 2019).

However, it is not entirely clear if such course of action could achieve the expected outcome. There are limits that China and/or Russia would have to overcome in order to sponsor a much larger presence of Bitcoin in cross-border payments, including the need to develop an accompanying financial infrastructure (Yakes, 2022). Another disadvantage for Bitcoin to achieve a much stronger international role is this cryptocurrency’s high levels of financial volatility (Jones, 2018). Although this strategy could be helpful to avert financial and monetary arteries controlled by the United States, it is unlikely to displace the dollar, at least not by itself. At best, it could partially erode its position. Moscow and Beijing could rely on BTC and similar nonstate cryptocurrencies as counter-hegemonic strategic instruments to hasten de-dollarisation, but they would need stronger measures in order to give birth to a new multipolar global monetary order in which the US is no longer the only hegemon.

4.3.1.3 Bitcoin Proliferation as a Mirror that Reflects a Declining US Hegemony

Bitcoin’s symbolical implications have not gone unnoticed. It has been noted that its creation, in the aftermath of the 2008 global financial crisis, was a phenomenon driven —to a certain extent— by concerns about the trustworthiness of the dollar as the dominant reserve currency (Mansted et al., 2019). According to *Financial Times* columnist Rana Foroohar (2021), the rise of Bitcoin and similar cryptocurrencies is a systemic trend that should not be interpreted as a temporary financial bubble. Instead, she explains that, from a long-range perspective, the proliferation of such cyberrcurrencies represents a perception of growing scepticism about the American dollar —as a result of mounting levels of indebtedness and unsound monetary policies— and also as a symptom of a tectonic shift that favours an increasing geopolitical multipolarity. In other words, BTC symbolises that a new global monetary and geopolitical order might be underway. Notably, Credit Suisse analyst Zoltan Pozsar (2022) foresees that BTC will benefit from a new Bretton Woods, an era that will likely be shaped by a weaker dollar, a stronger renminbi, intensifying financial volatility and the growing presence of “outside money”, including gold and other

commodities. According to these perspectives, BTC is a part of a larger trend which will remake the international monetary system in the long run.

4.3.1.4 Bitcoin as an Anchor of 'Pax Americana'

Luke Mikic (2022) puts forward the counterintuitive forecast that, rather than weakening it, the growing monetisation of BTC will actually increase the lifespan of the US dollar as the hegemonic reserve currency. In this regard, in a context shaped by both the accumulation of structural financial problems and the rising assertiveness of revisionist states which actively seek to undermine the greenback's global supremacy, it would make sense to back the dollar with the leading cryptocurrency in order to hasten the renewal of the global monetary order with a dollar supported by BTC under Washington's leadership. He argues that a Bitcoin-backed dollar would be able to overcome the challenge posed by the monetary alternatives being developed by China and, to a lesser extent, Russia. A report published by the Bitcoin Policy Institute (Pines, 2022) states that BTC offers strategic advantages worth harnessing to strengthen the US position as the leading superpower. The think tank specifies that, rather than trying to suppress it, Washington should rely on BTC as an asset to support the development of technological innovation, expand capital markets, counter Beijing's efforts to boost e-RMB internationalisation and Chinese FinTech platforms, project the 'soft power' of American values and finance opposition to hostile regimes. This course of action would reshuffle the global monetary order —with Bitcoin as its cornerstone, much like gold during the Bretton Woods era— in a favourable way for the US national interests. Although this counterintuitive idea seems currently unlikely, maybe Washington could be willing to consider it under desperate circumstances. The situations that would require such an unconventional measure are: 1) a systemic financial crisis that compromises the international legitimacy of the US dollar as a fiat currency or 2) a scenario in which de-dollarisation efforts driven by China, Russia, Iran, Brazil, India and Gulf petro-monarchies manage to reach an irreversible traction that would threaten the privileged status of the greenback. It remains to be seen whether the official creation of the US Strategic Bitcoin Reserve foreshadows an incremental trajectory that leads to the direction of this forecast.

4.3.1.5 Bitcoin as a Source of Inspiration to Develop Alternatives to the US Dollar

From a long-range perspective, BTC can become a forerunner that inspires the development of more far-reaching digital currency projects. On its own, the potential of Bitcoin to overtake the US dollar is rather limited. However, its introduction could eventually inspire a chain reaction that leads to the creation of later generations of virtual currencies —perhaps underpinned by monetary connections to hard assets such as gold and linked to their own digital financial infrastructures— intended to challenge the dollar's hegemony (Townsend, 2018; Luft & Korin, 2019; Birch, 2020). For instance, Rickards (2018) anticipates that China or Russia could hypothetically link BTC with gold as a measure to hasten the decline of the dollar. Interestingly, a report published by the Valdai Discussion Club, an influential Russian think tank, states that since cryptocurrencies are promising vehicles for cross-border settlements and payments, it is a matter of time before their current drawbacks are addressed through projects which offer innovative

improvements (Sokolov et al., 2018). In an exercise of strategic forecasting, Gomez and Pasin (2018) even explore the hypothetical prospects of multilateral digital currencies for the BRICS bloc, the Russophone areas of the post-Soviet space, the Latin American members of ALBA and even for nations of Turkic heritage, amongst others. In such a way, the intellectual influence of BTC could indirectly give birth to the design of alternative creations that do have the critical mass to compete with the greenback.

4.4 Conclusions

The overall contribution of this chapter's integrative scrutiny is the identification that, despite being a stateless cyberscurrency, BTC entails meaningful, complex and multifaceted strategic ramifications. Moreover, the extrapolation of current trends suggests that these implications are likely to grow in the near future. In this regard, the following strategic takeaways summarise the key findings, insights and instructive lessons that were identified. Appendix 5 presents a table in which these specific observations are condensed. Appendix 6 puts forward a supplementary table that shows the correspondence between hypothetical predictions and empirical findings in this particular case study.

As evidenced by empirical case studies, Bitcoin's strongest geopolitical implications are observed in the fields of national power and rivalries. Concerning national power, BTC is being leveraged as a versatile and expedient instrument of statecraft in the pursuit of strategic national interests related to security, influence, control, intelligence, industrial development and wealth. Paradoxically, the fact that BTC is a nonofficial, apolitical and neutral cyberscurrency means that it can be manipulated, harnessed and leveraged in various ways in the practice of statecraft. States with varying geopolitical profiles (including both great powers and smaller countries) are relying on BTC to further their aims. Yet, their actions reveal that there are multiple measures to engage the BTC ecosystem to seek the benefits it can offer. The ultimate feasibility and convenience of such actions are determined by the circumstances, interests and capabilities of each state. There is no single uniform formula to do so.

Furthermore, recent US policies surrounding the introduction of a strategic BTC reserve demonstrates that great powers are actively preparing to engage the realm of digital currencies in a bid to strengthen national power. Such course of action means that contemporary statecraft cannot afford to ignore the strategic properties of decentralised unofficial cyberscurrencies. It is interesting that, rather than developing an American CBDC, Washington has chosen to compete in their geoeconomic ecosystems with nonstate cryptocurrencies instead. An environment shaped by this de facto adoption —along with systemic conditions of heightened geopolitical tensions, the ongoing proliferation of economic warfare, financial volatility and monetary pluralism— generate structural incentives for this trend to continue. For example, considering its traditional position of strategic nonalignment and its position as an emerging power, India remains a strong candidate to embrace BTC as a denationalised crypto-asset. In addition, the official adoption of BTC as legal tender remains an ambitious experimental policy whose results are unclear but, if the Salvadorean example turns out to be successful in the coming years, other

small states might be tempted to follow the same course of action. Another important strategic takeaway is that states can employ BTC as a facilitator or enabler of covert operations. Perhaps this potential application is no longer confined to the domain of hypothetical possibilities. Considering the clandestine nature of such activities, it is likely that there are examples which are still not publicly known.

Yet, BTC does not necessarily always increase national power. As the case of China shows, states that want to assert their financial and monetary influence in their own right do have legitimate reasons to regard BTC as a detrimental force that can harm their national power. Theoretical insights strongly suggest that BTC can also be harmful for states with weak currencies or high levels of financial instability. In summary, BTC is a double-edged sword which represents both opportunities and risks for national power.

When it comes to the applications of BTC under conditions of interstate rivalries and confrontation, this cybercurrency is being used as an offensive weapon or defensive shield. Bitcoin can be used to carry out predatory acts of hybrid warfare or measures that fuel political disruption, but also as a tool to diminish the impact of sanctions, underwrite military defence expenses and provide alternative financial lifelines so that civilians caught in a shooting war can cover their essential needs. These applications are seen in both conventional and unconventional battlespaces. Empirical evidence also indicates that BTC is mostly employed in asymmetric theatres of engagement by weaker states to face stronger rivals. Therefore, it is reasonable to predict that BTC and other nonstate cryptocurrencies will be mobilised in more conflicts in which asymmetric equalisers are needed. Still, although helpful in warfighting and under adversarial conditions, BTC's usefulness is limited. In fact, it has not performed as a game-changer in any of the empirical case studies under scrutiny. Moreover, the fact that the flow of international donations denominated in crypto-assets can bolster digital war chests through borderless and unsupervised financial channels means that they can encourage the continuation of hostilities, and maybe even their escalation. Likewise, the increasing complexity of economic warfare is a structural factor which provides an incentive to deepen the weaponisation BTC. Furthermore, considering their ability to enable illicit transactions, BTC and similar cryptocurrencies have the potential to be used in black markets to purchase weaponry left behind in post-conflict zones. Thus, they can eventually fuel the proliferation of trafficking in firearms, ammo and all sorts of military hardware.

On the other hand, the potential influence on the evolution of hegemony remains purely hypothetical. This matter could not be clarified through a forensic assessment of empirical realities. The absence of evidence is likely a result of the fact that BTC has not existed for long enough. However, the integrative scrutiny of strategic forecasts and the findings discovered about the relevance of BTC for both national power and rivalries suggest that this cryptocurrency could possibly play a role in the pursuit of hegemony. By itself, BTC lacks the critical mass that would be needed to reshuffle the global correlation of forces or the structure of polarity within the international system. In addition, its potential to become a major reserve currency or overtake the American dollar is rather limited. It could only reach a sizeable position as a relevant reserve asset in case a major financial crisis compromises the position and/or the legitimacy of state-

backed hard currencies. However, great powers can attempt to manipulate BTC in efforts to reshape the global balance of power. Specifically, status quo powers (like the United States) and revisionist challengers (like Russia) can leverage BTC as a vector of grand strategy in accordance with their competing visions of world order. China's strategic anxieties surrounding Bitcoin and Beijing's ensuing clampdown seemingly validate the extent of this cryptocurrency's potential. Moreover, as a force which favours a spirit of growing monetary pluralism and as a source of inspiration to develop alternatives to the USD, BTC can also indirectly influence the trajectory of global hegemony.

Together, these findings can be extrapolated to other unofficial cryptocurrencies that share similar characteristics with Bitcoin. Such lessons illustrate that nonstate currencies that offer both a transnational grid and secrecy can and do have meaningful geopolitical ramifications. However, as the following chapters will show, they cannot necessarily be generalised for other kinds of digital currencies with substantially different characteristics, such as corporate supranational 'stablecoins' or state-backed central bank digital currencies.

Chapter 5.- Libra's Star-Crossed Failure: Facebook/Meta's Aborted Hostile Takeover

«No, they cannot touch me for coining; I am the king himself ».

—WILLIAM SHAKESPEARE (King Lear).

This chapter holds that, despite its miscarriage, the potential materialisation of the Libra project represented an attempted disruptive incursion of high-tech companies in the 'high politics' of the digital currency politico-strategic space. The story of Libra is telling about the underlying tensions between transnational corporations and states in the so-called "information age". As a highly unconventional FinTech innovation, the implications of Libra for national power rivalries and the trajectory of global hegemony are complex, ambivalent and sometimes even contradictory. This case study purports to show that supranational 'stablecoins' conceived by heavyweight transnational corporations can bring significant challenges and opportunities for national security and statecraft. Clarifying their relevance is therefore pertinent because these private digital monetary units are likely to flourish in the near future. The scrutiny of Libra is therefore useful to advance a better understanding about their larger ramifications.

The long-range importance of FinTech innovations like Libra for increasingly complex security environments in which traditional and unconventional challenges are interwoven has not been fully understood. Even specialised primary sources barely scratch the surface. The G7 Working Group on Stablecoins (2019), the G30 (2020) and the US Congressional Research Service (Nelson & Perkins, 2019) highlight potential risks related to regulatory frameworks, supervision, competing jurisdictions, operational resilience, cyber security, tax compliance, user data protection, personal privacy, financial stability, monetary policy, and maybe even the international monetary system. Former US Secretary of the Treasury under the Trump administration, Steve Mnuchin (2019), stated that Libra represented a meaningful issue for national security because of its potential to be misused as a facilitator of illicit financial activities carried out by malign nonstate actors, including criminal and terrorist groups. Mnuchin explicitly linked these concerns with the problematic repercussions of digital asset providers which operate in the shadows without proper governmental oversight. In this regard, the development Libra was being closely monitored by the Financial Action Task Force, a multilateral international institution responsible for coordinated efforts against illicit finance (Wilson, 2019). These perspectives are mostly anchored to concerns related to technical issues, economic distortions and law enforcement. They seemingly reveal a perception according to which Libra would be rather similar to Bitcoin, even though there are substantial qualitative differences. Such approximations provide a partial understanding of the subject matter's complex and multifaceted ramifications. Nevertheless, there is no assessment that clarifies the politico-strategic significance for statecraft of a project like this. Said gap in knowledge has been identified by scholars who have preliminarily explored the importance of digital currencies for national security. For example, Ngwana (2020) explicitly mentions the necessity to examine at length the geopolitical ramifications of Libra as a

recommendation for further research because the mere possibility of its existence raises unanswered questions.

5.1 What are the Implications of Libra for National Power?

This subsection presents an analytical paradox which illustrates the complex and ambivalent implications of nonstate corporate stablecoins for national power. First, it clarifies the hypothetical benefits that Libra would have brought for US statecraft. In contrast, it also scrutinises the project's drawbacks for American national interests. It argues that the objections put forward by US government officials and policymakers outweighed the consideration of its potential benefits and caused the project's ultimate downfall. These contents also clarify the potentially harmful consequences of this supranational private stablecoin for developing states.

5.1.1 Analysis of Hypothetical Applications

There are various ways in which the rollout of Libra could have, in theory, strengthened American national power. These include its potential applications for the collection of financial intelligence, its role as a monetary proxy of the dollar, its contribution to reposition the United States in the competitive race for superiority in FinTech space and its contribution for the projection of American soft power. Yet, there are also several reasons why, despite the convenient attractiveness of Libra's for millions of individual users from all over the world, its international circulation would have been detrimental for the national interests of emerging economies.

5.1.1.1 Libra as a Potential Lever of US National Power

More often than not, the strategic behaviour of heavyweight corporations is influenced by the perspectives of the states in which they originated. As Kenneth Waltz (1970) notes, despite their widespread international presence, the primordial nationality of large transnational companies matters. The decisions of these companies are shaped by the national interests of the country in which their corporate headquarters and the bulk of their core activities—including research and development—are located. The worldviews and inclinations held by that particular state are likely to prevail amongst their cadres of senior executives. In addition, they tend to develop organic ties to their governments and the proliferation of their business operations—both at home and abroad—is regularly supported by official policies. In the post-Cold War era, neo-mercantilist strategies of economic statecraft for the pursuit of national interests involve public-private partnerships with both offensive and defensive purposes. This collaboration between state agencies and corporate firms flourishes in matters related to research and design, economic diplomacy, economic warfare, the weaponisation of economic exchanges, industrial policy, business intelligence, training programmes, the conquest of foreign markets, the projection of soft power and even psychological warfare (Zarate, 2015; Blackwill and Harris, 2016; Csurgai, 2017).

In today's world, large-scale virtual platforms are becoming increasingly consequential for geopolitical dynamics. Their significance for statecraft is related to the management of big data analytics, the strategic control of digital markets and the projection of ideological influence (Gray, 2021). In the case of Facebook/Meta, despite some disagreements with the American government, said corporation is not geopolitically neutral. This high-tech firm is regularly aligned with US foreign policy interests. In fact, it has forged collaborative partnerships with entities like the National Endowment for Democracy, the International Republican Institute, the National Democratic Institute and the NATO-funded Atlantic Council. Such institutions are involved in activities that seek to influence political outcomes in foreign countries—in accordance with US interests—through measures like interference and even regime change operations. Furthermore, Facebook/Meta's policies in the management of social media contents explicitly mirror Washington's confrontational position towards states like Russia and Iran (Diesen, 2021). Therefore, extrapolation suggests that it is reasonable to assume that the Libra project would gravitate around the orbit of US strategic interests.

In an age in which digitalisation and interconnectedness are felt in all walks of life, there is an endless flow of data that can be harvested, controlled, monetised, marketed and weaponised. Therefore, states are engaged in systematic and intensive intelligence-gathering in the domain of cyberspace. However, nonstate actors—including high-tech corporations—are also involved in this ongoing strategic contest (Kollars, 2020). Through tools such as machine learning, artificial intelligence and predictive algorithms, these monopolistic firms can attain a decisive “strategic exercise of network dominance” in the landscape of virtual platforms (Vasudevan, 2020, p. 27). In this regard, If the US Government and Facebook/Meta had reached a consensus, the international rollout of Libra could have offered Washington a covert backdoor for the worldwide collection of actionable financial intelligence (FININT). In the hands of a company with like Facebook/Meta, Libra offered a gateway to collect large volumes of information about the consumption patterns of its users and then to cross-reference it with what its corporate platforms already know about their personal interests, social networks, political beliefs, ideological preferences and the like.

In fact, Facebook/Meta is one of the leading digital platforms which co-operate with the American intelligence community, including the National Security Agency (NSA). To keep things in perspective, in 2012 Facebook received between 9,000 and 10,000 data-user requests from US governmental agencies (Ferguson, 2018). As the previous chapter has shown, the US intelligence community is already actively engaged in the ecosystems of unofficial cryptocurrencies like Bitcoin. Under the strategic umbrella of the US in a way similar to SWIFT (Society for Worldwide Interbank Financial Telecommunication), Libra had the potential to operate as a digital instrument of statecraft that would be useful for unilaterally monitoring and punishing American enemies (Diesen, 2021). Libra's condition as a currency pegged predominantly to the dollar would give US authorities an additional source of surveillance because dollar-denominated transactions must be cleared through nodes under the scrutiny of the American government (Rogoff, 2019).

In fact, the suggestive profile of individuals hired by the Libra Association for key positions shows a strong political willingness to collaborate with US intelligence services. These appointments

included Stuart Levey —former Deputy Secretary of the Treasury for Terrorism and Financial Intelligence— as its CEO and Robert Wertner —former Director of the Office of Foreign Assets Control— as General Counsel (Massad, 2020). On behalf of the Libra Association, David Marcus (2019) emphasised a corporate commitment to full compliance with the existing regulations and policies the American national security apparatus and the suppression of both money laundering and terrorism financing. In addition, the project certainly had the corresponding technical ability that would be needed. As a financial platform that would cross-reference purchases with behaviours, locations, habits, relationships, connections, employment, social media profiles and facial recognition, Libra offered the prospective ability to “wield extraordinary predictive powers about its every customer” (Webb, 2019, p. 80). Notably, the Calibra wallet contemplated a standardised and interoperable verification protocol for governmental IDs (Birch, 2019), as well as systemic protocols for the pervasive collection of private information through records of transactions (Rrustemi & Tuchsschmid, 2020).

Furthermore, Libra may have arguably become a proxy, pseudopod or derivative of the US dollar, rather than a competitor or a challenger. According to both Mark Zuckerberg himself (2019) and scholars that have studied this project (Copeland, 2019; Luft & Korin, 2019), the dominance of the greenback in the proportional composition of this private stablecoin’s supporting basket of currencies ensured that this stablecoin could perform as an extension of the dollar’s leading position and not as an alternative. Accordingly, it could be argued that a virtual currency like Libra did not represent a meaningful threat for American economic primacy (Ney, 2020). The international circulation of Libra would have actually strengthened the hegemonic prospects of the dollar as the dominant reserve currency in the era of digital money (Xarim, 2019). In fact, the project’s creators argued that the implementation of Libra would be aligned with Washington’s strategic interests. Moreover, the international launch of Libra and its accompanying financial infrastructure would have represented a contribution for the preservation and enhancement of American leadership in international finance, including the coercive power to implement sanctions and monitor transactions (McCormick et al., 2019). Through Libra, the US would have achieved patronage over a potential global corporate payment system as a major strategic advantage (Copeland, 2019). In contrast, the project’s designers also warned that failure to greenlight its development would represent a setback for US interests that others would take advantage of to push competing FinTech projects (Bond, 2019). Sympathetic commentators even argued that, from the perspective of the US government, it was preferable to deal with a financial corporate organisation based in Switzerland and owned by US companies, rather than with projects run by antagonistic states —like China— with which the US would have little leverage (Rogoff, 2019; Pupilizio, 2021).

According to the explanation of David Marcus (2019) about the first iteration of the project, the Libra Association supposedly never intended to challenge, compete with or overtake either monetary policy or sovereign currencies. He explicitly underlined that the management of such matters is an exclusive attribution of central banks, emphasising a political willingness to collaborate with the Federal Reserve to ensure non-interference. In fact, since the stablecoin would be backed by an equivalent monetary sum denominated in a basket of official fiat currencies, its circulation would not lead to the creation of new monetary units. It would simply

inherit the policies implemented by the central banks whose national currencies were represented in Libra's supporting basket (Massad, 2020). In other words, it was originally envisaged as a supplement of state-backed legal tender, but not as a replacement (Pupolizio, 2021). In the deliberations about the strategic redesign of the project as Diem, an even deeper subordination to the USD was seen as a necessity to accommodate Washington's concerns and ensure the successful launch of the project (Roa, 2019). This revised iteration contemplated a series of measures intended to seek a greater degree of harmony with American interests and to address reservations over monetary sovereignty. The withdrawal from Switzerland towards American soil and the ensuing request to get the authorisation of the US Treasury can be seen as a political measure to manifest acquiescence. Diem would no longer be a borderless corporate currency. Instead, the primary version of Diem would be a single-currency stablecoin pegged to the greenback and whose new governance structure would be deeply integrated with the American governmental apparatus. This architectural reformulation would have enhanced the international influence of the dollar and to monetise the debt of the US government (Destraint & Hurel, 2022). In turn, parallel Diems that would circulate in the UK, the Eurozone and Japan would be tied to the corresponding official currencies (Pupolizio, 2021). Under this scheme, Diem would "extend the functionality" of the dollar and other Western fiat currencies in cross-border exchanges (Massad, 2020, p. 15). In short, the blueprints of both Libra and Diem responded to the strategic interest in preserving the dollar's superiority as the world's leading reserve currency.

In the digital age, many innovations in the sector of advanced technologies are developed and deployed on a global scale by private companies (Allison, 2020; Bremmer 2021). In this regard, Silicon Valley can be seen as an industrial cluster of companies whose business activities, added-value inventions and strategic plans usually serve the US national interest. Considering its role as a developer of artificial intelligence systems and monopolistic digital ecosystems in social media environments (Diesen, 2021), Facebook/Meta plays a meaningful role in the advantageous position United States in the competitive field of high tech. In the case of Libra, this FinTech innovation may have heralded and influenced a transitional global trajectory towards cashless economies as a process under the leadership of an American company (Xarim, 2019; Nandakumar & Cederquist, 2021). As a whole, Libra and its broader ecosystem were presented as a contribution to strengthen the US in the space of advanced technologies and to upgrade the "outdated" American financial infrastructure (Zuckerberg, 2019). Libra was expected to position the US at the forefront of FinTech innovations, especially in a context of a rising strategic competition between Washington and Beijing which encompasses multiple overlapping theatres of engagement, including the sphere of money (Mansted et al., 2019).

In addition, the global projection of Silicon Valley's innovations strengthens the prestige of America as a cradle of visionary entrepreneurship and as a source of ideological influence. Specifically, Facebook/Meta acts as an instrumental platform which projects American "soft power", the "American way of life", the American conception of globalisation and the ideological influence of American liberalism on a global scale (Leurquin & Manoeuvre, 2020). Facebook/Meta's planetary ideological influence can also be leveraged by Washington for political purposes. Actually, this social media company can be useful as a vehicle to disseminate propaganda, distract people from important issues, encourage socio-political unrest, corrode

social bonds of mutual trust, wage psychological warfare, shape public perceptions about controversial matters, sow confusion and marginalise dissenting views that challenge mainstream established narratives (Disen, 2021). In accordance with this logic, the international release of Libra —as a token of the determination of American big tech companies to further the existing frontiers of FinTech— would have symbolically embodied the entrepreneurial spirit of the United States as a hub of innovation (Chorzempa, 2019; Monaca, 2021).

Facebook/Meta tried to justify politically the Libra project by presenting itself as a national champion of behalf of the US. The company's lobbying campaign basically argued that what was good for Facebook/Meta —i.e. the release of this stablecoin— was also convenient for the US national interest. Mark Zuckerberg (2019) himself tried to convince the US Congress that the stablecoin “will extend America's financial leadership as well as our democratic values and oversight”. In this PR effort, Zuckerberg (2019) also emphasised the American origin of Calibra, many members of the Libra Association, Libra's underlying technologies and Facebook/Meta's social media platforms, as well as R&D work carried out on American soil and the primary role of the dollar in the Libra Reserve. With Libra as its flagship and bargaining chip in the digital geopolitical space, Facebook/Meta likely intended to position itself as a high-tech corporate monopoly rewarded and supported by the US because its activities would advance national interests and increase national wealth (Bremmer, 2021; Diesen, 2021). In accordance with this model, Facebook/Meta would wield strategic international influence in a way consistent with and loyal to Washington's foreign policy agenda. Therefore, the most instructive lesson of this hypothetical scrutiny is that supranational corporate stablecoins like Libra offer various potential opportunities to further the international influence of great powers.

In turn, failure to endorse the rollout of the project was portrayed as a setback for American economic statecraft. When facing the concerns of elected representatives from the House Financial Services Committee, Zuckerberg (2019) explained that “while we debate these issues, the rest of the world isn't waiting... [as a result] If America doesn't innovate, our financial leadership isn't guaranteed”. Basically, Zuckerberg was trying to argue that Libra should be viewed by American regulators and government officials as a strategic instrument of US geopolitical power. However, he did not specify why the control of this asset should be in the hands of a private company (Orcutt, 2019). Similarly, the head of the Libra Association David Marcus (2019) warned that “if America does not lead innovation in the digital currency and payments area, others will. If we fail to act, we could soon see a digital currency controlled by others whose values are dramatically different.” According to this logic, a delay or miscarriage would represent a window of opportunity for strategic competitors like China to develop a competing project. Some commentators explicitly held that if the congressional and regulatory opposition to Libra in the US could not be overcome, “the path will be open for Chinese FinTech to extend its dominance around the world” (Chorzempa, 2019).

5.1.1.2 Libra as a Hypothetical Threat for Developing States

The declining authority of the state in the post-Cold War era is a consequence of the growing power of market agents, a development produced by structural economic, technological and financial trends. As the functions of private firms and supranational structures have grown to the detriment of public prerogatives in the hands of governments, the hierarchical asymmetry with large transnational private firms is even more profound in the case of developing countries. Despite being nonstate actors, transnational corporations can seldom be held accountable or controlled by governmental agencies. Under these conditions, the management of competition, economic policymaking, trade patterns, developmental strategies and money becomes increasingly complex (Strange, 1996). In this regard, there are two arenas in which this rising correlation of forces makes emerging economies particularly vulnerable. First, the unchecked empowerment of high finance poses risks for their national security, sovereignty and stability, particularly in an environment in which the prospect of cyclical systemic financial crises is permanent (Thirlwell, 2010). Said disruptions worsen imbalances and further the consolidation of oligopolistic market structures. Second, high-tech corporations whose innovations are driving the ongoing wave of digitalisation are shaping geopolitical environments in which states are no longer the only relevant players. In fact, the process is weakening the influence of the state in key sectors, as said corporate entities have managed to control segments of national security, strategic industries, digital economies and society (Bremmer 2021). For example, Mark Zuckerberg has argued that “in a lot of ways [...] Facebook is more like a government than a traditional company. We have this large community of people, and more than other technology companies we’re really setting policies” (Ferguson, 2018, p. 390). The continuous indifference of Facebook/Meta towards public accountability in the pursuit of profits and its ideological commitment to the diminishment of the state in the economic sphere are regarded with suspicion (Constantinescu, 2020; Tischer, 2020).

In this regard, the Libra governance structure proposed by Facebook/Meta was a major cause of concern and distrust (Yeung, 2020). Since the Libra Association was envisaged as a corporate coalition established in a foreign jurisdiction, its combined political and economic weight may have easily overpowered smaller nations (Tischer, 2020). Moreover, the Libra stablecoin represented an aggressive bid by a multinational corporation to take over a public good — currencies— and turn it into the digital monetary cornerstone of an accompanying financial infrastructure beyond the horizon of conventional governmental regulation (Tischer, 2020). Considering the far-reaching potential scale of the project, the introduction of a parallel and competitive private virtual currency run by Facebook/Meta in developing countries and the potential “Libraisation” of these economies could marginalise and depreciate governmental currencies (Gerard, 2020; Pupolizio, 2021). The resulting currency substitution would compromise the ability of the corresponding central bank to implement monetary policy and deepen existing macroeconomic turmoil (Birch, 2019; Bourgeot, 2019; Luft & Korin, 2019; Rustemi & Tuchsschmid, 2020). Even the partial adoption of Libra would make monetary policy increasingly dysfunctional. In such scenario, “the effectiveness of any attempt to expand or shrink the money supply would be inversely proportionate to the adoption and use of Diem or Libra, which would not be affected by national monetary policies” (Pupolizio, 2021, p. 18). A private

stablecoin like Libra would be particularly attractive as an alternative safe haven —even though it was not originally designed to function primarily as a store of value— in cases in which the financial system is too unstable or untrustworthy (Gaussel-Maroux, 2021). Such incentives are present in countries that commonly experience financial turmoil such as Argentina, Lebanon, Iran, Turkey and Venezuela. Libra did not just represent unwanted economic competition for the fiat currencies of emerging countries. Rather, the sole circulation of a currency like Libra represents a direct political challenge for official currencies as expressions of both the sovereign authority of the state and symbols of national identity (Ludwick, 2019; Roa, 2019).

Through Libra as a strategic vector, Facebook/Meta and its partners could have conquered or captured large portions of FinTech markets in developing economies. Such development would be disadvantageous for the geopolitical position of these states, as it would have placed them in a vulnerable condition as a result of their subordination to the sphere of influence of an entity whose priority is the maximisation of its own wealth. In small and underdeveloped countries with volatile currencies and/or high inflation, the circulation of Libra would have been problematic for national security because it would exacerbate the harmful impact of these phenomena. The Libra ecosystem—including the stablecoin and its accompanying financial infrastructure— could have easily position itself as a vital linchpin of an unstable emerging economy as a result of spontaneous market preferences due to its higher degree of reliability in comparison with state-backed legal tender. As they lack reliable financial systems, regulatory governmental capabilities and strong currencies, these states would be highly vulnerable to the penetration of Libra as a monetary unit which could have underwritten most everyday economic exchanges.

In turn, taxation and transactions involving ordinary goods and services through payments denominated in Libra would weaken the political and economic legitimacy of official money (Rrustemi & Tuchsschmid, 2020). Also, a diminished ability to perform taxation in unregulated economic environments controlled by foreign corporations would debase the effectiveness of governmental guarantees to support the value of the national currency (Brunnermeir et al., 2019). Likewise, a supranational stablecoin that is suitable for cross-border economic exchanges through alternative financial channels could operate as an enabler of capital flight (Fantacci & Gobbi, 2020). In summary, in the economies of developing states with unsound currencies, the introduction of Libra would instigate financial volatility, major monetary disruption, distortions in taxation and capital flight. In other words, it might trigger destabilising consequences that would be harmful for national security (Mansted et al., 2019). The potential introduction of Libra as a parallel currency was therefore dangerous for peripheral states from the so-called “Global South”.

There were other problematic implications for the national interests of developing states. The circulation of Libra in these emerging markets would be detrimental for the functional operation of their banking systems. Since its financial infrastructure would provide parallel payment systems for both internal and international economic exchanges, it would diminish the flow of money through conventional banking services (Fantacci & Gobbi, 2019; Luft & Korin, 2019). Moreover, a Libra that could act as an attractive store of value might fuel bank runs in times of systemic macroeconomic turmoil as people desperately transfer their assets from their conventional bank accounts denominated in fiat currencies to the digital wallets which undergird this stablecoin’s

networks (Nelson & Perkins, 2019). These problems could reach dangerous proportions for national security in the absence of effective regulatory frameworks or in case wild macroeconomic fluctuations (Constantinescu, 2020). Notably, with the redesign of the project as Diem, its corporate developers intended to accommodate the demands and concerns of political authorities in key North American and European states, but these consultations disregarded the view of countries from the Global South. Hence, it still represented a systemic monetary threat for their national interests (Pupolizio, 2021).

Additional potential sources of danger include the prospects of operational risks such as technological failures, the corporate fragmentation of the Libra Association, programme malfunction, cyberattacks, the insufficiency of reserves and sabotage, as well as the sudden interruption of internet services or electricity. A systemic platform outage in a peripheral country with Libra-intensive usage would potentially deprive millions of users of its digital financial arteries to carry out purchases, transactions, payments and transfers. Finally, the architecture of the Libra ecosystem would not be able to supply liquidity under conditions of crisis (Abraham & Guégan, 2020) and might experience something akin to a 'bank run' if its exchange rate declines sharply (Nelson & Perkins, 2019). The outcomes of these hypothetical scenarios would undermine macroeconomic stability, a phenomenon that may fuel widespread sociopolitical unrest.

The case of Libra has established a noteworthy precedent for developing nations. It is doubtful that states would willingly relinquish their exclusive monopolistic control over money and share it with or delegate it to a profit-driven corporation, especially when the outcome of a strategic competition to remake the global financial system remains undecided (Luft & Korin, 2019). However, inhabitants of emerging countries might willingly embrace alternative private currencies like Libra out of individual convenience if given the chance. Regarding the plausible responses of central banks, there is no single course of action to ensure non-interference with monetary policy or monetary sovereignty as strategic national interests. Potential options include the outright total prohibition of private virtual currencies, their regulation under strict governmental oversight of even the development of sovereign digital currencies as a new form of official legal tender (Yeung, 2020). Yet, the particular policy of each emerging economy towards prospective supranational corporate stablecoin will be likely determined by the extent or limits of its own capabilities, rather than by its preferences.

5.1.2 Analysis of Empirical Realities

Concerning empirical facts on the ground, the following contents argue that Libra met its premature demise because of the objections of the US political elite. In the so-called DC Beltway, the bipartisan consensus was that the project, despite the nationalist rhetoric of its corporate masterminds, was unfavourable for American national power.

5.1.2.1 Cancellation of the Project due to its Potentially Detrimental Consequences for the US National Interest

Large transnational firms are not necessarily always aligned the interest of the states in whose territory their corporate headquarters are located. The international dispersion of their business interests, their presence in overseas markets and their behaviour as assertive nonstate actors which formulate their own “foreign policies” often generate political tensions (Strange, 1992). In today’s world, the growing autonomous power of high-tech firms from Silicon Valley is a consequential geopolitical phenomenon. The far-reaching dimensions of their technological capabilities, political influence, economic wealth, societal penetration, international projection and authority in the world of digital code make these corporations hard to place under full governmental control (Bremmer, 2021). Particularly, despite the fact that it portrays itself as a counterbalance against the rising might of China for PR purposes, Facebook/Meta is viewed with suspicion by senior American politicians. For example, Hillary Clinton has reportedly likened dealing with said company to “negotiating with a foreign power sometimes” (LaFrance, 2021). American commentators have even observed that —from the perspective of US national interests— Facebook/Meta deservedly needs to be regarded as a hostile great power (LaFrance, 2021).

In this context, the Libra project was met with ambivalent reactions in Washington DC. American policymakers engaged in a controversial debate about how to approach its development. These deliberations addressed various possibilities, including its prohibition, authorisation or the creation of an American CBDC as a governmental alternative (Doshi, 2020). Libra may have arguably brought hypothetical benefits for the national interests of the US in some ways, but there are also powerful reasons to argue that it also entailed potentially harmful implications for American national power. The perception that these counterproductive effects were superior to the prospective advantages may have played a key role in the response of the US government that eventually led to the project’s ultimate demise (Copeland, 2019).

The first problematic implication of the project for the US was that its mere existence as a stablecoin controlled by a private entity would have directly challenged the Westphalian attribution of monetary sovereignty. Minting, creating and managing the official ‘coin of the realm’ is an instrument of national power and a source of economic profits for the state (Roa, 2019). According to this logic, the project could even be regarded as an overt attempt to privatise the money supply (Roberts, 2021). As such, there would be no guarantee that Libra would have responded to the pursuit of either US national security or strategic national interests. In fact, the introduction of a virtual currency in the hands of a corporate boardroom would have diminished, compromised or even undermined the ability of the Federal Reserve to manage the floating dollar standard, particularly in a context shaped by deepening systemic financial imbalances (Vasudevan, 2020). According to a report published by the Congressional Research Service, the eventual circulation of stablecoins like Libra in commercial transactions, financial services and cross-border settlements would decrease the ability of US monetary authorities to control inflation and moderate economic activity (Nelson & Perkins, 2019). Moreover, the resulting “blatant power grab” would give Facebook/Meta and its allies the ability to capture seignorage

profits through their private control of an international monetary system still anchored to official currencies (Vasudevan, 2020).

Another concern was the prospect that Libra could have represented unwanted competition for the dollar's position as the hegemonic reserve currency and its primacy in international finance (Roa, 2019; Massad, 2020). As a result of its far-reaching projection and volume, a stablecoin developed by the world's leading social media platform entailed the potential to weaken the US dollar. The project's scope and proportions meant it could easily reach the critical mass to disrupt the current monetary system and the foreign exchange regime (Yeung, 2020). Interestingly, the Belfer Center for Science and International Affairs (2020) organised a simulation to assess the larger implications of virtual currencies and its exploratory findings seemingly confirm these concerns. The exercise revealed that stablecoins like Libra which favour the development of alternative monetary systems pose challenges for the ability of the US to impose sanctions and monitor transactions, as well as for the overall stability of the global economic order. In fact, the reformulation of the project as Diem was motivated precisely by the need to address concerns over interference with the sovereign implementation of monetary policy. Facebook/Meta even promised that the project would not move forward until it had managed to get the approval of US authorities. However, Diem was still envisaged the creation of supranational forms of money and so it still represented a major disruptive challenge for the operational stability of the global banking and payments systems (Pupolizio, 2021).

There were additional objections related to questionable aspects of the project's backdrop in terms of political economy. The control of a supranational monetary unit by a private company known for its aggressive monopolistic inclinations and dubious business practices was not acceptable, especially considering its involvement in various political scandals (Roberts, 2021). Furthermore, the legitimacy of Facebook/Meta's credentials as a fully-fledged American national champion were unclear because it does not offer useful assets—including cloud computing or military AI applications—for the US government (Bremmer, 2021). In this context, the prospective risks derived from the further empowerment of Facebook/Meta's corporate nerve centres and even Zuckerberg himself generated reasonable doubts about the long-term convenience of the project (Massad; 2020 Tischer, 2020). The involvement of big tech in the domain of financial services would represent an untold concentration of market power. Therefore, the leadership of Facebook/Meta in this initiative had become politically toxic in its own right. In fact, it was even suggested that the development of a supranational stablecoin by an American company was equivalent to an act of outright treason. Preston Byrne, a cryptocurrency lawyer, stated that "If Facebook raised an army, this would be only slightly more hostile to the people of the United States than what is currently proposed" (Roberts, 2021, p. 206). No matter how it was justified, from the perspective of American national interests, a digital version of the dollar would be far more beneficial than a corporate stablecoin like Libra (Slawotsky, 2020). Furthermore, the formal establishment of the Libra Association under Swiss jurisdiction would have limited the generation of jobs and technological innovation in the US, as well as the ability of the American government to regulate the stablecoin (Massad, 2020). The US House Committee on Financial Services even warned about the risks of a "new Swiss-based financial system that is too big to fail". It must be

borne in mind that the leading nerve centres of international finance are still in the hands of American private entities (Zarate, 2015).

These major concerns about potentially disruptive risks for monetary sovereignty, financial stability and the privileged status of the dollar were openly shared by high-ranking US government officials (Murphy & Stacey, 2022; Massad, 2020). In fact, senior American leaders and state agencies manifested their disapproval and rejection. President Donald Trump (2019) expressed his distrust in the legitimacy of virtual currencies as valid forms of money, the unreliability of Libra and the involvement of Facebook/Meta in financial services, as well as his unwavering support for the preservation of the dollar's hegemony, both domestic and international. Such statement also reflected the then prevailing atmosphere of mutual political animosity between the President and Silicon Valley (Roberts, 2021). Federal Reserve Chairman Jerome Powell (2019) claimed that the project should not go forward unless the regulatory expectations of the corresponding authorities are satisfactorily met. Powell noted that, since the stablecoin could reach a systemic scale due to its potentially widespread and rapid adoption, it raised many serious concerns that posed challenges for existing regulatory schemes. Secretary of the Treasury Steve Mnuchin (2019) explicitly acknowledged the national security implications of Libra. His concerns had to do with the problematic consequences of digital assets providers operating in the shadows, including their potential misuse for money laundering, illicit financial transactions, criminal operations and funding for all sorts of malign behaviour. Mnuchin added that the project would have to accommodate the legitimate concerns of US government officials before it could be greenlighted. The Department of the Treasury warned about the need for a greater scrutiny of corporate stablecoins over concerns related to "systemic risk and concentration of economic power" (Murphy & Stacey, 2022).

The condemnation expressed by the legislative branch of the US government about the convenience of Libra for the national interest was just as outspoken. A group of American lawmakers from the House Committee on Financial Services (2019) wrote an official letter asking Facebook/Meta CEO Mark Zuckerberg to halt the Libra project until its implications could be comprehensively assessed by the US Congress. The main objection found in this message was the possibility that Libra may have given birth to entirely new global financial system —ran from Switzerland— that could menace US monetary policy and the role of the dollar. The letter held that such prospect had potentially problematic implications for trade, national security, regulation and systemic financial stability in the US and also on a global scale. The Congressional Research Service published a report (Nelson & Perkins, 2019) which identifies policy concerns associated with money laundering, consumer protection, monetary policy, the stability of the international financial system and personal privacy (Nelson & Perkins, 2019). Congressmen French Hill and Bill Foster formally contacted the Federal Reserve in order to inquire about the possibility of developing a digital dollar (Copeland, 2019). Representative Maxine Waters endorsed the introduction of the "Keep Big Tech Out of Finance Act" (Massad, 2020). In a subsequent congressional hearing, lawmakers voiced concerns about potential disruptions of the international monetary system, distrust in the integrity of Facebook/Meta's corporate policy standards, the withdrawal of various partners from Libra and the company's involvement in various political controversies (Schroeder, 2019).

In response, Mark Zuckerberg (2019) had no choice but to admit that Libra was a “risky project”. Intense political and regulatory pressure from inside the Beltway encouraged some corporate partners of the project to terminate their participation. The proposed stablecoin had become a political and economic “minefield” (Roberts, 2021). In light of this bipartisan political backlash in Washington, it was clear that the project would never sail as expected without the explicit approval of the American government. It was not even clear that it could ever see the light of day (Eichengreen, 2020; Sobel, 2020; Gagnon, 2020). Facebook/Meta tried to save the project through both lobbying and a reformulation that included both technical adjustments and a monetary redesign in order to address the criticisms of the US political elite. These measures included the addition of oversight systems that would prevent money laundering and the evasion of sanctions (Murphy & Stacey, 2022). However, despite the transition from Libra to Diem, the project was doomed. Even if the corporate coalition headed by Facebook/Meta had crafted solutions for potential issues —like the management of personal data, illicit financial flows, resilience to cyberattacks and cross-border settlements— its fate had been sealed. As a profit-driven corporate project, it was not fully compatible with the political and strategic interests of American statecraft (Pupolizio, 2021). Diem, the new downsized and revised iteration, sought to partially bridge such gaps, but its improvements were not good enough for US national interest or convincing enough to obtain the approval of US regulators (Huang & Mayer, 2022). In the end, despite Facebook/Meta’s power as a company whose influence is unmatched in the digital social media space and the firm’s expansionist tendencies, the monopolistic control of the US government over the domain of money and finance proved to be far stronger (Bremmer, 2021). David Marcus (2024) is still convinced that that this political opposition was fuelled, above all else, by a political preference in preserving the existing strategic configuration of centralised financial power in the hands of the Fed, the Treasury Secretary and corporate ‘high finance’. Therefore, there was a hidden vested interest in suppressing the emergence of disruptive FinTech innovations that would be too difficult to control. A journalistic investigation points in similar direction. Based on insider accounts, Murphy and Stacey (2022) report that Facebook/Meta’s executives suspected that the reluctance of the American political elite to authorise the project was not motivated by a genuine nationalist sentiment. Instead, they believed that such rejection responded to the political influence of Wall Street’s banking clans over the US political system (Murphy & Stacey, 2022).

In sum, the management of a supranational digital currency by a league of private companies was a risky proposition for American interests. Considering that the global monetary system is underpinned by political, security and strategic imperatives (Steil, 2013), corporate digital currencies can only have a future if they can be harnessed in statecraft as sources of geopolitical leverage, resilience and influence (Pupolizio, 2021). In other words, private stablecoins can only be feasible as long as they are engineered to serve the national interests of a powerful state. American senior policymakers, regardless of their own ideological affiliations and political preferences, concluded that Libra’s potential risks and disadvantages were superior to its prospective benefits. Nevertheless, the political decision to restrict the project’s development on US soil —the course of action that was followed— is unlikely to halt or discourage the development of similar digital currency initiatives in intrepid countries more willing to experiment (Massad, 2020).

5.2. What is (are) the Role(s) of Libra in Interstate Rivalries?

Despite its condition as a supranational corporate stablecoin, Libra would not have behaved neutrally in the chessboards of interstate rivalries. As the following contents argue, a currency like this (as a vector of complex interdependence and cross-border economic exchanges) could have versatile strategic applications for such adversarial dynamics.

5.2.1 Analysis of Hypothetical Applications

Libra's architecture was suitable to be weaponised in directed acts of economic coercion and also leveraged as an instrument in the financial and monetary arenas of great power strategic competition.

5.2.1.1 The Potential Weaponisation of Libra

Under conditions of complex interdependence, transnational corporations have vast arsenals of economic weapons which can be used by states and the firms themselves. Said weapons can be wielded to conquer markets, target rivals, leverage strategic advantages and gain access to assets such as capital, technology and know-how (Strange, 1992). In this regard, considering their power and influence in the age of the "Fourth Industrial Revolution" as drivers of innovations, companies responsible for the development of advanced technologies are positioned as "foot soldiers in a conflict between hostile countries" (Bremmer, 2021). Mark Zuckerberg (2018) himself has framed the operations of Facebook/Meta in a backdrop shaped by great power strategic rivalries. In his words, "companies such as Facebook face sophisticated, well-funded adversaries who are getting smarter over time, too. It's an arms race, and it will take the combined forces of the U.S. private and public sectors... [to protect American interests]". Notably, Facebook/Meta can also operate as a digital conduit to wage psychological warfare through the infosphere. In fact, its role as a catalyst of political mass upheaval has been documented in the case of the so-called 'Arab Spring' (Badr, 2013; Zittrain, 2017). These realities imply that, the Libra project may have been weaponised by Facebook/Meta and its corporate partners for both offensive and defensive purposes. Such hypothetical prospect would be consistent with the involvement of nonstate private entities in the contemporary theatres of economic warfare. In fact, even the announcement of its release was seen as an aggressive gamble in the confrontational chessboard of the ongoing currency wars. Even before its scheduled launch, the deployment of the project was described as "an opening salvo by a US corporate power, globally dominant in the field of new technology, to push its disruptive potential into the sphere of the international monetary system" (Vasudevan, 2020, p. 21).

There were various hypothetical applications of Libra as a weapon of mass disruption. In fact, the decision to include or remove fiat currencies from the stablecoin's basket of assets would not be purely a technical matter. The inclusion of rising hard currencies would bolster the strength of their position whereas the exclusion of falling currencies would further their depreciation. Therefore, the power to shape the exchange rates of various hard currencies is economically and

politically consequential. Altering the proportional composition of its reserve assets in one way or another would confer the Libra Association a strategic asymmetric advantage. By targeting or threatening their currencies, the corporate nodes in charge of this stablecoin could have the potential power to disrupt or threaten a state's international trade patterns, the performance of its economy, the preservation of its internal political stability or even its geopolitical position (Luft & Korin, 2019; Fantacci & Gobbi, 2020). Such an ability would reshuffle the balance of power in the international system of political economy. Under conventional conditions and based on market criteria alone, the Libra Association would not likely be interested in weakening the fiat currencies which underwrite the value of its corporate stablecoin (Coppola, 2019). However, said attitude might change if rivalries or tensions are exacerbated. Faced with the resulting prospect of coercion, states in no position to challenge the Libra Association would have no choice but to comply with its demands, economic policies and/or political preferences, regardless of their own national interests or the societal wellbeing of their populations (Coppola, 2019). The Libra Association would have achieved the power to arm-twist even heavyweights like the UK, the eurozone and Japan, the issuers of the stablecoin's secondary supporting currencies. Furthermore, the Libra Association could also gain the power to hold hostage the economies of emerging nations. If the Libra Association theoretically decided to purchase a large amount of bonds issued by indebted developing economies in order to add them to its reserve of assets, the accumulation of such holdings would confer an asymmetric strategic upper hand and political influence. The Libra Association could weaponise the threat to dump such assets *en masse* in order to trigger their immediate depreciation and provoke the ruin of such economies unless their governments unconditionally acquiesce to the dictates of this corporate entity (Insirello, 2019).

Libra would have also likely played a collaborative role in the implementation of American sanctions. Considering the condition of this cybercurrency as a de facto dollar-based cross-border payment system, its circuits would have been useful for the imposition of sanctions as a strategic tool of US economic statecraft. Accordingly, economies highly reliant on Libra would have to follow the alignment of the Libra Association with Washington's foreign policy agenda (Abraham and Guégan, 2020). The project's top masterminds emphasised that the Libra ecosystem would develop systemic operational protocols and screening mechanisms to enforce compliance with sanctions across the whole network (Zuckerberg, 2019; Massad, 2020). Thus, Libra would not have been useful for states seeking alternative conduits for the evasion of US sanctions. In other words, Libra may have been weaponised by the United States, but not by others. In addition, the corporate controllers of this stablecoin would have the selective power to deplatform —based on their own criteria— companies, individuals and even states so that their access to the Libra circuitry network is removed (Coppola, 2019; Luft & Korin, 2019). The Libra Association could exclude entire economies from its financial services as a result of its own autonomous corporate policies or US governmental requests. This hypothetical ability would resemble the ouster of states like Russia and Iran from the SWIFT private interbank grid as a consequence of its close alignment with Western geopolitical interests.

On the other hand, the international rollout of this virtual currency would have reinforced the status quo of the dollar as the dominant reserve currency, especially in an environment in which

such superiority is being contested by revisionist challengers. As a monetary unit anchored to the orbit of the dollar, it would have supported the enduring preservation of the dollar's 'exorbitant privilege' as a source of various strategic benefits for the US since Bretton Woods (Pupolizio, 2021). Libra's growing adoption and circulation in developing economies in Africa, Asia and Latin America would discourage policy attempts to disengage from the dollar. This prognosis comes from the condition of Libra as a private dollar proxy rather than as an independent alternative. Hence, Facebook/Meta's stablecoin would have served the American national interest as a defensive vector in the strategic competition to remake the international financial and monetary order.

Furthermore, the same logic that supports the hypothetical weaponisation of Libra implies that this corporate stablecoin may have also been targeted by hostile forces for geopolitical purposes. As economic warfare becomes increasingly complex, a currency run by private companies would be vulnerable to speculative attacks, cyberattacks and even infiltration. Specifically, great powers interested in diminishing the weight and influence of American entities in international finance—such as China and Russia—would have strong motives to undermine Libra and its global financial infrastructure through covert measures. Their intelligence services might try to infiltrate the institutional units of the Libra Association responsible for the management and custody of assets in order to sabotage either its value or operational performance from within (Fantacci & Gobbi, 2020). These attacks could be carried out in a stealthy way through secretive conduits like hedge funds, sovereign wealth funds and the services offered by conventional offshore financial centres. Arguably, both Beijing and Moscow have the capabilities that would be needed for an act of hybrid warfare against said currency. This suspicion is supported by telling precedents, like the incidence of cyberattacks launched from Iran, China and Russia against US banks (Gasparino, 2022). The Chinese doctrine of "unrestricted warfare" (Qiao & Wang, 1999) recommends the pertinence of attacks against private financial entities, their headquarters and even their senior executives. Moreover, Geneva, as the proposed location of the Libra Association's headquarters, may have been risky. Geneva is a known hotbed for clandestine espionage activities undertaken by multiple foreign intelligence agencies, according to official reports of the Swiss government itself (Federal Intelligence Service, 2021). As an unintended consequence, the weaponisation of Libra would have also meant its vulnerability as a strategic target worth attacking.

5.2.1.2 Libra in Strategic Competition over the Conquest of FinTech Markets in the Global South

As noted in several works (Allison, 2020; Goldman, 2020; Hillman, 2021), a constellation of Chinese high-tech companies is developing a digital silk road across the so-called "Global South". This effort involves a vast network of high-tech digital infrastructure to foster interconnectedness in emerging economies in much of Asia, Africa and Latin America. Chinese firms have achieved a growing presence in these markets as a result of their various comparative advantages, including advanced technologies, access to credit, low costs, political pragmatism and ability to offer attractive conditions for business deals. China intends to achieve a strategic position in which all roads lead to Beijing, as well as to satisfy the needs of its industries regarding access to natural resources and export markets. As a result of increasing Chinese inroads, American corporations are struggling to catch up in these developing counties. Yet, this ongoing race to wire the world

must not be understood as peaceful economic competition between Chinese firms and their American counterparts. This contest is part a larger great power rivalry between Beijing and Washington over influence, power and control in the markets of strategic countries. Both sides are interested not just in profits. The Chinese and the Americans also seek favourable geopolitical realignments, superiority in advanced technologies, dominance in key regions, diplomatic concessions, the expansion of their financial systems and opportunities for intelligence-gathering. In this collision between peer strategic competitors, unlike in the Cold War, the cutting-edge innovations driven by private companies far are more important than nuclear arsenals. American crown jewels include Google, Amazon, Facebook/Meta and Microsoft, whereas the roster of Chinese high-tech national champions include Alibaba, Baidu, Huawei and Tencent. Accordingly, the conditions of this complex confrontational chessboard respond to the rules of economic warfare.

There are five overlapping contextual reasons why the release of Libra would have fuelled strategic competition between the US and China. First, Facebook/Meta has presented itself as a national champion of behalf of American interests that is willing to counterbalance the might of China (Zuckerberg, 2019). As a company whose contributions strengthen American national security in a contested strategic environment, Facebook/Meta would be in a position to demand subsidies, political support and preferential treatment (Bremmer, 2021). According to this argument, artificially constraining Facebook/Meta's potential as a source of technological innovation and economic competitiveness would be harmful for American national security because it would give encourage Beijing to get ahead (Sitaraman, 2020). Second, there is a growing perception that the Middle Kingdom is indeed outperforming the United States in the FinTech innovation race (Massad, 2020). For example, Kathryn Haun, member of the Libra Association's executive board on behalf of venture capital firm Andreessen Horowitz warned that "every day that passes, it gets harder and harder for Western-backed projects to keep up" (Hackett, 2020, p. 77). In fact, it has been noted that Facebook/Meta has been tried to replicate the innovations of Chinese digital platforms (Allison, 2020). Third, under the leadership of Xi Jinping, China has embraced blockchain and digital finance in a relentless pursuit of superior strategic advantages over other counties. While Western states have resisted the attempt of Silicon Valley to capture a sizeable market share in the financial sector, China is developing instruments to challenge the dollar's hegemonic status (Duteil, 2021). Fourth, representative Western perspectives have explicitly portrayed the potential international projection of the e-Yuan (e-CNY) and Chinese financial arteries as a pressing threat that needs to be countered (Belfer Center for Science and International Affairs, 2020; Ferguson, 2021; Policy Exchange 2020). Fifth, Libra intended to target mainly the developing markets of peripheral economies (Zuckerberg, 2019). In these countries, the prospective proliferation of Libra had a substantive potential due to conditions like abundance of Facebook/Meta users, poor governance, macroeconomic instability, limited social trust in public institutions, volatile exchange rates and lack of access to financial services (Raymond, 2019; Iwashita, 2021). In this regard, it is pertinent to highlight the Chinese quest for strategic economic partnerships in Asian, African and Latin American states (Hillman, 2021). Since these emerging economies lack the resources and capabilities to design their own strong digital currencies, attractive foreign projects could gain traction. Thus,

developing states of the Global South may likely have been fertile ground for fierce competition between Libra and Chinese counterparts.

Therefore, Libra was expected to play a consequential role in the rising strategic rivalry between the US and China. In a congressional hearing, Mark Zuckerberg (2019) himself explicitly advertise the project as an American spearhead which would challenge the bid of Chinese companies for superiority and leadership in the field of FinTech. He also presented Libra as a countermeasure that would block the increasing internationalisation of both the renminbi (RMB) and Chinese financial arteries, especially in Asian and African states in which Belt and Road projects are underway. A currency like Libra had the critical mass to become dominant in emerging economies from the Global South —vulnerable to intense monetary competition through exposure to cross-border payment networks— in which Beijing has strategic interests (Brunnermeier et al., 2019). Facebook/Meta's CEO also emphasised the condition of the stablecoin —in the context of competition with China— as a vector that American soft power and influence. Zuckerberg added his willingness to make sure that the global rollout of Libra would be done in accordance with Washington's directives. In short, "Zuckerberg repeatedly pitched Libra as an American weapon against China's plans for a digital coin" (Gerard, 2020, p. 104). Similarly, Morgan Beller, a high-ranking Facebook/Meta executive involved in the Libra as co-creator, has stated that the project was designed as an initiative meant to confront China in the contest to lead the worldwide transition towards digital money, keep in check the projection of Beijing's geopolitical influence and sustain the dominance of the USD as the world's reserve currency (Beller, 2023, Heim, 2023). Andy Barr, a Republican Congressman from Kentucky and one of the few American politicians that endorsed the project, stated that "the fact that Facebook is launching into competition with China is positive for US national security" (Duffy, 2019).

The rising international expansion of Chinese digital platforms that integrate payments with other functions —such as WeChat and Alipay, already dominant in mainland China— in the Global South is a trend with the potential to corrode the dollar's hegemony (Doshi, 2020). In this context, With Libra as an arrowhead, Facebook/Meta could have leapfrogged Chinese competitors "by pushing out its currency to almost 2.5 times the user base of WeChat or Alipay overnight, with a worldwide reach" (Chorzempa, 2019). The rapid proliferation of Libra across the Global South would operate as a game-changer, as it could —to a certain extent— shield their economies from the entry of competing Chinese FinTech applications (Insirello, 2019). Some American experts shared similar perspectives. For example, economist Kenneth Rogoff (2019) noted the still limited ability of Western states to prevent the international projection of the Chinese digital currency in the Global South and even the prospect of some underground demand in the US and Europe. Rogoff explained that, even if Libra was probably not the best strategic response to the disruptive threats of the e-CNY, the West still had to formulate an appropriate countermeasure before the gap that favours Beijing widens. Competition between Libra and the e-CNY would be intense in the emerging economies of the Global South because many of these states lack the resources, know-how and capabilities to develop their own digital currencies (Abraham & Guégan, 2020).

China promptly acknowledged these confrontational overtones, as shown in one of the following subsections. Unsurprisingly, Mark Zuckerberg (2019) presented the Middle Kingdom's quick

hostile reactions to Libra and its accelerated development of alternatives as further evidence which reinforced the project's strategic justification. It also demonstrated the unconventional nature of the ongoing competition to determine the future architecture of the global monetary order. The resulting chessboard is both multipolar and increasingly complex, as the game involves traditional great powers, nonstate corporate superpowers and high-tech monetary innovations like virtual currencies. Therefore, one of its facets is the emerging rivalry between governmental digital currencies designed by states and private forms of digital money created by oligopolistic companies (Monaca, 2021). In short, even though Libra did not come to fruition, the project's implications brought a rude awakening. Despite its hypothetical existence, it demonstrated that "the race for the best digital currency has a geopolitical component. It's also about which one is going to dominate the global economy in the future" (Schlächli, 2023).

Concerning the hypothetical impact of Libra on the behaviour of this great power strategic competition, there were some discernible prospects. The international rollout of the project would have likely ignited a Cold War between Calibra and Alipay (Birch, 2019). Both payment systems would operate as vectors of colliding geopolitical interests and as carriers of competing currencies. Another foreseeable development would be the configuration of parallel transnational spheres of influence underpinned by clashing monetary and financial systems (Nandakumar & Cederquist, 2021). Such changing correlation of forces within the international system would lead to tensions between a bloc of states that embrace Libra and an enemy bloc that rejects it (Abraham & Guégan, 2020). The ensuing bifurcation of the global monetary order would create an ecosystem that fuels commercial and financial disputes, as well as major macroeconomic challenges. Under such circumstances and considering their FinTech underdevelopment, many emerging markets of the Global South would have no choice but to join either bloc, assuming the corresponding political and strategic costs.

5.2.2 Analysis of Empirical Realities

The following contents explain, based on facts on the ground, why states with contrasting geostrategic positions and profiles (such as China and France) regarded the eventual international rollout of Libra as a hostile threat for national security. The reactions of both Beijing and Paris show that a currency like Libra can elicit major strategic anxieties.

5.2.2.1 China's Perception of Libra as a Confrontational Threat

The national digital environments of many states are undergirded by services, infrastructure and platforms of high-tech American corporations from Silicon Valley, including Facebook/Meta, Amazon, Apple, Netflix and Google (FAANG). Since this reality entails the prospect of an overreliance on foreign companies that might be potentially harmful for national security, some states are developing self-sufficient national digital ecosystems (Mihelj & Jiménez-Martínez, 2021). For great powers, the pursuit of this strategic imperative is even more pressing. In this regard, Facebook/Meta is regarded by China as a rival in the ongoing race for superiority in the field of advanced technologies (Lee, 2018). For China, Facebook/Meta is an entity with close

connections to the power elite of the American ‘deep state’ and the US intelligence community (Luft & Korin, 2019). Beijing’s view also responds to both Facebook/Meta’s questionable business practices and its willingness to copy the work of Chinese start-up companies at the forefront of digital innovation (Lee, 2018). This hostility is also evidenced by the fact that the Great Firewall guarantees that no user from mainland China can join Facebook/Meta’s digital social media platforms (Roa, 2019). In fact, China and North Korea are the only states in which Facebook/Meta is not present (Zuckerberg, 2019). The Middle Kingdom —positioned as the world’s major cashless economy— also protects its domestic financial sector through the legal restrictions which forbid the arrival of foreign companies that offer payments services (Chorzenpa, 2019). As a peer competitor of the US, China has created a constellation of high-tech firms whose capabilities are comparable and—in some respects— superior to those of Silicon Valley (Bremmer, 2021; Diesen, 2021; Hillman, 2021).

Libra could have hardly gained any meaningful foothold or traction in China. The Middle Kingdom has the means, capabilities and resources to prevent local business firms and financial entities from engaging in transactions and payments involving Libra (Chorzenpan, 2019). Still, there are various overlapping reasons why China interpreted the launch of this digital monetary unit as a strategic confrontational challenge for its national security. In fact, the implications of this corporate stablecoin project were arguably much more problematic for Beijing than those of stateless cryptocurrencies like BTC. First, the corporate governance structure of the Libra Association raised suspicions. As a great power that intends to increase its monetary autonomy, a supranational virtual currency masterminded by a coalition of mostly American high-tech firms was unacceptable (Luft & Korin, 2019; Road, 2019; Huang & Mayer, 2022). The worldwide proliferation of Libra would reinforce the continuation of a hegemonic control over the world of digital money by a US company and the upgrade of Facebook/Meta as a financial juggernaut in its own right (Chorzenpa, 2019). Another source of concern was the deliberate exclusion of the Chinese yuan from the stablecoin’s basket of supporting currencies, especially as Beijing has invested substantial efforts and resources in RMB internationalisation. In fact, as a matter of national security, the US Senate explicitly requested the permanent ban of the yuan in Libra/Diem’s currency panel (Abraham & Guégan, 2020). Even worse for Chinese national interests, the condition of Libra as a private dollar surrogate that may have been leveraged or manipulated to further Washington’s strategic agenda was seen as a threat. As such, the international rollout of Libra as a payment system would have reinforced America’s disproportionate power over global finance (Luft & Korin, 2019; Massad, 2020; Slawotsky, 2020, Orcutt, 2020). Libra also represented unwelcome competition for the Chinese bid to hold superiority in the field of FinTech innovations (Luft & Korin, 2019; Slawotsky, 2020). In fact, the Libra project arguably sought to emulate and surpass the success of innovative FinTech services offered by the Chinese platforms WeChat and Alipay (Chorzenpa, 2019). Finally, there was a substantiated risk of Libra being used as a vehicle for hostile intelligence gathering (Luft & Korin, 2019).

This argument is not supported only by the analytical insights put forward by specialised observers. Although the Chinese government did not explain its official position at length, reports that portray the views of insiders point in a similar direction. According to the South China

Morning Post (Tang 2019), the development of the Libra project was closely monitored by the People's Bank of China. Officials from said governmental entity believed that Facebook/Meta's cryptocurrency plan represented a challenge for Chinese monetary policy, Chinese cross-border payments platforms and even financial sovereignty. Reportedly, Chinese monetary authorities were suspicious of the composition of Libra's basket of currencies and they also believed that such stablecoin would be deeply subordinated to the US dollar. They also held the expectation that the introduction of Libra would further encourage strategic competition for leadership in the domain of digital currencies. Even if the project did not go as expected, Beijing was convinced that the underlying concept of a Western stablecoin would not vanish. Therefore, China interpreted that its leading edge in the domain of FinTech could be contested. According to the same source, Wang Xin, head of the People's Bank of China's Research Bureau indicated that the massive adoption of Libra would provoke detrimental effects for Chinese national interests. In his perspective, the introduction of said private American currency would have the potential to disrupt monetary balances, financial stability and even international economic systems, as well as to consolidate the dollar's unipolarity. Mu Changchuan, senior official of the PBOC's Digital Currency Research Centre, argued that the intensive systemic use of Libra through Facebook/Meta's platform would constrain the international expansion of the e-CNY (Huang & Mayer, 2022). Mu also underscored the probable need to control Libra's circulation through multilateral institutional frameworks (Chorzempa, 2019). Officials from the Centre explicitly acknowledged that one of the reasons behind the development of the Chinese CBDC was the need to come up with a "counter-Libra" (Tang, 2019; Insirello, 2019). It must be noted that Beijing is not necessarily opposed to the concept of a supranational currency as a formula for the renewal of the global monetary system per se. Former Central Bank Governor Zhou Xiaochuan supported the potential of the SDRs —a multilateral monetary unit whose panel includes the yuan— as international money (Steil, 2013). However, the prospect of a private stablecoin run by an American company with monopolistic pretensions like Facebook/Meta could not be acceptable for Chinese national interests.

The statements of Facebook/Meta's CEO, the Libra Association's executives and some American government officials about the justification of the project— as an instrument of economic of statecraft to confront China— exacerbated the Middle Kingdom's strategic anxieties. Interestingly, China did not share the scepticism or reservations of the project's American or European detractors. Instead, even though Libra's fate was unclear all along, Beijing assumed it may have represented an outright adversarial threat (Massad, 2020). As the Americans were deliberating the pros and cons of Libra, the Chinese government was troubled by the problematic geopolitical ramifications of the project. Beijing feared that "Facebook's much wider userbase outside China would allow Libra to leapfrog WeChat and Alipay in international markets. Chinese officials are also worried about Libra's potential to bolster the U.S. dollar system" (Doshi, 2020).

Moreover, the policies and actions undertaken by the Chinese state strongly confirm a distrustful or adversarial perception of Libra. Shortly after the prospective launch of Libra was announced, the Chinese government accelerated its plans to develop a sovereign central bank digital currency (CBDC) as a new version of state-backed legal tender. This development has been interpreted as a response to the Libra stablecoin (Birch, 2019; Luft & Korin, 2019; Orcutt, 2020; Slawotsky, 2020).

Regardless of Libra's failure to take off, it was better for Beijing to come up with the e-CNY as a proactive countermeasure to preserve its strategic superiority as the leading FinTech innovation hub. China's reaction reveals a perception that Libra had the potential to meteorically help the US catch up and maybe even overtake China in such field (Chorzenpa, 2019). Interestingly, a dialectic interaction seems to have taken place. The way Chinese economic statecraft reacted may have also influenced the structural redesign of project as the dollar-backed Diem stablecoin. In other words, its reformulation was likely motivated by a geopolitical rationale (Pupolizio, 2021). Together, these events confirm the condition of the sphere of digital money as a contested battlespace in which great power strategic competition is taking place.

5.2.2.2 French Opposition to Libra

As fellow NATO members, the US and France have been close diplomatic and military partners since War World Two. Nonetheless, there are also sources of tension in bilateral relations as the national interests of both states diverge in some matters. Aware of the existing asymmetries, France has constantly sought to increase its strategic autonomy in order to operate as an assertive and self-confident state and not simply as an American vassal. Moreover, as a major European power in its own right and an advanced economy, the pursuits of Paris' economic statecraft are not automatically aligned with Washington's agenda. For example, since Bretton Woods, France has remained traditionally distrustful of hegemonic control of the international financial and monetary order by the US. In fact, when the exhaustion of the gold standard was underway, General Charles De Gaulle demanded the repatriation of French gold holdings from the Fed's vaults in New York and even dispatched a battleship to reclaim them (Rickards, 2011; Steil, 2013). French statesman Valéry Giscard d'Estaing was an outspoken critic of the various strategic benefits the US obtains as a result of the dollar's role as dominant reserve currency (Eichengreen, 2011). In turn, the creation of the euro partially responded to a French interest in a bid to challenge American unipolarity after the Cold War in order to further a more multipolar balance of power within the international system (Hongbing, 2013). Another key consideration is that, historically, France has never shared the belief which holds that economics and politics should be separated. Instead, since the time of the mercantilist policies implemented by Jean-Baptiste Colbert, France has developed a school of strategic thinking that envisages the economic dimension of statecraft, warfare, security, foresight, espionage and intelligence (Soll, 2009; Gayraud, 2016; Laïdi, 2016; Harbulot, 2021).

Taking into consideration this background, the rejection of Libra by France was noteworthy but not surprising. Specifically, the staunch reluctance of the French government to welcome the innovative stablecoin was explicitly manifested shortly after its creation was announced. French Finance Minister Bruno LeMaire (2019) stated that, as a supranational initiative launched by a foreign private corporation, the project threatened monetary sovereignty, the implementation of monetary policy and systemic financial stability of both developed and underdeveloped states. According to this French official, an invention that could lead to the privatisation of money on a global scale was an unacceptable proposition. LeMaire argued that the attribution of minting currency should remain exclusively in the hands of states, and not under the control of firms whose interests respond to the pursuit of private profits (Roa, 2019). LeMaire also highlighted his

reluctance to authorise the development of Libra on European soil (Murdock, 2019). Nevertheless, he did not detail how such disapproval was supposed to block the presence of the Libra Association's headquarters in Switzerland, a state which does not belong to the European Union. As a potential solution to preserve national independence in the digital currency space, the French Finance Minister endorsed the development of sovereign CBDCs (LeMaire, 2019) or even the introduction of a transnational cryptocurrency officially underwritten by multiple central banks (Seibt, 2019). The French veto is ironic considering that David Marcus, one of the project's corporate masterminds, was actually born in France (Goulard, 2022).

In addition, a few months after the creation of Libra was originally announced, the French Senate published an in-depth report about challenges for sovereignty in the digital era (Commission d'Enquête sur la Souveraineté Numérique, 2019), warning about some of the most problematic aspects of the project. It raised awareness about concerns such as unwanted competition for state-backed legal tender, Facebook/Meta's monopolistic tendencies, the usurpation of governmental coinage, the powerlessness of the French state to counter Libra's development, risks of financial failure for systemic stability, the evasion of sanctions, illicit financial operations and the strategic disadvantage of France in the FinTech space vis-à-vis the US and China. This official report recommended that, considering the magnitude of its far-reaching risky implications, the evolution of the Libra project deserved a greater degree of scrutiny from the French state. Furthermore, even if this official document acknowledged that Libra might not come to fruition as originally expected by its corporate creators, the complex challenges associated with both private currencies and payment systems would not vanish in the near future. Interestingly, it also suggested the development of CBDCs as an appropriate governmental strategic response to the confrontational implications of monetary units like Libra.

The rejection of Libra by the executive and legislative branches of the French government is not simply a natural progression of the traditional French attitude towards the overprivileged status of the US in international monetary and financial matters. This position must be understood in the context of an increasingly complex strategic environment which presents unconventional challenges for the national security of the French state. Specifically, Europe in general and France in particular are being overrun by the seemingly unstoppable encroachment of American big tech. Under these conditions, the supranational influence of US high-tech companies poses risks for digital sovereignty. In order to address this problem, French statecraft has been defensively trying to curtail the influence the unchecked and unaccountable power of the GAFAM platforms (Britto, 2022). The pursuit of self-reliance would be a more assertive and proactive course of action. Specifically, France has technological, industrial and scientific assets to position itself as a leading pole of digital innovation in its own right. However, it has not formulated a comprehensive strategy that combines these assets to launch its own platforms (Tacvorian, 2022). As a result, there is no European equivalent or alternative to Silicon Valley. Said comparative weakness opens windows of opportunity for the interference of extra-European great powers through such conduits and for the privatisation of public goods (Monaca, 2021). In addition, states like France can also rely on regulation as a strategic defensive measure to prevent their digital sovereignty from being compromised (Duteil, 2021).

Another structural trend that is problematic for France is the condition of the global monetary and financial landscape as a confrontational arena. In the emerging geopolitics of digital currencies, there is competition between rival national currencies, as well as a clash between monetary units developed by private market agents and public political systems (Monaca, 2021; Pigeon et al., 2022). Once more, France is stuck in an unfavourable position and time to catch up may be running out. In fact, as former IMF Managing Director Christine Lagarde has argued, Europe is vulnerable in this competition because the absence of unified payment systems has encouraged foreign companies to get ahead (Monaca, 2021). Moreover, there are French suspicions concerning the potentially hostile motives behind the creation of nonstate cryptocurrencies. Tellingly, even the possibility that unofficial cybercurrencies like Bitcoin might have secretly conceived as a covert offensive weapon of the GAFAM companies against states has been entertained by French think tanks such as the *École de Guerre Économique* (Duteil, 2021). Therefore, French opposition to Libra is part of a larger struggle over the future control of money in the digital age and a reaction against an attempted takeover of a public good by profit-driven private interests (Seibt, 2019). For French economic statecraft, the successful birth of Libra would have represented a strategic setback. With Libra as its flagship, Facebook/Meta could have gained the untold supranational power to manage competition between various fiat currencies, acquiring the ability to suppress the strength of the euro (Raymond, 2019). According to this zero-sum logic, a redistributive correlation of forces shaped by the growing empowerment of private digital monopolies is necessarily detrimental for the state.

Therefore, it is reasonable that, from the perspective of the French national interest, the aggressive corporate expansionism of firms like Facebook/Meta constitutes an adversarial challenge (Gaussel-Maroux, 2021). Despite the cancellation of Libra, this simmering rivalry between France and Silicon Valley is unlikely to subside. The prospect of hostile takeovers orchestrated by high-tech American companies can lead to a hypothetical condition of an overreliance which harms the technological, financial and monetary sovereignty of the French state. In this ongoing contest, the proliferation of stateless and private money and transnational FinTech systems, often pushed by GAFAM corporations, requires the digital upgrade of public money by central banks as a counteroffensive that facilitates the sovereign reassertion of state power (Monaca, 2021). According to this interpretation, the dispute between Facebook/Meta and states like France over Libra was merely a battle that foreshadows greater collisions related to the reformulation of the world's monetary architecture. Moreover, if European states like France seek a higher degree of technological self-reliance, they need to increase their investments in research and development projects in the sector (Bremmer, 2021).

In hindsight, French opposition to the Libra project was significant for three reasons. First, it confirmed that corporate supranational stablecoins developed by high-tech private companies have the realistic potential to threaten the monetary sovereignty of powerful states and their financial stability as components of national security. The French reaction highlights the role of nonstate actors as sources of confrontational challenges for contemporary statecraft. Second, since France constitutes one of the two core economic engines of the European Union, its position resonated in other member states. In fact, the French backlash against Libra was —to a certain extent— replicated by leading voices of Germany's mainstream political elite. Then German

finance minister Olaf Scholz, characterised Facebook/Meta’s currency plans as a “wolf in sheep’s clothing” (Rrustemi & Tuschsschmid, 2020, p. 27). German politician Stefan Berger underscored that Libra could endanger the eurozone’s stability and even recommended the development of a euro stablecoin as a formula to counter Facebook/Meta’s proposal (Destraint & Hurel, 2020). Third, the hostile position of France towards this virtual currency —reflected in statements government officials— was stronger than that of great powers with a consistent and straightforward confrontational approach against US interests, such as Russia.

5.3 Could Libra Have Influenced the Evolving Trajectory of Global Hegemony and the Distribution of Polarity?

Since the era of the Athenian silver drachma in classical antiquity, the control of dominant reserve currencies has invariably been in the hands of hegemonic states. However, this subsection challenges the traditional idea that only governmental currencies issued by states can alter the global balance of power. In an international system in which powerful private companies are increasingly participating as active players in the great game of high politics, corporate digital coins launched by major firms have the potential to influence the fate of world order.

5.3.1 Analysis of Hypothetical Applications

The following contents explain both why and how private digital currencies controlled by corporate boardrooms have the potential to remake the distribution of polarity within the international system and the structure of the world’s financial order. In an era whose strategic chessboards combine monetary competition and uncertainty about the evolution of hegemony, high-tech private currencies can play a consequential role as transformational pivots or wildcards.

5.3.1.1 Libra’s Potential as a Major Reserve Currency

As supranational money run by a heavyweight transnational social media company like Facebook/Meta, Libra had the potential to become a major systemic reserve currency in its own right. Although there are no historical precedents, a global ‘stablecoin’ can theoretically aspire to reach such status if its international diffusion is underpinned by the market power and leadership of a private monopolistic firm (Fantacci & Gobbi, 2020; Aglietta & Valla, 2021). With a prospective userbase of more than three billion people, the sheer scale of Libra would have made it the most ambitious digital currency project ever created. In comparison, its market share would have dwarfed that of Bitcoin and other stateless cryptocurrencies (Taskinsoy, 2019). Moreover, unlike the limited international projection of private cryptocurrencies with no intrinsic worth, corporate stablecoins supported by national currencies can develop the critical mass that would be needed to pursue dominance in cross-border transactions (Gagnon, 2020). In fact, Libra was originally designed a high-tech monetary unit that would operate as an international medium of exchange. As such, its arteries would both supplement and run parallel to the financial and monetary systems which undergird the US dollar (Vasudevan, 2020). The composition of Libra as virtual

money supported by multiple hard currencies was suitable not just for internationalisation, but also to make a bid for monetary hegemony (Birch, 2020). The far-reaching ramifications of a monetary innovation like Libra were not just considered by scholars or analysts. The project also encouraged deliberations and strategic foresight about the future architecture of the world's monetary system in the institutional context of national security. For example, the US National Intelligence Council (2021) anticipated that the eventual release of virtual currencies like Libra would further the systemic worldwide acceptance of digital money. The agency also forecasted that the introduction of regulatory rules may help determine the conditions under which private currencies could replace even strong currencies like the euro and the dollar in settlements and transactions. The same source added that the proliferation of corporate stablecoins will add another layer of complexity to ongoing global monetary competition.

The most significant strategic ramification of Libra's rise as a major reserve currency would be that Facebook/Meta would have risen as nonstate great power. However, the ultimate soundness of private stablecoins in such position would be highly questionable. Even heavyweight transnational companies lack the full spectrum of diplomatic, political, economic and even military capabilities that great powers can rely on in order to support the strength of their currencies. The story of Libra and the scrutiny of these deliberations around it strongly suggest that a corporate 'stablecoin' can only realistically aspire to achieve reserve currency status if its rise is backed by a hegemonic state or an ascending great power.

5.3.1.2 Libra's Contribution to Reposition Facebook/Meta as a Nonstate Superpower

In an increasingly multipolar world order, the release of Libra would have meant the rise of Facebook/Meta as a nonstate superpower. As anticipated by Susan Strange (1992), heavyweight corporations that control key sectors of the global economy are becoming relevant actors in the theatre of international politics. In today's contested geopolitical environment, large private firms from the field of advanced technologies are positioning themselves as nodes whose influence, innovations, resources, transnational entanglements, strategic alignments and control over the digital space are consequential for the global redistribution of power (Bremmer, 2021). In this regard, Facebook/Meta belongs to a constellation of high-tech companies whose strength is so great that they can even aspire to overpower some states (Coppola, 2019). According to an official report commissioned by the French Senate, Facebook/Meta's monopolistic condition is the result of its control of three fourths of the world's social media market (Commission d'Enquête sur la Souveraineté Numérique, 2019). Mark Zuckerberg himself has openly stated that "In a lot of ways Facebook is more like a government than a traditional company" (Foer, 2017). His critics have voiced similar perceptions. In response to the development of Libra and its foreseeable global impact, Texas Congresswoman Sylvia Garcia highlighted that Zuckerberg needed to be reminded that "he's not a country on his own" (Duffy, 2019). This resemblance between Facebook/Meta and states is reflected in the existence of shared common denominators like policies, official identitarian symbols, specialised bureaucratic structures, hierarchical nerve centres, the supply of public services and the management of large communities (Schott, 2019). Zuckerberg (2019) has also argued that Facebook/Meta has developed systems that "are more sophisticated than any other company has at this point, and frankly a lot of governments too".

Facebook/Meta has been characterised as an imperial great power ran as an autocratic supranational regime (La France, 2021). According to this interpretation, the company's behaviour has proved to be hostile or indifferent to national interests, security, oversight, transparency, accountability, public concerns or even the essential wellbeing of users. Facebook's actions reveal a strong proclivity for expansion, conquest, deception, secrecy and control. Notably, Facebook/Meta, along with similar high-tech companies, is in the process of developing their own private "virtual nations". These self-assembling organic entities are integrated by overlapping community networks that transcend the territorial borders of states and ruled by corporate authorities that operate as "parallel governments". They offer a myriad of public services to their members that mirrors some traditional functions of states, including secure financial transactions, legal frameworks, verification of identities and recordkeeping systems. In a zero-sum world, the existence and proliferation of the so-called "virtual nations" represent unwanted competition that weakens the power of states (Nandakumar & Cederquist, 2021; Snow, 2021). Considering the proportions of their weight and the disruptive challenges that companies like Facebook/Meta pose for both the Westphalian world order and national sovereignty, they can be classified by states as peers, allies or even threats (Schott, 2021). Certain analysts (Sitaraman, 2020) have even argued that the unprecedented concentration of power in the hands of private high-tech oligopolies is problematic for national security, especially in an era of growing strategic rivalries. These views hold that the dismantlement of Silicon Valley companies is necessary for furthering competitiveness in digital markets, public investment in innovative R&D projects and strategic advantages that serve the national interest.

The Libra project must be therefore understood in the context of Facebook/Meta's quest for an even greater economic and political power at the expense of states as sources of authority in the digital age (Grygiel, 2019). In fact, the project has been described as an attempted "coup against the concept of government control of money" (Gerard, 2020, p. 37). Under such conditions, with the successful rollout of the stablecoin and its worldwide circulation as a major reserve currency, Facebook/Meta would have birthed a new architecture of global monetary order and to a vast international financial infrastructure under its direct corporate control (Grygiel, 2019; Luft & Korin, 2019; Roa, 2019). With this masterstroke, Libra would have acted as the cornerstone of Facebook/Meta's rise as a nonstate great power of unprecedented proportions, changing the correlation of forces within the international system. In the case of a systemic adoption of the stablecoin on a global scale, Facebook/Meta and its corporate partners would have the ability to organise and control competition amongst the world's top hard currencies (Allier, 2019). In an environment in which flourishing monetary pluralism and unregulated conditions for unconventional FinTech innovations, the corporate nodes in charge of Libra would be able to set their own standards and rules. Through the strategic management of its basket of reserve assets—linked to major national currencies—the market power of the Libra Association would overwhelmingly outgun most central banks, investment funds, sovereign wealth funds, commercial banks and even institutions like the International Monetary Fund (Coppola, 2019; Luft & Korin, 2019). Libra as a dominant currency would symbolically represent the greatness of Facebook/Meta as a quasi-empire and its centralisation of both political and economic power (Aglietta & Valla, 2021).

As an expanding “nonterritorial corporate state” with its own global currency and transnational financial service platforms (Snow, 2021), Facebook/Meta would have the chance to create a planetary network of “digital currency areas” within and across nations. In these regions, Libra would become a systemic medium of exchange in most transactions and economic exchanges (Brunnermeier et al., 2019). In this way, Facebook/Meta would have acquired a digital sphere of influence whose span transcends the official borders of states (Nandakumar & Cederquist, 2021). Such a degree of control over international monetary and financial services in the hands of a private corporation would have made Facebook/Meta “too big to fail” (Vasudevan, 2020, p. 32). As a privileged player in the sphere of money, a vast array of states, including both developing nations and great powers in whose economies the presence of Libra reaches substantial dimensions, would have no choice but to follow its leadership (Pupolizio, 2021). Considering the bailout of the American government for Wall Street in the aftermath of the 2008 global financial crisis, states would have to bailout Libra in case of financial trouble because the potential shockwaves unleashed by its potential collapse may bring consequential levels of political, strategic and economic fallout. In other words, Facebook/Meta would position itself as indispensable monopolistic firm and nonstate great power with a gravitational pull strong enough to subordinate many states. With Libra as its vector, Facebook/Meta would have crossed the Rubicon in the first nonstate bid for great power status in an increasingly polycentric strategic environment.

5.3.1.3 Libra as a Forerunner of a “Synthetic Hegemonic Currency”

Even though Libra did not come to fruition, its long-range contribution as a forerunner for the development of alternatives to the US dollar will likely persist. The visionary character of its design may herald the emergence of newer generations of crypto assets. Particularly in an age of growing monetary pluralism, the architecture of Libra can even influence eventual blueprints for future international currencies. In fact, despite its ultimate miscarriage, Libra is already regarded as a catalyst that has accelerated research and development of central bank digital currency programmes as new forms of state-backed legal tender (Rogoff, 2019). Such a reaction can be interpreted as a defensive measure to prevent economies from being overrun by the of potentially hegemonic corporate monetary units like Libra (Massad, 2020). Furthermore, the profile of Libra as a ‘stablecoin’ gives credence to the idea of virtual official money whose value is underpinned by connections to conventional fiat currencies and even hard assets (Luft & Korin, 2019). In short, the project’s masterminds may have unwittingly “opened Pandora’s box” as corporate and non-corporate entities scramble to prepare their own digital currency formulas for an era of increasing monetary competition on a global scale (Roa, 2019).

Interestingly, the prospective release of Libra encouraged the proliferation of discussions about the hypothetical possibility of a supranational virtual currency. In a speech delivered at the Jackson Hole Economic Symposium, an event organised by the Kansas City branch of the Federal Reserve, then Bank of England Governor Mark Carney⁸ (2019) stated that central banks should join forces in the development of a multilateral synthetic hegemonic currency. Citing Libra as an

⁸ Now Canadian Prime Minister.

example, Carney explained that the “fascinating concept” behind it was worth exploring. He emphasised the usefulness of such a proposition in a setting influenced by the need to counter the “risks” of a potential transition to a global monetary order dominated by the renminbi. Another prospective advantage of this artificial virtual asset would be to reduce the influence of the dollar’s systemic cycles, as a force that triggers volatile fluctuations, on the exchange rates of currencies issued by developing states. According to Carney, this theoretical idea would facilitate a smooth renewal of the world’s monetary and financial system. He noted the pertinence of this solution in accordance with the characteristics of the “multipolar global economy that is emerging”. Although hypothetical, these deliberations reveal that key decision makers are interested in the consensual managed reform of global monetary architecture. In this regard, Carney’s proposal envisages the substitution of a hegemonic currency unilaterally controlled by a leading great power with a new multilateral hegemonic currency. Such a transition would reflect a shift from the unipolarity of the early post-Cold War era to a multipolar configuration.

The intellectual legacy of Libra as an innovative project might go further if its underlying concept is embraced by key international institutions. In fact, there are interesting precedents in the search for a new generation of international money, especially after the 2008 global financial crisis. The International Monetary Fund’s Strategy, Policy and Review Department (2011) has recommended the implementation of experimental measures to enhance the role of the SDR to advance the reform of the world’s monetary system. Libra may have fuelled this rising interest in innovative schemes and formulas for the pursuit of international currencies. The same IMF unit (2010) has also proposed the creation of a global monetary unit —called ‘Bancor’ as a reference which honours the spirit of Keynes’ original idea— run by a global central bank. Authors like Yeung (2020) have anticipated that, based on Libra as a noteworthy example, entities like the International Monetary Fund, the Bank of International Settlements and the World Bank could adopt the concept of a supranational virtual currency underwritten by hard assets as a project worth developing. An important benefit of that is that the circulation of usable global money and its involvement in all sorts of economic exchanges would mitigate the intensity of the rivalry between great powers in the monetary and financial battlespace (Yeung, 2020). Another expectation is that the introduction of a multilateral currency would necessarily diminish the dollar’s privileged unilateral dominance (Pupolizio, 2021). In addition, there are alternative models for the design of the corresponding governance structure for such a currency. The story of Libra has brought attention to possibilities like a monetary standard purely under the control of corporate nerve centres or a mixed model that blends trust in public institutions with cutting-edge technological solutions invented by the private sector (Pupolizio, 2021).

However, considering the strategic tensions between the world’s major powers and their heterogeneous national interests, it is unclear if such idea is politically feasible, notwithstanding its theoretical technical and economic merits. For instance, the US is unlikely to voluntarily relinquish the advantages that come with the dollar’s superior status, at least not without a fight. In turn, revisionist great powers do not have an incentive to compromise until the existing balance of power has changed so that they can assume a stronger position. Furthermore, the potential involvement of transnational private firms as stakeholders, partners or authorities in this process would increase the political complexity of the corresponding negotiations. Their participation

would represent an explicit acknowledgment of their rise as nonstate entities whose power, wealth, influence and technological capabilities have bought them a seat at the table in which consequential decisions for the international system are made.

5.4 Conclusions

The overall contribution of this integrative scrutiny is the identification that a supranational corporate stablecoin Libra may have meaningful, complex and multifaceted geopolitical ramifications. This relevance is determined by its singular condition as a project designed by a transnational oligopolistic high-tech company which runs the world's largest social media platforms. In other words, Libra is an exceptional case and not every private stablecoin can automatically reach a substantive degree of geopolitical influence. Few firms in the entire world can match the global market power of Silicon Valley heavyweights like Facebook/Meta. Considering the proportions of its prospective international projection, Libra represented the most ambitious digital currency project ever conceived. In this regard, the following strategic takeaways summarise, from a long-range perspective, the key findings, insights and instructive lessons that were uncovered. Appendix 7 presents a table in which these specific observations are condensed. Appendix 8 puts forward a supplementary table that shows the correspondence between hypothetical predictions and empirical findings in this particular case study.

As evidenced by empirical case studies, Libra's strongest geopolitical implications are related to national power and rivalries. With Facebook/Meta in the hypothetical role of a committed national champion on behalf of US national interests, Libra may have been leveraged as a strategic instrument of American economic statecraft in four ways: 1) vector for a pervasive worldwide collection of financial intelligence, 2) monetary proxy which supports the dollar's international strength, 3) catalyst for the development of American-led innovations in the race for superiority in the competitive domain of FinTech platforms and 4) element which projects American 'soft power' on a global scale as a source of prestige. Furthermore, since Facebook/Meta is an American company, these benefits could only have been harnessed exclusively by the US. In contrast to Bitcoin's dispersed, neutral and horizontal environment whose advantages are available for multiple states with heterogeneous profiles, the orientation of Libra's prospective governance structure determined a much clearer proclivity in its corresponding strategic engagements. Therefore, the fact that even private virtual currencies may offer benefits for the pursuit of national interests will likely fuel research and development projects —especially in the case of powerful states with advanced FinTech capabilities— related to the creation of CBDCs.

Yet, there are restrictive nuances and caveats that need to be acknowledged. Private stablecoins (even when they are designed by a company like Facebook/Meta) must not be seen as silver bullets. The effective co-option and deployment of Libra as a functional instrument of American economic statecraft would have required a degree of political coordination that was not achieved. In fact, despite these theoretical benefits, the American political elite soon reached a strong bipartisan consensus about the problematic risks and costs of a project like Libra for US national interests. The calculation that prevailed in Washington was that Libra's foreseeable drawbacks

were superior to its potential advantages. Specifically, US policymakers and legislators held concerns about potential threats for the sovereign implementation of monetary policy and unwanted competition for the privileged role of the dollar, seen as a cornerstone of American economic statecraft. Outspoken doubts about the untold concentration of market power in the hands of an increasingly monopolistic company whose allegiance to US interests is debatable were also manifested. Even the downscaled reformulation of Libra as Diem was not enough to overcome the aforementioned rejection. Facebook/Meta's inability to find a suitable strategic formula to reconcile the project's contradictions conditioned its failure. In addition, Washington's reluctance to greenlight the rollout of Libra as a result of the problematic nature of its disruptive implications ended up burying it for good. A lesson derived from this story is that supranational virtual currencies developed by private firms can only proliferate on an international scale if their positions are backed by the political support of a great power.

On the other hand, the systemic circulation of Libra or even its partial adoption would have diminished the national power of developing states for various reasons. For these emerging economies, Libra would have fuelled the predatory marginalisation of the official currency, the degradation of monetary sovereignty, the (partial) hostile takeover of money by a private entity, and the exacerbation of financial instability, as well as the conquest of their FinTech markets and banking systems. Paradoxically, even though Libra would have offered certain benefits for large numbers of individual users across the countries of the Global South, embracing the private stablecoin would bring counterproductive outcomes. These would include the subordination of their economies by foreign corporate overlords, as well as a high degree of direct exposure to systemic volatility. In the case of these states, the direction of Libra's influence for national is more straightforward as a result of its detrimental consequences for the national interests. Libra represented a source of dangerous vulnerabilities which could compromise the national security of said states. With a currency in circulation controlled by a company which is indifferent to their national interests, their macroeconomic performance would be held hostage by the asymmetric overpowering might of the Libra Association. Accordingly, developing states are likely to rely on measures designed to restrict the eventual circulation of digital currencies controlled by foreign corporations. Unlike the useful applications of Bitcoin's as a vector for the enhancement of strategic independence, creations like Libra represent an unconventional challenge for the preservation of Westphalian national sovereignty.

Regarding hypothetical applications under conditions of rivalries and confrontation, Libra may have been weaponised by Facebook/Meta, either autonomously on its own or under Washington's direction. Through the control of its basket of supporting assets, Libra could be instrumental for the intentional manipulation of exchange rates. With such potential ability to wage economic warfare, Libra would have been useful to target even hard currencies with the threat of major disruption. In turn, the financial infrastructure of the Libra environment may have been involved in the enforcement of economic sanctions. The exclusion of entire economies in which Libra usage has reached systemic proportions would provoke turbulent consequences. Moreover, the international circulation of Libra would have opened more channels to launch psychological operations through the social media platforms under Facebook/Meta's control. In addition, the international rollout of Libra would mean its involvement in the ongoing strategic

rivalry for the conquest of FinTech markets in the Global South, especially considering its attractiveness for large sectors of users with limited access to conventional financial services. In these countries, the circulation of Libra would have operated as a competitive American commercial counterweight against the growing internationalisation of Chinese financial and monetary circuits.

Concerning empirical examples, the reactions seen in the cases of China and France —states with contrasting geopolitical orientations— demonstrate a perception of Libra as a potential confrontational threat, even for great powers. Yet, the key difference that deserves to be highlighted is that, whereas China has the financial and technological firepower to engage the hypothetical hostile challenge posed by Libra in a frontal way, France lacks the capabilities that would be needed to proceed in a similar way. In addition, Russia's national security apparatus has fostered preparedness in the development of defensive measures intended to avert the prospect of threats —of a calibre similar to that of Libra— which could compromise the integrity and autonomy of its financial system. The example set by Russia can be useful for the proactive design of asymmetric countermeasures by other states which share an adversarial view of US-led private 'stablecoins'. In short, Libra would have performed a pivotal role in the confrontational arenas of existing geopolitical tensions and maybe exacerbated their intensity. In turn, as a massive centre of gravity, Libra, its accompanying financial architecture and its institutional nerve centres would have been attractive targets worth attacking through acts of hybrid warfare for states that seek to contest the control of international finance that the US has monopolised since Bretton Woods. Moreover, the confrontational overtones of a groundbreaking monetary innovation like Libra will foreseeably encourage middle powers with emerging or advanced economies to develop their own FinTech platforms and CBDCs. For these states, transnational corporate currencies like Libra represent a credible threat for the defensive strategic preservation of their economic sovereignty. On the other hand, the potential influence of Libra on the evolution of hegemony remains purely hypothetical. Since its release was derailed before it came into existence, this matter could not be clarified through a forensic assessment of empirical realities.

However, the integrative scrutiny of strategic forecasts and the findings discovered in this case study about both national power and rivalries strongly suggest that corporate supranational stablecoins like Libra could alter the balance of power and the distributive structure of polarity within the international system. As a game-changer, a private virtual currency that achieves a significant degree of international projection in cross-border economic exchanges can develop the critical mass that would be needed to reach a major reserve currency status. This potential is determined by the volume of its prospective circulation, the underlying support of hard assets which undergird its value and the market power of a heavyweight transnational company. Moreover, the successful worldwide proliferation of a currency like Libra has the potential to position its corporate master as a nonstate great power. As the issuer and controller of a major reserve currency, Facebook/Meta would have gained a seat at the table in the concert of great powers. As a result, many states would have no choice but to comply with the policies implemented by the Libra Association. Although states are reluctant to welcome the unwanted competition of private companies as players in the chessboard of high politics, the assertive rise of these nonstate entities and their unprecedented influence may reshuffle the correlation of

geopolitical forces on a global scale in the near future. Therefore, strategic forecasts which explore the fate of hegemony cannot afford to neglect the increasing might of firms like Facebook/Meta. Finally, the conceptual blueprint and financial architecture of Libra as a supranational currency can theoretically inspire the development of a synthetic hegemonic currency. Such proposal deserves to be examined in the context of ongoing multilateral deliberations about the structural renewal of the global financial and monetary order. This formula might represent a solution for the growing strategic competition between great powers in the sphere of money. In the long run, this possibility might be perhaps the most significant legacy of the Libra project. Paradoxically, despite its cancellation, Libra can still transcend as a visionary pursuit whose example is worth learning from.

Together, these findings can be extrapolated to future corporate supranational stablecoins that share similar characteristics with Libra. Such lessons illustrate that private currencies developed by transnational firms from strategic economic sectors may have far-reaching disruptive geopolitical ramifications for national power, rivalries and hegemony. As a whole, these instructive lessons represent a contribution to rethink the larger significance of corporate forms of digital money. It would be shortsighted to dismiss the relevance of their ramifications only because their governance structures are not directly under the full control of a state. Furthermore, this case study also highlights the pertinence of holistic multidisciplinary perspectives to understand the proliferation of corporate digital currencies and to calibrate this phenomenon's consequential politico-strategic implications.

Chapter 6.- CBDC with Chinese Characteristics: The Long March of the e-Yuan in the Era of Warring Currencies

«Action should be taken before a thing has made its appearance; order should be secured before disorder has begun [...] The tree which fills the arms grew from the tiniest sprout; the tower of nine storeys rose from a (small) heap of earth; the journey of a thousand li commenced with a single step».

—LAO TZU (Tao Te Ching).

This chapter argues that, despite its infancy and the relatively slow pace of its progression, the e-Yuan (e-CNY) is a full-fledged strategic asset of Chinese statecraft. As a new generation of Westphalian state-backed money conceived for the digital age, this central bank digital currency (CBDC) is being instrumentally deployed by the People's Republic of China to further Chinese interests at home and overseas. This currency is well-positioned to bolster Chinese aspirations in the spheres of national power, interstate rivalries and Beijing's bid to claim the commanding heights of the international system (the so-called "Mandate of Heaven"). The e-RMB is not just random high-tech legal tender. It is a currency launched by an Asian great power whose weight and assertiveness are felt in the arenas of high politics, security competition, economic exchanges and advanced technologies.

Since its introduction as an experimental CBDC, there is an incipient scrutiny to decipher the e-Yuan's larger relevance, particularly considering the prospect of its foreseeable growth and internationalisation. In the Western world, the introduction of this Chinese digital currency is being presented as a phenomenon with ominous Manichean overtones, but the corresponding assessments found in such sources are rather oversimplistic. For example, the Belfer Center for Science and International Affairs (2020) organised a speculative war-gaming simulation — involving both former policymakers and scholars— to envisage the roles of digital currencies in a hypothetical setting of heightened geopolitical tensions between the US and China in East Asia. The participants in this scenario identified game-changing ramifications, including the meteoric adoption of the e-CNY in transactions related to projects organised under the umbrella of the Belt and Road Initiative (BRI), its role as building block of an international payments system analogous to SWIFT, Chinese efforts to bolster e-CNY usage in much of Southeast Asia and North Korean reliance on the circuits of the Chinese CBDC to underwrite the expenses of its nuclear weapons programme. A high-ranking official of the UK's intelligence community raised concerns related to the possibility that the e-CNY may operate as a covert vehicle for Chinese international espionage and surveillance (Laskai, 2022). In a similar vein, British (Policy Exchange, 2020) and Australian think tanks (Evan, 2021) portray the rollout and proliferation of the e-CNY as an adversarial challenge which requires assertive countermeasures to contain its expansion throughout the Indo-Pacific and beyond. In turn, British historian Niall Ferguson (2021) anticipates that the e-CNY will inevitably challenge the US dollar's position as top reserve currency, the effective enforcement of international sanctions and the longstanding established primacy of Western

financial hubs. In order to uphold the continuation of the current status quo, Ferguson encourages efforts to prevent China from “minting the money of the future”.

In contrast, Chinese government officials, experts, scholars and commentators often provide more nuanced views. The white paper released by the People’s Bank of China (2021b) explicitly states that the e-CNY has been primarily designed to “serve domestic retail payment demands”, but the same Chinese monetary authority (2021a) also admits its eventual applications in cross-border payments. Although unofficial perspectives acknowledge the e-CNY’s potential rise, they emphasise the limitations and obstacles that such currency would have to face and overcome before its international expansion can take off in any meaningful way. Even assuming the best case-scenario, they believe that the process will be long, evolutionary and incremental (Z. Zhao, 2021). Thinkers such as Liu and Guo (2021) point out that, even if China manages to become the world’s dominant economic power, the historical record indicates that it will take a while before the e-Yuan can rise as the top reserve currency on a global scale. According to this logic, before the e-CNY can aspire to international greatness, it would first have to gain footholds in China’s neighbouring peripheries and then across the Asia Pacific region first (Li & Zheng, 2021). Together, these views seemingly indicate that, although the e-CNY’s geopolitical relevance cannot be discarded once its long-term internationalisation gains traction, the assumption of its worldwide presence is still premature.

6.1 What are the Implications of the e-CNY for Chinese National Power?

The world of digital code offers multiple opportunities so that states can leverage high-tech innovations to shape interactional patterns, exploit asymmetric strategic advantages, control the flow of information and upgrade the value added of economic processes in accordance with national interests (Colibasanu, 2016). Particularly, the FinTech landscape offers advantages worth harnessing for economic statecraft. The following contents examine the potential hypothetical contributions of the e-CNY as an instrument to further China’s national power in various ways and experimental tests intended to assess its international performance, as well as its foreseeable contribution to the long-term trend of incremental RMB internationalisation as a policy objective.

6.1.1 Analysis of Hypothetical Applications

The domestic and international rollout of the e-RMB provides multiple windows of opportunity to increase China’s national power. Its usefulness as a far-reaching strategic source of network power illustrates why status quo and revisionist states may be interested in unlocking the full-spectrum potential of governmental digital currencies.

6.1.1.1 The e-Yuan as a Potential Force Multiplier for Chinese National Power

The creation of the e-RMB transcends the economic and technical spheres. Far from taking place in a political vacuum, the design of this CBDC is undergirded by the ideological tenets of Chinese techno-nationalism. This contrasts with the libertarian or anarchic theoretical creeds that prevail in the environments of decentralised and corporate digital currencies—. The e-CNY exists in an ideological universe shaped by the political aspiration (*Chinese dream*) to restore the greatness of China (*national rejuvenation*) as a self-confident, prosperous, innovative and powerful civilisational state. This thinking endorses the idea of harnessing market forces, international trade and economic assets such as money to upgrade the hierarchical position of China in the concert of nations as a great power (Stevens, 2021).

In this regard, there are several manners in which the e-CNY can strengthen the national power of the Chinese state. First, under a scheme of data-driven governance, the e-CNY would enable the People's Bank of China to implement and dictate a smart monetary policy through the systematic and permanent collection of real-time information through the corresponding CBDC cloud (Cao 2023). With a digital currency, such a policy can be programmed to sharpen the strategic macroeconomic management of trade, the performance of certain industrial sectors, stimulus distribution, taxation, debts and wealth redistribution programmes in full accordance with Beijing's national interests (Townsend, 2018; Slawotsky, 2022). In this case, the e-RMB would represent a catalyst for the comprehensive renewal and optimisation of Chinese domestic monetary and financial systems. The nationwide circulation of this CBDC would strengthen the power of the Chinese state vis-à-vis foreign companies that want access to the Chinese market (Cao, 2023). Specifically, the Chinese government could dictate that the branches of foreign companies need to use e-CNY payments systems as a requirement to do business with clients in China (Dragnev, 2023a). Second, this CBDC could be leveraged by Chinese authorities as an instrumental asset in the suppression of illicit phenomena with problematic implications for national security, such as tax fraud, money laundering, currency counterfeiting and capital flight (Chiu-Wan, 2023). The extrapolation of trends related to the pervasive digital surveillance undertaken by the Chinese government (Hillman, 2021) strongly foreshadows the eventual involvement of the e-CNY in intelligence-gathering activities. Considering the architecture of CBDCs, their records provide comprehensive “e-paper trails” (Lanteigne, 2022) and, since CBDC records cannot be altered, the flow of money from its sources to their destinations becomes more easily traceable (Dragnev, 2023b). In turn, the proliferation of the e-RMB, at home and abroad, would confer an enhanced operational ability to collect real-time financial intelligence (FININT) through network surveillance panopticons. In combination with AI-powered algorithmic cross-referencing systems, automated big data analytics, robotics, smart cities, the internet of things, and overall economic digitalisation, a CBDC offers the potential to monitor all transactions and gather vast amounts of data about both public and private actors (Slawotsky, 2022). Such surveillance power would be useful to detect patterns of suspicious behaviours, freeze money and target designated persons of interest associated with terrorist, criminal, subversive, dissident, or separatist activities. Therefore, these applications would further the capabilities of the Chinese ruling elite to act against nonstate actors that endanger political stability, internal security, public order and effective governance in order to ensure full control (Donahue & Monderer, 2021; Cao,

2023). Furthermore, the e-CNY could help Chinese authorities restore order in case a state of emergency is declared for whatever reason. Under conditions of political turmoil, the CBDC's instrumental properties may be leveraged to reward compliance and punish transgressions (Slawotsky, 2022). Moreover, Chinese authorities could use the high-tech digital infrastructure of the e-Yuan to collect market intelligence about the commercial and financial operations of foreign firms, especially those that belong to strategic economic sectors, that rely on the Chinese CBDC for international transactions (Yanaka, 2022). Another hypothetical advantage is that a better tracking of money flows through the centralised supervision of the Chinese state would also bring a higher degree of control over cross-border operations (Knoerich, 2021). Third, the introduction of the e-RMB enhances territorial monetary independence, technological autonomy and economic self-reliance as ingredients of Westphalian sovereign statehood (Luft & Korin, 2019; Lanteigne, 2022; Huang & Mayer, 2022).

Fourth, the eventual external circulation of the e-RMB would be a milestone in China's growing role in international standard-setting (Laskai, 2022). The competitive projection of this state-backed currency and China's growing market power would fuel the structural transition of the 'Middle Kingdom' from being a rule-taker to act as a rule-maker in the domain of international financial and monetary governance (Slawotsky, 2023). For example, a growing international presence of the e-CNY and its condition as a first-mover would give China an opportunity to establish technical rules for the protection of confidential personal data privacy, the security of data in financial transmissions, exchange rate mechanisms for state-ran digital currencies, the harmonisation of regulatory frameworks, the encryption of transaction records, the implementation of digital monetary regimes and the development of interoperable FinTech interfaces anchored to various CBDCs (Huang & Mayer, 2022; Chiu-Wan, 2023; Dragnev, 2023a & 2023b). In strategic and political terms, the ability to act as a rewriter of such rules comes with the possibility of remodelling the overarching structure of interactions between China and the rest of the world (Kshetri, 2023). Fifth, an expanding international presence of the e-CNY would mean a strong potential to brandish its strategic applications for the selective distribution of benefits and reprisals to states engaged in economic exchanges with China (Reilly, 2016). In this hypothetical possibility, Chinese economic statecraft could actively harness such incentives to encourage acquiescence to Beijing's foreign policy expectations and preferences. Sixth, a deepening overseas circulation of the e-RMB would strengthen the resilience of Chinese transnational supply chains thanks to its role as a facilitator of cross-border payments (Kshetri, 2022). This advantage is handy in an environment in which international economic interconnectedness is vulnerable to manmade and natural disruptions, particularly considering the position of the Chinese economy as an importer of natural resources and exporter of industrial manufactures with increasing levels of value added.

Another factor that needs to be taken into account is that the e-CNY is high-tech symbolic vector that carries the image of China's condition as a state at the forefront in the field of FinTech ecosystems. Therefore, the eventual take-off of this CBDC has the potential to bolster the national morale of the Chinese people at home and the projection of Chinese 'soft power' overseas. The prospect of e-RMB international circulation would be a sign that there are emerging and functional alternatives to the US-centric financial and monetary circuits. As is known in

the political economy of money (Kindleberger, 1970; Cherian, 2022), the status of a currency, far from being only determined by the numerical fluctuations of its exchange rates, is a reputational mirror that reflects the power, wealth and prestige of the state responsible for its issuance. In this case, the e-CNY is a digital flagship that embodies the accomplishments of the Chinese state. Such an impression is underscored in a context in which the preservation of the Western-led international system is being challenged both in Western societies themselves and much of the Global South. As such, this data-driven currency can strengthen Beijing's ideological narrative about the condition of its high-tech techno-industrial and sociopolitical model as a superior source of prosperity, development, farsightedness, innovation, order and oversight. Therefore, the international success of the e-RMB would highlight and propagate "governance with Chinese characteristics" as a strategic formula worth replicating by emerging economies (Slawotsky, 2022). Under these circumstances, even Western states moving away from classical political, economic and ideological liberalism may be tempted to embrace certain features of Chinese digital governance models (Slawotsky, 2022).

6.1.1.2 The e-Yuan as Accelerator of Renminbi Internationalisation

In the long run, the growing traction of the e-CNY has the potential to hasten the process of RMB internationalisation in various ways and the following contents strongly suggest that both trends are likely to reinforce each other symbiotically. The international circulation of a currency through multiple mechanisms matters for national power because the process expands the economic, commercial, financial and monetary influence of the state that issues it beyond its territorial borders. In the case of CBDCs, states have full control over the money, its policies, regulation, wallets, permissioned applications and even programming (Huang & Mayer, 2022). The e-CNY is an emerging technology with the potential to further the internationalisation of both the RMB and its accompanying financial infrastructure networks (Slawotsky, 2020). This role as accelerator brings opportunities for Chinese economic statecraft (Huang & Mayer, 2022). Chinese financial experts believe the introduction of the e-CNY will be helpful to fuel the international expansion of the RMB, but insufficient to ensure global success on its own (Li & Zheng, 2021; Yang, 2021). The leading role of Chinese companies in the worldwide digitalisation of economic exchanges represents a stepping stone for a much more substantive internationalisation of e-CNY adoption (Wang, 2022). Through the continuation of these patterns, the e-CNY can help the currently "underperforming" Chinese currency achieve a heightened international position that matches the country's economic size and market power (Zhang & Wang, 2021).

China is building overlapping transnational digital infrastructure networks to underwrite the proliferation of projects carried out under the geoeconomic umbrella of the Belt and Road Initiative (Hillman 2021; Xiao, 2021). In this respect, the international rollout of the e-RMB has the potential to increase the attractiveness of Chinese financial and monetary circuits for purposes related to cross-border settlements, investments and financing. China has already at its disposal multiple arrangements, partnerships and instruments that increase the projection of its currency beyond its borders, especially in countries under the fulcrum of the BRI, the RCEP and the AIIB (Song & Wang, 2022). The dynamic proliferation of these China-led projects has the potential to stimulate an increase in demand for yuan (Cao, 2023). Hence, the opinion that China

needs to promote or even mandate e-CNY international usage in trade settlement and investment financing projects is gaining momentum. Chinese specialists argue that this policy can be pursued through bilateral and multilateral schemes that favour an increasingly greater reliance on local currencies for regional economic exchanges (Ba, 2021). Such a step would be convenient to reduce costs and manage risks associated with foreign exchange transactions (Meng, 2021). Chinese scholars of political economy also hold that the e-CNY's underlying architecture needs to undergo operational and technical improvements to cater to the needs of SMEs involved in international trade (Guan & Li, 2021). The corresponding benefits for foreign users would presumably include low operational costs and the technical capacity to process large volumes of simultaneous transactions in a speedy manner (Knoerich, 2021), as well as a conduit to modernise their national financial systems (Raghuveera, 2020) with Chinese state-of-the-art platforms for cross-border payments (Elston, 2023). Moreover, through the deployment of Chinese corporate FinTech platforms like Alibaba, Ant Group and Tencent, Chinese economic statecraft can eventually fuel the circulation of the e-RMB in the economies of BRI, RCEP and AIIB partners (Chiu-Wan, 2023). These platforms would be particularly suitable as a result of their growing footholds in regions like Southeast Asia (Raghuveera, 2020). A convenient factor that needs to be emphasised is that Chinese diaspora communities are politically and economically influential in several ASEAN states that rely heavily on economic exchanges with China (Luft & Korin, 2019).

On the other hand, there is an opportunity worth related to investments in BRI infrastructure projects —such as ports, roads, railways, bridges, pipelines, oil and gas terminals, power grids and fibre-optic lines— that nourish economic interconnectedness through Chinese-led trade networks. This would create beneficial strategic, economic, political and technical incentives so that Chinese partners voluntarily embrace financial services, loans, commercial transactions, contractual obligations, business activities and overseas development assistance programmes denominated in e-RMB (Yu, 2020; Raghuveera, 2020; Y., Liu, 2022; Caudevilla & Kim, 2023; Davidson, 2022; Dunford, 2021; Elston, 2023; Golombiewski & Azócar, 2023). In this way, the e-CNY may deepen existing complex interdependence frameworks under Chinese leadership (Slawotsky, 2022). Yet, there is situational awareness that the results will not materialise overnight. In the best-case scenario for Chinese national interests, such a trajectory will likely resemble an incremental progression whose successive phases comprise peripheralisation first, followed by regionalisation in Asia and then full-fledged internationalisation (Ly, 2020). The ensuing expansion of the e-CNY across BRI, RCEP and AIIB areas would give Beijing an increasing power to reshape the development of international FinTech ecosystems in accordance with its agenda (Bai & He, 2021). Thus, Chinese political and economic leaderships in these blocs represents a potential catalyst to widen international e-CNY usage (Slawotsky, 2023).

In the constellation of economies covered by overlapping Chinese geoeconomic projects, Chinese experts estimate that the e-RMB has the potential to gather around two billion international users (Global Times, 2019). The circulation of the Chinese CBDC in these regions will facilitate the proliferation of commercial exchanges with Chinese companies (Slawotsky, 2020). Once the whole internationalisation process has been fully completed, corporate entities and individuals would be able to engage directly in cross-border transactions through the e-CNY's accompanying financial infrastructure (Raghuveera, 2020). A foreseeable strategic consequence is that such

reality would encourage Chinese partners to align with Beijing's geopolitical interests on their own accord as a matter of national self-interest (Knoerich, 2021; Slawotsky, 2022). In this way, the Chinese CBDC could be instrumentalised to advance Chinese economic statecraft and foreign policy priorities in underdeveloped nations of the Global South through non-coercive means.

From the viewpoint of Chinese policymakers, Hong Kong, as a major financial hub and highway that connects mainland China with the rest of the world through capital flows, is an asset to foster e-RMB internationalisation through settlements, financing, investment and trading. Hong Kong possesses suitable attributes that would facilitate such an endeavour, including its highly international business profile, thriving financial sector, multicultural landscape, independent legal system, world-class established reputation and its condition as pivot of international economic exchanges. As a key e-CNY nerve centre, the Chinese Special Administrative Region could encourage the development of the FinTech arteries ("digital Silk Roads") needed to sustain China's growing transnational geoeconomic networks (Cao et al., 2019). Through Hong Kong as a launch pad with significant comparative advantages, the e-RMB could gain a greater degree of international financial acceptance in BRI, RCEP and AIIB areas (Peng, 2021). Moreover, Hong Kong is expected to become as an operational testbed for the design and implementation of e-CNY international initiatives involving the state-sponsored collaborative development of FinTech arteries (Hu, 2020). In turn, the performance of this supporting role as a critical e-RMB node can further improve the position and prestige of Hong Kong's financial infrastructure.

6.2.2 Analysis of Empirical Realities

The following contents assess the experimental tests carried out to assess the behaviour of the e-RMB operational performance in international settings under real-life conditions. These actions denote an emerging and cautious policy interest in fostering its expansion beyond the 'Middle Kingdom'.

6.2.2.1 Operational Tests Related to Cross-Border Transactions

Two experimental tests have been carried out in order to assess the performance of the e-RMB in cross-border transactions. These trials demonstrate an embryonic interest in exploring the development of conduits that can hasten the internationalisation of the Chinese CBDC. The first involved the availability of e-CNY hardware wallets in official venues of the 2022 Beijing Winter Olympics in order to engage foreign participants in e-CNY transactions (Xu, 2022). This testing ground was chosen as a result of its condition as an international stage that attracts worldwide attention and also to examine the scalability of its functional capabilities (Kumar, 2022). Moreover, such occasion provided an opportunity to present this innovation as a "technological business card" which embodies the achievements of the Chinese state (Guan & Li, 2021). In other words, it was presented to foreign athletes and visitors to showcase the sophistication of Chinese inventions by demonstrating that the Asian nation is no longer an underdeveloped manufacturer of cheap goods.

Moreover, the Chinese Digital Currency Institute —which belongs to the PBOC— is collaborating with the Swiss-based Bank of International Settlements, the Hong Kong Monetary Authority, the Bank of Thailand, the Central Bank of the United Arab Emirates and the Central Bank of Saudi Arabia in the development of an inter-operational multi-CBDC bridge (*mBridge*) project (BIS Innovation Hub, 2024). If successful, this high-tech financial infrastructure prototype conceived to achieve interoperability in cross-border payments can become as a pivotal corridor through which the e-CNY may increase its international footprint. Chinese experts praise the potential of this project to further interconnectedness and its condition as an international economic “public good” because of its contributions for e-commerce, the digitalisation of economic exchanges and more convenient transactions for individual users (Gao, 2022). The ongoing implementation of such pioneering initiative also offers additional benefits for the Chinese national interest. These include consideration of China’s political and economic perspectives in international standard-setting and the technical know-how to upgrade the e-CNY as a dual wholesale and retail CBDC. Such versatility is key to increase usage in payments made by consumers to businesses and businesses to other businesses, as well as interbank settlements of transactions with varying degrees of commercial value (X. Zhao, 2021). From the Chinese viewpoint, another incentive for participating in CBDC multilateral projects is the accumulation of expertise in the co-operative implementation of blockchain-based regulatory and technical mechanisms (Huang & Mayer, 2022). However, other Chinese specialists underscore that, in order to ensure the eventual functional success of this system, meaningful jurisdictional, geopolitical, regulatory and technical challenges will have to be patiently overcome through consensual, gradual and long-term developmental solutions so that differences can be reconciled and operations can be synchronised (Zhang & Liu, 2021; Liu, 2021). Based on an extrapolation of these existing trends, the continuous implementation of further interstate trials of increasing magnitude is likely in the coming years. For example, Russia —considering its deepening isolation from Western financial and monetary systems— is a strong candidate to explore a prospective digital yuanisation of its economic exchanges. From Beijing’s perspective, the Russian Federation constitutes a large-scale laboratory to study the implementation of strategic attempts to disengage from Western economic and financial circuits through e-RMB conduits (Cao, 2023). In addition, China can also offer the e-RMB to the nations of sub-Saharan Africa for remittances. Through investments, trade and payments platforms, China has already a strong geoeconomic foothold in much of the African continent. This presence means that Africa is a prime candidate for digital yuanisation (Luft & Korin, 2019). In this case, the availability of a scalable CBDC would represent a more convenient and expedient gateway for receiving remittances because their flow is often hampered by issues such as high transaction costs, delays and settlement risks (Bansal & Singh, 2021).

As a clear progression of these experimental tests, in September 2025, the PBOC launched the Shanghai-based e-CNY International Operation Center (People’s Bank of China, 2025). According to the official communiqué, this nerve centre comprises three major overlapping branches, including the e-CNY Cross-Border Digital Payment Platform, the e-CNY Blockchain Service Platform and the Digital Platform. In the inaugural event, PBOC Deputy Governor Lu Lei emphasised a commitment to leverage these state-of-the-art innovations, along with Shanghai’s pivotal position in international finance, to expand e-CNY international expansion (People’s Bank of China, 2025).

6.3 What is (are) the Role(s) of the e-CNY in Interstate Rivalries?

This section assesses potential applications of the e-RMB in contexts of interstate rivalries. From the perspective of Chinese economic statecraft, a strong e-CNY international presence would confer both defensive and offensive advantages in the unconventional battlespaces of economic warfare. This strategic potential is determined by the relevance of the digital yuan for China's national power and the operational parameters that underpin the asymmetric weaponisation of complex interdependence.

6.3.1 Analysis of Hypothetical Applications

The following contents explain the foreseeable roles that the e-CNY, as an advanced CBDC, may play under confrontational conditions. Considering the magnitude of its intended international circulation, this Chinese digital currency can also be harnessed by other states that need a protective shield to reduce their vulnerability to American economic, financial and monetary coercion.

6.3.1.1 The e-Yuan as a Chinese Defensive Asset

In the last decade, the Chinese state has developed defensive countermeasures determined by the strategic logics of resilience and self-reliance as a response to the increased risk of 'trade wars', tariff threats and other expressions of economic warfare. (Quintana, 2025). A Chinese Foreign Ministry spokesman even underlined Beijing's readiness and determination to fight "until the end" in case the second Trump administration intends to strangle the flow of Chinese exports with unilateral tariffs (Xinhua, 2025). In this context, the design and introduction of this CBDC responds to defensive imperatives of Chinese economic statecraft and national security. The International Monetary Fund (2022) notes that major policy objectives behind the creation of the e-CNY include the protection of monetary sovereignty and a higher degree of resilience so that the Chinese payments ecosystem can withstand the impact of external systemic disruptions. On the domestic front, a sovereign digital currency is helpful to keep at bay foreign monetary units—both state-backed and nonstate—that represent unwanted competition. One of the strategic rationales behind the accelerated development of the e-CNY was precisely the need for an alternative capable of preventing the prospect of encroachment or infiltration through either unofficial cryptocurrencies or foreign corporate stablecoins. As noted in previous chapters, to a certain extent Chinese authorities regard the digital yuan as a countermeasure developed to repel currencies such as Bitcoin and Libra. Notably, the latter was seen by Chinese policymakers as an "unprecedented challenge" for monetary sovereignty due to its connections to the dollar, American intelligence and Silicon Valley as a major force within the so-called "deep state" and also because Libra's presence in mainland China may have encouraged macroeconomic disruptions (Luft & Korin, 2019; Guo & Wang, 2020; Huang & Mayer, 2022). Regarding the international dimension, the e-CNY proliferation is useful so that China can weather hostile external economic pressures in a strategic environment in which economic warfare waged by great powers has become increasingly common (Lanteigne, 2022).

The need to strengthen the Middle Kingdom's geoeconomic armour is highlighted by the escalating "trade war" between the US and China, the rise of strategic protectionism on both sides of the Pacific and the intermittent push of both great powers to 'decouple' from one another so that the detrimental impacts of such confrontational dynamics can be mitigated (Yeung, 2020; Lanteigne, 2022). Specifically, the e-RMB would be useful to diminish reliance on dollar-denominated circuits, such as SWIFT, for cross-border economic exchanges (Huang & Mayer, 2022, Slawotsky, 2022). Considering that senior US policymakers regard sanctions as a non-kinetic alternative to military strikes (Mnuchin, 2019), this course of action reduces exposure to the prospective implementation of American or European coercive financial sanctions against Chinese targets (Chiu-Wan, 2023; Dragnev, 2023b). In fact, the full-scale migration of China's economic, commercial and financial exchanges with partners from dollar to e-RMB-based architectures would shield them from enemy-directed disruptions (Bansal & Singh, 2021). In turn, as the anchor of such networks, the e-CNY can cement and secure the consolidation of China-led trade networks.

6.3.1.2 Potential Weaponisation of the e-Yuan by China

Chinese statecraft possesses economic and financial assets suitable to be deployed as directed vectors of influence in the pursuit of its strategic, security and foreign policy interests. Through the corresponding distribution of both beneficial incentives ("carrots") and the targeted implementation of punitive measures ("sticks"), Beijing can strongly influence the behaviour of its partners (Reilly, 2016). Just like the US can brandish the dollar as a powerful weapon in acts of economic warfare thanks to its position as the world's dominant reserve currency and its hegemonic dominance in both international finance and trade (Zarate, 2015; Friedman, 2022), China can also aspire to potentially employ the e-CNY as an instrument of coercion as the international projection of such CBDC grows. In fact, there are various signs which highlight Beijing's already existing political willingness and material abilities to rely on offensive economic warfare against geopolitical adversaries. These include the implementation of weaponised restrictions on exports of rare-earth minerals (Kalantzakos, 2018), the covert placement of hidden "kill switches" in solar panels exported to the West (Averre, 2025) and the designation of foreign entities that can be targeted by the Chinese Ministry of Commerce because of their perceived hostility to Chinese national security, with a myriad of mercantile reprisals (Dragnev, 2023b).

From a perspective of economic offensive realism, the Chinese state can pursue regional hegemony with the e-CNY as a spearhead of network power through the gradual development of a Chinese-led economic order across the pivotal areas covered by the BRI (Cherian, 2022). Considering its potential scale and the attractiveness of its political, technical and economic advantages, in comparison to both stateless and private virtual currencies, for developing nations, the international rollout of the e-RMB is an asset that gives China an upper hand in the competitive race over the conquest of FinTech market ecosystems across the Global South. The structural vulnerabilities of counties with underdeveloped or fragile financial systems makes them permeable for the competitive introduction of the e-Yuan as a high-tech import suitable to underwrite payments or transactions (Dragnev, 2023a). In these emerging economies, the Chinese CBDC would gain traction through its directed attachment with projects associated with

BRI and the “digital silk road” (Lanteigne, 2022). A natural consequence would be a greater degree of Chinese influence in the policy environments and economies of these emerging countries through bargaining power to persuade, the ability to redefine the rules of interactional patterns and the socialisation of an image of China as a rising great power whose world-class development model is worth emulating (Kshetri, 2023). Based on these factors, the most fertile grounds for a prospective digital “yuanification” are ASEAN, African and Latin American states engaged in economic exchanges with China (Luft & Korin, 2019; Raghuvveera, 2020).

Chinese economic statecraft is usually inclined to foster the convergence of interests on a mutually beneficial basis, but it does not neglect readiness in case offensive action is needed. Thus, e-Yuan internationalisation and the incremental conformation of a regional and later global yuan-centric financial order would confer the ‘Middle Kingdom’ the de facto ability to carry out three types of offensive measures: 1) the implementation of punitive sanctions through the asphyxiation of access to e-CNY financial and monetary chokepoints, 2) the threat of targeted disruption —triggered through built-in hidden backdoors— against those that refuse to comply with Beijing’s demands under confrontational circumstances; 3) the confiscation of yuan-denominated assets kept in Chinese nodes and 4) the extraterritorial coercive enforcement of Chinese laws against declared state and nonstate enemies of the Chinese government (Hillman, 2021; Lanteigne, 2022; Dragnev, 2023b; Slawotsky, 2023). Considering the advanced nature of the e-RMB’s FinTech ecosystems, such measures could be easily and speedily triggered (Cao, 2023).

In turn, Chinese multilateral geoeconomic frameworks and bilateral partnerships can be leveraged by Beijing to encourage an incremental e-RMB international acceptance as a vehicular currency, settlement currency and reserve currency. Aside from making inroads in these FinTech markets, another purpose would be to boost an increasing systemic shift towards de-dollarisation. Such incremental progression would lay the groundwork and critical mass to eventually challenge the greenback’s hegemony in the long run (Knoerich, 2021; Cherian, 2022). In short, e-RMB international expansion is a potential asset for the Chinese state to asymmetrically engage a strategic rival whose currency still has a comparatively superior strength.

6.3.1.3 The e-Yuan as a Potential Lifeline for States under Western Sanctions

The eventual internationalisation of the e-Yuan’s accompanying digital infrastructure can be strategically harnessed by states interested in alternative and independent blockchain-based transnational networks in which American and/or European sanctions cannot be enforced. As a defensive lifeline that bypasses Western-led financial chokepoints, the e-CNY would offer a reliable and resilient high-tech conduit, backed by the political and economic strength of an emerging great power, that means the international economic exchanges of these states cannot be disrupted or interdicted by the American government. Such defensive attribute would be particularly attractive for great powers, like Russia, and smaller states such as Iran, North Korea or Venezuela, which are often engaged in adversarial dynamics vis-à-vis the US (Kshetri, 2022). For these states, de-dollarisation is an expedient priority (Cao, 2023). Therefore, they are likely to consider the possible adoption of the e-RMB as a protective countermeasure of economic

statecraft which enables transfers that do not rely on American networks (Yanaka, 2022; Dragnev, 2023b).

Embracing e-RMB usage in international transactions would also be convenient for states — especially those that are involved in Chinese-led multilateral geoeconomic projects and economies with profound commercial interconnectedness with China— that want to preventively diminish their exposure to the prospective weaponisation of the dollar or the freezing or confiscation of their assets. A context in which the proliferation of economic warfare waged by Washington is becoming increasingly common highlights the pertinence of pursuing a higher degree of predictability through diversification and hedging policies (Lanteigne, 2022). The example of Russia is instructive, as it illustrates the lengths to which the weaponisation of the dollar and US financial networks can go against adversaries, even if the resulting enforcement of unilateral sanctions questions the credibility of Washington’s commitment to the preservation of a “rules-based order” (Slawotsky, 2022).

Furthermore, if the expansion of the Chinese CBDC reaches a scale capable of processing large volumes of simultaneous cross-border transactions, it would be even more attractive for this purpose than unofficial and volatile cryptocurrencies like Bitcoin. In this way, the e-RMB could accomplish two complementary policy outcomes: the addition of an expansive foreign userbase to its ecosystem and the downgrade of the dollar’s coercive power. (Slawotsky, 2023). Ironically, Beijing can leverage Washington’s overreliance on the financial weaponisation of the greenback to encourage a global transition towards a more de-dollarised economic world order (Stott & Kynge, 2023). Therefore, in the long run, the weight of China in international finance and the growing strength of the e-CNY can debase Washington’s ability to enforce sanctions.

6.3.2 Analysis of Empirical Realities

This subsection scrutinises the view of the e-Yuan as an adversarial national security threat by the US strategic community, due to its condition as a major CBDC developed by a systemic rival. This reality shows that the rising proliferation of governmental digital currencies launched by great powers is a phenomenon that embodies the convergence between emerging and traditional security issues.

6.3.2.1 Emerging Securitisation of the e-CNY by the US Strategic Community

The perception of the e-CNY as an adversarial threat and subsequent “securitisation”⁹ is consistent with the growing importance of economic national security for the policymaking

⁹ Originally, the concept of securitisation was coined by Copenhagen School constructivist theorists (Buzan et al., 1998) as the agential classification of a phenomenon as problematic for security in strategic narratives and policymaking discourse. Yet, Realist-based scholarship can appropriate the concept because this political process is not driven only by performative speech acts, arbitrary considerations or abstract views. For Realism, any issue with a growing potential to damage core national interests, bring exploitable vulnerabilities or incline the balance of power in an unfavourable direction deserves to be framed as a threat, regardless of its nature (Morgenthau, 1949;

arena. Such a developing impression is a textbook example which shows how repetitive speech acts lead to the dissemination of a self-reinforcing narrative that conditions the referential identification of threats (Buzan et al., 1998). At first, American perspectives dismissed the potential of the e-Yuan to even aspire to contend with the dollar. This attitude was conditioned by a complacent attitude which takes for granted the enduring dominance of the American currency (Huang & Mayer, 2022). However, as a byproduct of China's uninterrupted ascending trajectory to great power status, the prospect of e-CNY expanding internationalisation looms in the horizon (Slawotsky, 2022). As a response, the US strategic community has identified the digital currency launched by Beijing as a source of various strategic risks for Washington's core interests. This emerging impression reflects a consistent perception of the Chinese CBDC as an adversarial security threat that can hypothetically hasten de-dollarisation on a global scale. Notably, such classification takes place in a context in which other vectors of Chinese influence —including even cultural diplomacy and “soft power”— are being met with a heightened degree of suspicion in much of the Western world (Zeli, 2024).

There are multiple examples that point in this direction. In 2021, a study published by the US Department of Energy warned that digital currencies can be leveraged by revisionist states interested in overturning US power to elicit strategic effects, including attempts to “usurp” the dollar's status as dominant reserve currency (Dudley, 2021). The latest edition of the “Global Trends” series, prepared by the National Intelligence Council (2021) notes the launch of the Chinese CBDC as part of an increasing trend of monetary pluralism in which the dollar is likely to face competitive threats. Concerning legislative actions, American lawmakers have proposed initiatives to ban, on US soil, digital platforms and apps that enable e-RMB transactions (Pao, 2022). Pat Toomey (2022), a high-ranking member of the US Senate Banking Committee formally urged then Secretaries of Treasury Janet Yellen and State Anthony Blinken to examine in-depth e-CNY behaviour, including its technical architecture, distribution, privacy standards, foreign usage and lessons for the US government. In Senator Toomey's official letter, the e-RMB is explicitly portrayed as a prospective threat to “US economic and national security interests”. American think tanks have raised similar concerns. The Foreign Policy Research Institute notes that, without a strong commitment to the creation of digital dollar, the US will not be fully able to keep in check Chinese efforts to double down in the field of CBDCs (Elston, 2023). The Center for a New American Security highlights that the e-Yuan might help China's bid to surpass the West in the field of advanced technologies (Fanusie & Jin, 2021). The Hoover Institution emphasises that the potential ability of the e-RMB to weaken the power of American economic statecraft to implement coercive sanctions against adversaries or block dollar-denominated transactions for strategic purposes is a problematic implication (Duffie & Economy, 2022).

These deliberations are seemingly encouraging the development of potential policy countermeasures. Back in 2022, the Biden Administration issued an executive order which mandates an assessment to examine the creation of a digital dollar in terms of risks and benefits

Waltz, 1979). Realist thinking also acknowledges that sovereign polities identify prospective sources of danger based on adversarial distinctions (Williams, 2003). These bridges between securitisation theory and Realism have been covered by more recent literature (Williams, 2011).

(The White House, 2022). In compliance with this direction, the Department of the Treasury (2002) released an analytical report that, although it does not explicitly reference China or the e-CNY, endorses the development of an American CBDC based on various factors. These include national security considerations related to the endurance of US global financial and monetary leadership. However, such a recommendation has not brought any tangible outcomes. On the other hand, even though President Trump has displayed a strong reluctance to embrace the concept of a CBDC in his first term and demonstrated scepticism about virtual currencies in general, his second administration has decided to establish a strategic Bitcoin reserve. This policy decision is presented as an attempt to harness and manage the strategic power of BTC in accordance with US national interests (The White House, 2025). Motivated by an aspiration to turn the US into the “crypto capital of the world”, the US government has decided to strengthen the US crypto reserve through the addition of other nonstate cryptocurrencies such as Cardano, Ethereum, Ripple and Solana (Niemeyer, 2025). At least partially, these proposals can be interpreted as responses to China’s leading position in the field of digital currency. In other words, there is an emerging sense of strategic preparedness that motivates American government officials to explore potential cards worth playing so that the US can intervene on its own terms as a major participant in the contested geoeconomic chessboards of digital currencies.

The extrapolation of these existing trends suggests that the US is likely to resist the international ascent of the e-CNY and to design further countermeasures to face this challenge. In case tensions with Beijing escalate, the US Government might restrict access to American dollar-clearing nodes to any entity engaged in e-RMB transactions, forcing the world to choose between the greenback and the digital yuan as the dominant currency of the realm.

6.4 Can the e-CNY Influence the Evolving Trajectory of Global Hegemony and the Distribution of Polarity?

The historical record teaches that the long-range cycles of great powers strongly correspond to the lifecycles of dominant reserve currencies (Maçaes, 2025). In this regard, both historical precedents and the current direction of existing trends indicate that China, as a rising great power, is actively preparing to reclaim a greater role in the arena of high politics. Such an incremental trajectory is reflected in efforts to further the internationalisation of its currency in an order of magnitude that reflects the growing hierarchical status of the ‘Middle Kingdom’. This subsection contends that the e-CNY may intervene as a strategic catalyst in this unfolding process.

6.4.1 Analysis of Hypothetical Applications

Specifically, the Chinese CBDC can potentially shape the global balance of power and the systemic structure of polarity as a prospective major reserve currency and as a vector of a grand strategy designed to challenge the dollar’s hegemony. Both possibilities are not mutually exclusive.

6.4.1.1 The e-Yuan as a Potential Major Reserve Currency

Chinese economic statecraft is likely to harness the eventual international projection of the e-CNY in a bid to encourage the rise of the RMB as a leading reserve currency. There are official statements which point in such a direction. At the 2025 Lujiazui Forum, Pan Gongsheng, Governor of the People's Bank of China, stated a policy commitment for further e-RMB internationalisation as a gateway to a more multipolar, resilient, stable and diversified world monetary order (Reuters, 2025b). Per se, it would be mistaken to assume that digital yuan represents a proverbial silver bullet so that Beijing can achieve this outcome (Bansal & Sing, 2021). However, the e-CNY's digital architecture offers opportunities worth leveraging to bolster its growth as reserve instrument and medium of exchange in international payments (Huang & Mayer, 2022). The most obvious possibility is an upgrade that enables faster and cheaper cross-border transactions in comparison to existing alternatives (Bansal & Sing, 2021). Another course of action is the directed establishment of regional and global connections between the e-Yuan and markets in which strategic commodities (such as oil) are traded. Such measures would increase international demand of digital yuan. This idea is attractive because the economies of many Chinese partners are mainly focused on the production of natural resources. Beijing can even mobilise the weight of Chinese-led multilateral geoeconomic frameworks as an influential pivot, investments in projects focused on natural resources and selective BRICS partnerships to further e-CNY pricing in international energy markets (Luft & Korin, 2019, He & Lu, 2022). The flourishing export of Chinese advanced technologies under the umbrella of the "digital silk road" is another conduit worth exploring to further the international deployment of the e-RMB (Elston, 2023), particularly in Eurasia. Additional options to increase the international scalability and attractiveness of the e-CNY as a competitive hard currency have been identified. For example, Townsend (2018) suggests potential game-changers like the structural redesign of the e-CNY as a gold-backed CBDC (a high-tech "gold standard" for the digital age) and the development of a digital sovereign bond market underwritten by the e-RMB. Both options are not mutually exclusive. In fact, a hypothetical digital petro-yuan would encourage exporters to the Chinese consumer market to recycle their e-RMB proceeds through investments in Chinese capital markets (Yeung, 2020). Interestingly, ongoing bilateral between China and Saudi Arabia for the acceptance of yuan in international oil transactions (Li, 2024) support the pertinence of contemplating such forecasts. These prospective courses of action would encourage foreign central bankers, sovereign wealth funds, private financial agents, investors, companies and individual users to accumulate holdings and assets denominated in e-RMB for both economic and strategic purposes. The resulting rise and consolidation of deep e-CNY digital markets would lay the groundwork for RMB currency dominance (Dragnev, 2023a). A more unconventional choice is to advance the potential role of the e-CNY as a technical, economic and diplomatic blueprint for the eventual multilateral design and implementation of a supranational digital currency (Yeung, 2020). With the e-CNY as the main unit of such a currency panel, China would have a strategic advantage to drive the structural renewal of the international financial and monetary order in accordance with Beijing's national interests. The effects of an e-RMB as a world-class leading currency would be consequential. It would give Beijing the ability to export norms that define the roles of money in the digital age (Raghuveera, 2020). Mirroring the outcomes of Bretton Woods, this transitional development

would confer China the ability to build institutional agencies responsible for the management of Sino-centric financial and monetary systems.

Yet, the fulfilment of these possibilities should not be taken for granted. China would have to negotiate the acceptance of the e-CNY across the “Global South” and offer solutions to address foreseeable political, economic, security, legal and technical concerns (Cherian, 2022; Lanteigne, 2022). An additional challenge for e-RMB internationalisation is the prospect of competition derived from the emergence of other strong CBDCs launched by powerful entities (Bansal & Singh, 2021). For example, both the United States and the European Union are seen as likely candidates to develop their own digital currency initiatives as a response to an adversarial perception of the e-RMB (Slawotsky, 2022). Moreover, although the e-CNY has the potential to substantially increase its international presence in payments and later finance, this CBDC is unlikely to become the world’s hegemonic reserve currency in the short term due to the prevailing closeness of Chinese financial systems and the lack of the yuan’s full-fledged convertibility. The resulting limitations would hamper the performance of other roles associated with international money. Another obstacle is the unpreparedness of China to provide unlimited international liquidity in times of crises (Donahue & Monderer, 2021). Nevertheless, even though China favours strategic patience in order to play the long game, it has also proved its ability to undertake the kind of far-reaching economic and legal reforms that would be needed to shorten the timespan of e-CNY internationalisation (Slawotsky, 2020). Therefore, the e-RMB may possibly gather the critical mass to join the ranks of the world’s major reserve currencies sooner than expected.

6.4.1.2 The e-Yuan as a Vector of Chinese Grand Strategy to Challenge Dollar Hegemony

The US shaped the global strategic landscape of the co-called “technetronic era” thanks to economic superiority and technological leadership. Despite the challenge posed by the Soviet Union in the Cold War, the US managed to consolidate its global hegemonic power in this period shaped by the rise of complex interdependence networks (Brzezinski, 1970). Even after the unilateral termination of the gold standard that underpinned the dollar, Washington was able to preserve the now fiat greenback’s role as dominant reserve currency, through measures like an exclusive connection to oil markets and even the deployment of hard power (Clark, 2005). After the dissolution of the USSR, Washington’s intention to achieve unipolarity seemed uncontested. Nevertheless, the worldwide proliferation of strategic rivalries, tectonic geopolitical shifts, asymmetric interconnectedness, changing patterns of international economic exchanges, disruptive data-driven technologies, evolving policy priorities and increasing systemic uncertainty are bringing opportunities to overturn the existing world order. In the post-Cold War era, China is the strongest candidate to challenge ‘Pax Americana’ through large-scale efforts intended to redistribute the structure of polarity. The US and China are locked in a strategic competition over the fate of global hegemony which involves political, economic, technological and ideological components (Slawotsky, 2023). Moreover, from the American perspective, the growing strategic costs of sustaining the dollar’s “exorbitant privilege” as hegemonic reserve currency—including military overstretch, debts, trade deficits, financialisation and de-industrialisation—cast doubts about its long-term continuity (Maçães, 2025).

Previous chapters have discussed the potential strategic applications of stateless cryptocurrencies and supranational private ‘stablecoins’ as hypothetical accelerators of hegemonic transitions. In this respect, the odds of a state-backed digital currency launched by an increasingly self-confident, assertive, prosperous and technologically advanced great power are comparatively more substantive. Even today’s context offers favourable circumstances to pursue said interest. For example, China can take advantage of US intermittent tariff threats, even against traditional American trade partners, under the second Trump administration, the unilateral US withdrawal from multilateral trade deals and the weaponisation of the dollar to promote itself as a reliable anchor of all sorts of economic exchanges, including those related to money and finance. Far from being only circumscribed to the spheres of diplomacy and military statecraft, the China’s grand strategic plans rely on all policy domains as instrumental vectors of influence. Therefore, the e-RMB and its accompanying infrastructure are suitable to be deployed by China as a strategic rail in network competition to reshape the topology of global financial and monetary systems (Danon & Pines, 2025). And Beijing’s economic statecraft can harness the e-RMB as transformational engine to shift the world’s centres of gravity (Slawotsky, 2023). Specifically, China will likely manage the e-CNY as a vector a grand strategy designed to gradually challenge both the privileged position of the dollar and the US as a strategic competitor. China is arguably the only great power with the resources, assets and capabilities to develop an alternative monetary innovation competitive enough to engage and confront the dollar (Slawotsky, 2020). This prospective attempt to rollback the USD would respond to an expansive intent to overtake the US and conquer the commanding heights of the international system (McCoy, 2017, Slawotsky, 2023). In this role, “the digital yuan could prove to be China’s most effective and noteworthy attack on U.S. hegemony” (Bansal & Singh, 2021). At the same time, this resolve is also driven by a national security necessity to prevent the asphyxiation of China’s rising techno-economic capabilities by Washington and its closest allies (Lanteigne, 2022; Huang & Mayer, 2022).

Rather than an overtly direct masterstroke, the implementation of the plan would likely involve the piecemeal conformation of growing regional economic zones whose financial and monetary architecture is tied to e-CNY networks. The expansion of this parallel order would further China’s geoeconomic influence at the expense of the greenback’s dominance. Considering the emphasis of Chinese strategic thinking on synergies based on the harmonisation of self-interests and long-term effects, such a scheme would likely be crafted to attract the voluntary involvement of BRI partners and powerful states interested in exploring competitive de-dollarisation vehicles on their own accord (Luft & Korin, 2019; Zhang & Wang, 2021; Cherian, 2022; Zongyuan & Papa, 2022). In an increasingly polycentric international system, the resulting growth of e-RMB spheres of influence could set in motion an emerging bifurcation of the world’s monetary and financial systems. Under such conditions, the e-RMB’s orbit would have the gravitational pull to attract states from the Global South and maybe even American allies in Europe and Asia, especially as their strategic foreign policy, security and economic ties to Washington are being reassessed (Slawotsky, 2020). This possibility is supported by precedents like the vast, plural and heterogeneous membership of China-led multilateral initiatives like the BRI and the AIIB, despite persistent American objections. In addition, the release of technical specifications and code, a higher degree of managed transparency and the integration of programmed privacy

enhancement standards might make the circulation of the e-CNY more palatable in Western liberal states (Slawotsky, 2022).

The expanding range of the e-CNY would bring consequential geopolitical realignments favourable for the emergence of a world order “with Chinese characteristics” (*Tianxia*). Just like the US dollar was one of the strategic pillars of the American global alliance system for much of the Cold War era (Steil, 2013), China can rely on the e-RMB as a facilitator of rising Chinese-built coalitions in the digital age (Slawotsky, 2022). Such an outcome would not automatically trigger the absolute downfall of the dollar as international currency. Instead, the ripple effects would chisel a strategic environment in which the greenback’s fading supremacy can be more directly challenged or displaced by strong contenders (Cao, 2023). With such a turning point, China could achieve overlapping objectives. These include overcoming the discrepancy between its overall geoeconomic footprint and the relatively small international projection of its currency, partake in the redesign of global financial and monetary systems and close existing hierarchical gaps with the US in the sphere of money (Slawotsky, 2020; Huang & Mayer, 2022).

6.5 Conclusions

The overall contribution of this chapter’s integrative scrutiny is the in-depth clarification of both why and how a CBDC (as a new iteration of governmental money) launched by a revisionist great power has far-reaching strategic implications for statecraft. Although the operational concept of virtual money was originally masterminded to challenge the centralised authority and control of the state, Beijing is pursuing leadership in the digital FinTech sphere with its own CBDC as flagship. Although the ‘Middle Kingdom’ had leveraged its national currency as a strategic asset before the proliferation of digital currencies took off, the potential properties of the digital yuan —especially considering its high-tech architectural ecosystems— are broader and deeper than those of its non-digital counterpart. As it has become the world’s leading innovator in the development of state-backed digital fiat money, the China will probably be the first great power to play assertively with its own digital currency as a strategic card in the increasingly complex, unconventional and competitive battlespace of e-finance. In this regard, the following strategic takeaways summarise, from a long-range perspective, the key findings, insights and instructive lessons that were uncovered. Appendix 9 presents a table in which these specific observations are condensed. Appendix 10 puts forward a supplementary table that shows the correspondence between hypothetical predictions and empirical findings in this particular case study.

Based on its expected ramifications, structural impact and foreseeable magnitude, the ‘long march’ of the e-CNY as a digital currency with Chinese characteristics will likely behave as a systemic transformational trend. Strategic foresight and the extrapolation of current trends suggest that these implications will grow as the process of RMB internationalisation moves forward through incremental facts on the ground. The disruptive attributes of digital currencies make them suitable to implement experimental tests, assess performance recalibrate designs and implement upgrades. However, their disruptiveness also increase the risks of economic, political and technical failure. Therefore, China is likely to rely on the long game of strategic patience to

manage the long-term incremental rise of the e-RMB to harvest the corresponding benefits of each milestone. A fast-paced approach is unlikely to be followed because it can deliver counterproductive, unintended or unpredictable outcomes.

The ripple effects and gravitational pull of a currency like the e-Yuan will bring both opportunities and challenges for China itself, for states in the Global South caught by the vortex of great power politics and for Beijing's strategic competitors. Considering the current position of China in the chessboard of great power politics, these likely repercussions would surely be more consequential in comparison to the anticipated effects associated with both nonstate decentralised cybercurrencies and supranational 'stablecoins'. Even in the governance structures of data-driven Fintech ecosystems of the digital age, the primacy of states remains uncontested.

In order to answer the corresponding research questions, this chapter has formulated in-depth analytical explanations that clarify the larger geopolitical significance of the Chinese digital yuan in three areas: national power, rivalries and hegemony. In this regard, the following strategic takeaways summarise the key findings, insights and instructive lessons that were identified.

As a CBDC with "Chinese characteristics", the rollout of the e-CNY is closely aligned with the national interests of Chinese economic statecraft. In fact, the examination of both hypothetical possibilities and nascent empirical examples highlight a consequential potential to strengthen China's condition as an increasingly self-confident, resilient and innovative great power. As an asset and force multiplier of Chinese national power, the e-RMB high-tech circuits enable the systemic implementation of a *smart* monetary policy, an in-depth collection of financial intelligence (FININT), the reinforcement of monetary independence and the acquisition of influence to shape CBDC international standard-setting, as well as the ability to distribute benefits as rewards for compliance with Beijing's foreign policy priorities. Furthermore, as a symbol, the rise of the digital yuan as the most advanced CBDC furthers the image of China as a prestigious state at the forefront of FinTech innovation. Such a narrative bolsters China's "national morale" at home and "soft power" overseas. Thus, the e-CNY is undergirded by the nationalist spirit behind the so-called "rejuvenation of the Chinese nation", a mission that seeks to revitalise the greatness of China in the so-called "information age". These instructive lessons teach that a CBDC launched by a great power is superior in comparison to counterparts developed by states in lesser categories.

Yet, this usefulness of these potential applications can only be fully unlocked once the e-RMB reaches a substantive degree of international circulation. Therefore, Beijing has a powerful incentive to encourage the incremental expansion of the digital yuan. Such a 'long march' can be supported with launch pads such as Chinese-led geoeconomic networks (such as the BRI, the RCEP and the AIIB), the deployment of Chinese corporate FinTech platforms and Hong Kong's pivotal position as a major hub for offshore finance. Investments, loans, development assistance and remittances with the e-CNY as their linchpin are also worth harnessing for the same pursuit. Rather than through unilateral mandates or decrees, the progression of e-CNY internationalisation requires the formulation of multilateral consensual solutions, as well as enhancements which optimise the operational performance of the Chinese CBDC in cross-border

operations in terms of scalability, functionality, speed and convenience. Considering the complexity of the process and the foreseeable need to overcome political, economic and technical obstacles, Beijing will probably manage the trajectory of the e-CNY as a long game of gradual milestones: peripheralisation, regionalisation and full-fledged internationalisation.

As economic warfare has become a feature of great power politics and interstate rivalries, the e-CNY is suitable to be incorporated to China's unconventional arsenals because of its versatility. Concerning its defensive applications for the geoeconomic battlespace, the nationwide adoption of the e-CNY arteries would operate as a firewall that protects Westphalian monetary sovereignty by keeping at bay the covert infiltration of crypto-assets and FinTech arteries under foreign control as sources of unwanted competition. In accordance with the strategic logic of resilience, the directed migration of China's economic exchanges to the e-RMB would shield Chinese supply chains — particularly those that undergird strategic industrial sectors— from the coercive impact of US-led sanctions intended to strangle strategic sectors of the Chinese economy. Furthermore, for other states under the pressure of Western sanctions, the digital yuan's nodes can represent a lifeline that prevents their isolation from international markets or the unilateral seizure of their ForEx holdings. Regarding prospective offensive applications, the eventual weaponisation of the e-CNY grid may involve measures like the implementation of punitive sanctions, targeted disruptions through hidden backchannels and cover 'kill switches', the confiscation of foreign assets kept in e-RMB wallets and the extraterritorial coercive enforcement of Chinese laws. Finally, the e-CNY's accompanying infrastructure would give China a comparative advantage for the competitive conquest of FinTech markets in emerging economies of the Global South with underdeveloped financial systems. Much of Southeast Asia, the post-Soviet space, Africa and Latin America are prime experimental candidates for a partial digital yuanisation. Even some Western nations anchored to China's geoeconomic orbit through trade may also embrace a receptive attitude towards e-RMB overtures.

By itself, the introduction of the e-CNY lacks the sufficient critical mass to trigger a chain reaction that reshuffles the structure of polarity within the international system in the short term. However, the long-term rise of the Chinese CBDC may shape the shifting trajectory of global hegemony in three ways. First, the e-RMB can gather the traction to rise as a major reserve currency through connections to hard assets (like gold and other precious metals), the pivotal leverage of Chinese-led geoeconomic networks, the development of e-RMB strategic commodity markets and the conformation of deep capital markets with the digital yuan as their organic lifeblood. Far from being mutually exclusive, these courses of action would work synergically. In the context of China's bid to reach the commanding heights of a polycentric international arena, the e-CNY could be harnessed as a vector of grand strategy designed to challenge the US dollar, especially in a context shaped by geopolitical, security, economic and technological fluctuations. An internationalised e-RMB can facilitate strategic pursuits like the articulation of Chinese-led comprehensive strategic coalitions, the de facto establishment of regional spheres of influence under Chinese suzerainty and the renewal of global financial and monetary systems based on a Sino-centric architecture. The purpose of these developments would not be to engage the greenback in an overt confrontation. Instead, they would likely follow an indirect strategic approach oriented to the configuration of landscape in which the dollar is no longer the dominant

currency of the realm. A third —and more exotic possibility— has to do with the hypothetical role of the e-RMB as an advanced blueprint or ‘proof of concept’ that furthers the multilateral design of a supranational currency under Chinese leadership. The fulfilment of these predictions must not be taken for granted without critical thinking. China still lacks some attributes and requirements needed for their materialisation. Yet, the Chinese state has proved to possess both strategic patience and flexibility to undertake comprehensive structural reforms to pursue long-term transformational policies.

Together, these findings indicate that the Chinese e-Yuan has a strong potential to intervene in geoeconomic security environments in which traditional and unconventional challenges are closely interwoven. Nevertheless, not all state-backed digital currencies are created equal. Hence, the validity of these observations cannot necessarily be extrapolated to other governmental digital currencies launched by states whose disparities vis-à-vis China cannot be easily bridged in the near future. A CBDC designed by an emerging economy, middle power or smaller nation can hardly match the critical mass, firepower or gravitational pull of the e-CNY. Likewise, even nonstate cryptocurrencies and corporate ‘stablecoins’ with a substantive international presence are not in the same strategic league as CBDCs issued by major powers.

7. Conclusions

«Money brings honour, friends, conquests and realms».

—JOHN MILTON (Paradise Lost).

In the field of security, digital currencies are usually approached through the low politics lens of law enforcement and criminal justice because of their problematic implications for money laundering, tax evasion, terrorist financing and the black markets that thrive in the so-called “dark web”. This ‘new security agenda’ view is short-sighted because it overlooks their hidden strategic depth. Their larger geopolitical, strategic and security significance for statecraft (in terms of risks and opportunities) remains poorly comprehended. As shown in the literature review, incipient approximations that have ventured in this direction do not go far enough. These existing works remain scattered and their analytical horizon is, at best, partial. Moreover, this complex phenomenon has not been addressed through a comprehensive gaze that blends the interpretative perspectives of Neorealism, neoclassical geopolitics, the neomercantilist branch of political economy and strategic intelligence. Comparisons that consider different types of digital currencies are missing as well. Another deficit is that existing discussions tend to overemphasise nonstate cryptocurrencies at the expense of alternative formats of digital money, such as corporate stablecoins or CBDCs.

In order to cover such gaps, this thesis offers a sharper, broader and deeper understanding about the strategic relevance of digital currencies statecraft in complex security environments in which resurgent geopolitical tensions and unconventional challenges are increasingly interwoven. This research intends to further the progression of existing knowledge and to expand the analytical purview of Neorealist-based scholarship into the domain of FinTech and digital money in the era of complex interdependence and the Fourth Industrial Revolution. This work has argued that the instrumental grammar of cross-border digital currencies (including their operating systems, programmable protocols and infrastructures) is suitable for the continuation of ‘high politics’ because of their politico-strategic applications for statecraft in the areas of national power, interstate rivalries and hegemony. In comparison to analogue money systems, the mobilisation of digital currencies offers higher levels of operational precision, speed and versatility for statecraft. Accordingly, states with varying strategic dispositions are already wielding digital money in various ways to further relative gains that serve national interests and security needs. Such engagements are guided by their hierarchical positions in world order and the contrasting governance models of these FinTech assets. In addition, strategic foresight suggests that even more instrumental applications will emerge in the foreseeable future. This incremental trajectory means that, rather than a trivial issue for the sphere of ‘low politics’, the worldwide proliferation of virtual money deserves to be approached through the prism of *Realpolitik*. Paraphrasing known geopolitical precepts, who controls digital currencies will shape the geoeconomic theatre of money.

Specifically, this dissertation has studied the importance of three representative digital currencies for national power, rivalries and the evolving trajectory of global hegemony through an integrative assessment that combines the forensic scrutiny of representative empirical examples and predictions based on the prism of strategic foresight. With structured focused comparison as overarching methodological frame, three units of analysis were chosen: 1) Bitcoin as a nonstate decentralised cryptocurrency; 2) Libra as a corporate transnational ‘stablecoin’ designed by Facebook/Meta and 3) the e-Yuan as a central bank digital currency designed by China as a new generation of state-backed legal tender. Concerning shared common denominators, these cases involve digital currencies with a strong potential for international circulation. In fact, each of them could be considered as the most far-reaching digital currency in their respective taxonomical categories. Still, there are meaningful qualitative differences regarding the control of their governance structures, either decentralised or centralised. In order to answer the corresponding research questions, the following contents present the main findings and strategic takeaways that have been identified.

What are the implications of digital currencies for national power?

Digital money has changed how currencies can be leveraged to enhance national power. Cryptocurrency was born outside the governmental orbit. Originally, the code of high-tech money was programmed to challenge the Hobbesian/Westphalian power of the state. Yet, despite its Libertarian promises, the topology of nonstate digital currencies (especially those underpinned by borderless networks) offers opportunities worth leveraging to strengthen national power. Under anarchy, their acephalous governance structure makes them suitable as versatile instruments of statecraft. Large-scale cryptocurrency mining is a functional instrument of industrial policy to encourage the generation of wealth through the direct monetisation of energy resources and a catalyst of technological development. The obscure digital paper trails in the BTC grid are valuable to fund covert operations, agitation behind enemy lines, secret payments and clandestine purchases. This potential makes them attractive for the netherworld of intelligence services and special forces units, considering that plausible denial is an everyday staple of their professional tradecraft. This is the reason why security agencies are engaging cryptocurrency ecosystems to upgrade their financial intelligence (FININT) capabilities.

The adoption of a stateless cryptocurrency as full-fledged legal tender is convenient for the national interests of states that seek a nonaligned strategic orientation in the context of increasing systemic tensions between the United States and China. This versatility means that Bitcoin and similar cybercurrencies are conditionally attractive for states of varying geostrategic orientations, including great powers, middle powers and even smaller nations. Considering their dispersed networks, akin to a digital no-man’s land, the relative gains they have to offer are available for multiple players willing to experiment. Still, these coins are no ‘silver bullets.’ Far from being universally beneficial, there are cases in which the risks and disadvantages of such currencies are higher than their performative benefits. These include problematic implications for monetary sovereignty, the effective implementation of monetary policy, stability of exchange rates, financial

volatility and overall macroeconomic order. China's draconian restrictions on Bitcoin evidence that strong decentralised cryptocurrencies can be nonstate sources of anxieties for a great power.

The usefulness of private stablecoins, designed by profit-driven companies from sectors such as high finance or advanced technologies, is ambivalent. In theory, a supranational virtual currency developed by a national champion firm (i.e. whose business operations are strategically aligned with the national interests of its homeland) is a source of various substantive, albeit indirect, advantages for statecraft. In case governmental-corporate connections exist, the international circulation of a private high-tech currency would bolster the hierarchical projection of the national currency or currencies included in the corresponding reserve basket. As a vehicle of network power, the proliferation of this stablecoin would also bring an assertive opportunity to pursue leadership in both international finance and FinTech innovations. Finally, the deployment of such a stablecoin could even integrate built-in hidden backdoors so that the intelligence services of the designer's country can spy on its userbase, particularly if the supporting FinTech infrastructure is organically connected to social media platforms or the so-called internet of things. In contrast, the situation would be quite different in the absence of corporate acquiescence to state power and necessities. In case the corporate boardroom in charge of the stablecoin disregards the national interests of their company's original homeland, the rollout of such a currency would provoke macroeconomic distortions and disruptive consequences for the national financial order. Furthermore, in the zero-sum arena of power relations, the growing power of a supranational corporate digital mint, derived from a hostile takeover of money by firms whose business models pervasively impact the lives of billions, would tacitly challenge the sovereign authority of governmental nerve centres on a greater scale than preceding forms of private money. In fact, politico-strategic anxieties surrounding these precise concerns sealed the demise of the Libra as an overly ambitious Facebook/Meta-led stablecoin project a few years ago. No guarantee was able to convince senior US policymakers that Libra would be repurposed as a dollar satellite rather than as a parallel competitor. Nevertheless, the power politics of corporate virtual money may not necessarily be binary. An intermediate model, involving partial compliance with state dictates, is also conceivable. Based on the instructive lessons from the autopsy of the short-lived Libra project, future stablecoin initiatives are likely to embrace liminal state-private governance models.

As a trend, the rise of Central Bank Digital Currencies (CBDCs) embodies a new generation of governmental legal tender created for the so-called "information age". Although there are dozens of CBDC projects, the Chinese e-Yuan (e-CNY) is the most advanced example. In comparison to decentralised and corporate data-driven coins, these state-backed currencies provide even more far-reaching and straightforward applications to further national power. However, considering the strategic, political, economic, financial and technological capabilities that are needed, state-backed virtual currencies robust enough for international deployment can only be engineered by apex great powers. As discussed below, these high-tech monetary units provide a spectrum of innovative levers to serve the national interest that go beyond the operational potentialities of fiat systems in terms of scope, precision and speed. Their programmable circuitry offers the ability to introduce smart monetary policies fully aligned with the macroeconomic and financial priorities of the state. Through AI and big data analytics for cross-referencing transactions and

accounts, their centralised nodes can be exploited to gather real-time intelligence about domestic and foreign users, for both mercantile and national security purposes. With a pervasive CBDC panopticon, the state would have the power to monitor the transit and location of every single coin. Moreover, states that manage to commandeer the structural transition towards the digitalisation of money on a global scale would have the chance to rewrite international standards and rules based on their preferences. The accompanying digital infrastructure of govcoins has the potential to deepen the internationalisation of the issuer's monetary and financial vectors. In this way, the pipelines of digital money can act as expedient highways to hasten the process of currency internationalisation. Finally, although analogue hard currencies have always enhanced the prestige, morale and pride of their states, elite CBDCs nourish the spirit of techno-nationalism in the era of the Fourth Industrial Revolution. Still, the mere existence of a CBDC is no masterstroke that can bolster the hierarchical status of the issuer or increase its operational bandwidth. The strategic threshold of these possibilities can only be unlocked if the international take-off and expansion of the governmental digital coin are successful. Otherwise, their actionable usefulness for statecraft would be constrained. Unlike nonstate cryptocurrencies whose advantages can be harnessed by various states at once, the benefits of CBDCs are, unsurprisingly, more exclusive thanks to a one-sided control of administrative privileges. Another relevant nuance is that permissioned state-backed digital money is hardly apt to be employed in covert tasks because its flow is much more traceable.

In sum, the dispersed geometry of nonstate units like Bitcoin is egalitarian because their strategic opportunities are available to strengthen the power of states with varying hierarchical dispositions. The usefulness of centralised private stablecoins is more conditional. In a zero-sum system, a corporate supranational coin unilaterally run by a major company gone rogue is detrimental for the national interests of most states. In contrast, alternatives whose operational protocols are programmed as the flagship of a national champion firm would be better aligned with the needs of statecraft. Scalable state-backed CBDCs, only achievable by great powers, embody the full-fledged appropriation of digital currency as an asset of national power with applications for control, surveillance, the upgrade of macroeconomic performance and the dissemination of soft power.

What are the roles that digital currencies might play in interstate rivalries?

The utilitarian applications of digital currencies for interstate rivalries go beyond the strategic panoply of conventional analogue money. It would be far-fetched to portray digital money as the ultimate game-changer in modern warfighting. However, the evolutionary permutations of economic warfare and the intensification of strategic competition in overlapping battlespaces bring incentives to explore their potential roles as assets of FinTech arsenals. Indeed, the operational grammar of data-driven currencies is suitable to be strategically weaponised for both offensive and defensive purposes under conditions of interstate rivalries. Decentralised cryptocurrency protocols can be mobilised through grey-zone power projection tactics. These offensive applications include state-sponsored predatory cyberwarfare and covert interventions

in foreign countries through the directed instigation of unrest and agitation. The unsupervised and unregulated financial infrastructure of Bitcoin and its offshoots is useful for states that wish to bankroll, in an undetected way, the proliferation of separatism, insurgencies, regime change operations and all sorts of proxy militant forces to destabilise rivals. Espionage operations against adversaries can also be funded through the pseudonymous channels of stateless cybercurrencies. This would be more cumbersome through analogue conduits that transit through governmental or corporate chokepoints, as it would require complex payment laundering techniques. Since wealth kept in decentralised cryptocurrency wallets cannot be frozen, confiscated or seized, their ecosystems are convenient as defensive shields for states that need to mitigate the impact of coercive sanctions, which are enforced through the arteries of traditional currencies. Nonstate money is also useful, as an asymmetric equaliser, for conventional kinetic confrontations. Whereas armed forces can organise cryptocurrency-denominated fundraisings to strengthen their war chests in ways that bypass legacy permissioned wire transfers, civilians caught in the crossfire can use them for everyday transactions in case traditional financial services are offline as a result of destructive fallout. An additional possibility is the use of these unofficial cryptocurrencies, by state and nonstate actors, as a medium of exchange for the international transfer of weapons left behind in post-conflict zones.

Considering the increasing participation of nonstate actors in economic theatres of engagement, private stablecoins intended for international scalability are unlikely to remain neutral or apolitical. The rails of supranational virtual money run by business entities can be manipulated to wage economic warfare to serve the profit-driven interests of their corporate masters. This weaponisation may respond to pursuits such as the maximisation of market power, the conquest of cross-border financial networks and even arm-twisting tactics against sovereign governments deemed hostile. With a heavily internationalised stablecoin as a weapon of mass disruption, these companies can threaten to de-platform the entire economies of states that do not comply with their demands or even carry out FinTech denial-of service strikes by selectively disabling transactions involving blacklisted accounts. Such measures could be readily implemented in a much more immediate and disintermediated way in comparison to fiat-based operational models of economic coercion. Another possibility is excluding the currencies of defiant states from the stablecoin's reserve panel. In the case of stablecoins whose governance layouts defer to the authority of great powers, their collaboration can be enlisted in the enforcement of coercive sanctions in a way similar to how SWIFT has been co-opted for similar politico-strategic reasons. The international rollout of a private digital currency, backed by the declared or implicit support of a great power, has the potential to tilt the correlation of forces in strategic competition over the control of FinTech markets. States whose economies are de facto compromised by overreliance on the corridors of a foreign private stablecoin will be exposed to strategic vulnerabilities. Such a capture would lead to the erosion of monetary sovereignty and higher risks of financial subordination to foreign interests. Accordingly, states are expected to securitise the international proliferation of private digital coins launched by either corporate cabals gone rogue or companies from rival states. A major consequence of this classification is that, from an adversarial perspective, the digital financial infrastructure and even the executive headquarters would likely be reclassified as legitimate targets worth attacking. As the case of Libra shows, timing matters critically in scenarios of tensions between corporate and state actors. This example

demonstrates that the early intervention of a great power can effectively abort the development of unauthorised far-reaching corporate stablecoin projects before they reach proportions deemed dangerous. Yet, once the scale of such projects crosses the Rubicon due to state neglect, high escape velocity or laissez-faire policy attitudes, the margin of action for state intervention would be constrained. Few states would have the strength to contain, roll-back or even break up private clusters in charge of a consolidated supranational virtual FinTech ecosystem, with a transnational constituency of billions and a common digital currency.

Even more so than traditional forms of money, CBDCs launched by great powers are weapons-grade material because they amplify the span and expediency of their analogue counterparts. Whereas the implementation of coercive tactics through fiat mechanisms requires intense governmental lobbying campaigns to convince multiple corporate and financial entities both at home and abroad, the strategic code of CBDCs is more suitable for direct and prompt execution from a command centre. In comparison to unofficial cryptocurrencies and corporate stablecoins, their potential firepower is also superior in the FinTech arms race, especially if their accompanying networks achieve international circulation. From a defensive view, this high-tech upgrade of state-backed money is helpful to armour international supply chains from the threat of hostile disruptions, as well as to protect the sovereign integrity of financial and monetary systems from the encroachment of nonstate or foreign digital coins. Hence, they can be categorised as a sanctions-proof innovation that furthers resilience. An additional possibility is that states likely to be sanctioned by a great power may, as a protective countermeasure, plug their economic exchanges to CBDC circuits controlled by another great power as a lifeline. Digital legal tender can also double as a spearhead to wage hybrid warfare under conditions of interstate rivalries. If their architectural blueprints integrate some sort of “killer switch”, access for states that rely on their grid can be surgically revoked on a real-time basis in case geopolitical tensions escalate. International expansion would also bring the operational ability to further the extraterritorial enforcement of punitive legal provisions against declared enemies of the state hiding overseas. A heavyweight and internationally competitive CBDC is unlikely to determine the outcome of a world war. Nevertheless, such an asset is worth adding to the artillery of a great power that plays in the chessboard where strategic competition and high-tech ‘currency wars’ meet. In a zero-sum confrontational environment, a major govcoin would be pivotal in the contest over the control of international FinTech markets. And in the era of both complex interdependence and the Fourth Industrial Revolution, a Cold War 2.0 may very well involve a systemic clash between competing e-money networks.

The strategic potential of high-tech currencies for statecraft transcends their contribution to national power in terms of protection, resilience, hierarchical enhancements and efficiency. Decentralised, corporate and state-backed coins can also be mobilised for power projection purposes in both conventional and hybrid conflicts. The designers of programmable money may not be interested in war, but warriors may be interested in their battlefield applications. Most digital monetary networks with a substantive international presence, regardless of their governance structure, are likely to be drafted or brandished for the pursuit of victory in the zero-sum competition for relative advantage. In comparison to how analogue systems are wielded for

both offensive and defensive purposes, weaponised data-driven currencies offer more targeted accuracy, strategic breadth, discreetness and velocity.

Can these currencies influence the evolving trajectory of global hegemony and the distribution of polarity?

Digital currencies are well poised to change the equation of how money interacts with the polar architecture of world order. The historical record teaches that there is an enduring symbiotic connection between reserve currencies and hegemonic power. When a great power claims a hegemonic position, often as a result of a major war that alters the global correlation of forces, its national currency is likely to rise above all others. This was seen in the ascent of 'Pax Britannica' and the pound sterling after the defeat of Napoleonic France and the emergence of 'Pax Americana' and dollar supremacy as an outcome of World War II. Then, the strategic, political and economic benefits conferred by the exclusive control of the world's top reserve currency solidify the existing hegemonic configuration. These advantages include seigniorage, dominance in international financial markets, an enhanced capacity to wage economic warfare, the ability to sustain trade deficits, a strong political capital to build alliances, the opportunity to reshape institutional frameworks of global economic governance and the prestige that comes with such privileges. However, the cycle also works in the opposite direction. The decline of a great power foreshadows the ensuing displacement of its currency from the high ground. For example, the gradual fall of the Roman Empire cannot be understood without the gradual debasement of the silver denarius. Today, based on both defensive and offensive rationales, challengers are mobilising their resources to hasten the twilight of the American dollar as hegemonic reserve currency. Both great powers and multilateral blocs such as BRICS are following de-dollarisation policies and developing parallel money infrastructures to encourage either bifurcation or fragmentation.

By itself, digital cash is unlikely to act as a kingmaker or watershed that deterministically decides the fate of world order. However, data-driven currencies intended for international circulation can be potentially harnessed to recalibrate the cycle of hegemonic transitions or facilitate a systemic redistribution of polarity. On their own, nonstate decentralised cryptocurrencies are unlikely to become major reserve currencies because they lack the political support of a great power, as well as the economic requirements or the technical attributes that would be needed. However, their exploitable applications for statecraft include an instrumental potential as assets of foreign policy grand strategies in more creative ways than traditional monetary circuits. Thanks to their counter-hegemonic properties, these nonstate monetary units can be harnessed by revisionist powers interested in overturning the existing order. For example, Russia lacks the critical mass to overtake the dollar with a digital rouble, but Bitcoin is a denationalised low-hanging fruit worth harnessing to erode the greenback's dominant position. Yet, status quo powers may try to commandeer the ecosystems of unofficial cryptocurrencies in an attempt to extend the lifespan of their superior hierarchical positions. The creation of the US Strategic Bitcoin Reserve points in this direction. There are subtler ways in which the proliferation of these high-tech currencies can influence a shift towards a more multipolar balance of power. From a long-range perspective, their divergent

evolution symbolises a growing distrust in the US dollar as the uncontested currency of the realm. On the other hand, their existence may inspire the design of much more disruptive and out-of-the-box digital currency solutions undergirded by a strategic code programmed to challenge the dollar's hegemony as a cornerstone of 'Pax Americana'.

In today's increasingly polycentric environment, corporate Behemoths like high-tech companies and high finance consortiums are leveraging their market power and transnational presence to claim an increasingly influential role in the realm of high politics. Nowadays, firms from Silicon Valley and Wall Street matter more for international power relations than many peripheral states. A successful supranational digital coin masterminded by these centralised private entities would be a strong candidate for reserve currency status. The deployment of its rails would bring an opportunity to sculpt a new international monetary and financial regime for the "information age". The resulting outcomes may even lead to formulas such as hegemonic synthetic assets run as governmental-private joint ventures. The diffusion of private digital money would mean the rise of their corporate controllers as autonomous nonstate great powers in the field of *Weltpolitik*. This transformation would pose a challenge for the foreign policies of states of various geostrategic dispositions, as these companies would deserve to be approached —depending on conditional circumstances and necessities— as peers, diplomatic partners, patrons or even enemies.

A CBDC created by a great power which aspires to take the commanding heights of the international system would support such ambitions. To a certain degree, this would resemble historical precedents. Concerning common denominators with traditional analogue currencies, the rollout of a high-tech govcoin by a hegemonic pretender would be helpful to develop politico-strategic partnerships, weave regional spheres of influence, define the rules of the global financial and monetary order, manage the distribution of collective rewards and drive the renewal of multilateral institutions. Yet, as a linchpin of network dominance, the opportunities derived from state-backed digital coins go further for great powers that covet the so-called "mandate of heaven". Their architecture is suitable to programme synergic anchors to supply chains, capital markets, financial instruments, strategic commodities, precious metals, transnational economic interconnectedness projects and even interoperable FinTech networks. The establishment of such bridges would reinforce its gravitational pull, creating incentives for band-wagoning. Another strategic layer worth considering is that the centralised operational grammar of a major CBDC is apt for the development of experimental solutions tailored to accelerate the long-term trajectory of the process. These could contemplate the multilateral development of a supranational digital money regime under the tutelage of a newly crowned hegemonic state. For example, the Chinese-led multi CBDC project is a pilot calibrated to rehearse e-CNY internationalisation through the introduction of interoperable infrastructure as a public good that facilitates the harmonisation of national interests with key regional partners.

Digital money is well-positioned to be reframed as a novel continuation of great power politics by other means. Unofficial and denationalised cryptocurrencies are attractive asymmetric force multipliers for non-hegemonic states that seek to fuel a systemic shift in the global balance of power towards multipolarity. Yet, they can also be adopted by hegemonic great powers interested

in prolonging the status quo from which they benefit. Supranational corporate coins in the hands of large financial or high-tech companies would elevate their rank as nonstate poles of power whose weight matters for the Great Game of high politics. Successful large-scale govcoins programmed by great powers would have the calibre to remake the hierarchical structure of world order in accordance with the national interests of their controllers.

Discussion: Digital Money as Currency of Power Politics

As the most disruptive and advanced financial technology (FinTech), digital currencies embody the quintessential *Zeitgeist* of monetary pluralism that is flourishing in the so-called “information age”. Yet, the usefulness of these novel currencies is not just limited to payments, transactions and the pursuit of speculative opulence. Far from being bits of computer code that neutrally perform the roles of money in apolitical settings, the existence of these data-driven currencies has been tied to strategic chessboards, political interests, and shifting security ecosystems from the very beginning. The primordial soup from which these currencies have emerged has been shaped by impactful phenomena such as the aftermath of the 2008 global financial crisis, the transformative rise of the Fourth Industrial Revolution, the reactivation of great power rivalries, the configuration of a polycentric world order, the growing market power of high-tech transnational firms and financial corporations, the proliferation of economic warfare and currency wars.

The analytical findings of the case studies (which comprise both observable facts on the ground and hypothetical forecasts) indicate that digital money is increasingly operating as an instrumental asset of statecraft with politico-strategic applications for national power, interstate rivalries and hegemony. The condition of digital currencies as vectors of interconnectedness makes them expedient for these purposes. These findings highlight that the strategic applications of digital coins for statecraft go further in comparison to those of legacy analogue currencies. For example, more ordinary forms of money cannot be mobilised to evade or harden sanctions, collect real-time financial intelligence, monetise energy resources, support the implementation of industrial policies, develop transnational networks of FinTech infrastructures and build projects to hasten the strategic reorganisation of international monetary and financial systems on the same scale and in the same ways as virtual currencies. The spectrum of these instrumental attributes warrants the proliferation of innovative strategic policies, projects and efforts masterminded to unlock, exploit and deploy their potentialities. This emerging reality means that, in the foreseeable future, states will be the leading actors in the dimensional space of virtual currencies.

Regardless of their nature, digital currencies intended for international usage bring both creative opportunities and disruptive risks for national security and statecraft, as their large-scale international dissemination grows. Therefore, the behaviour of existing trends dictate that virtual money will move from the frontiers to the frontlines of the global geoeconomic stage. Yet, the overall orientation of their consequential repercussions varies wildly since there is no universal strategic formula to engage their FinTech domain in a manner that guarantees the delivery of

successful outcomes. The universe of digital currencies does not provide a single set of policy prescriptions that all states should adopt. Moreover, no digital currency is universally beneficial or universally harmful for statecraft. Instead, there are different ways in which states can pursue their national self-interests in the realm of data-driven currencies based conditionally on their own positional hierarchies and security needs. The conceivable and actual disparities can be profound. Indeed, a digital currency that is convenient for one state can be dangerous for another. For example, whereas El Salvador (a small peripheral nation) is embracing the Bitcoin ecosystem as a cornerstone of its developing economy, China (a great power) has gone to great lengths to suppress it and has instead released the world's most ambitious governmental digital currency. Another remarkable discovery of this research is that the latent advantages of digital currencies can be harnessed by states with different geostrategic orientations and profiles, including great powers, middle powers, smaller nations and even nonstate actors such as high-tech transnational companies. A remarkable difference is that, whereas cryptocurrencies with dispersed horizontal ecosystems are suitable for the asymmetric tactics of weaker states against stronger rivals, the governmental nodes of great powers and the executive boardrooms of corporate heavyweights are likelier to rely on the vertical architectures of centralised virtual currencies under their direct exclusive control as a strategic weapon of choice.

This incipient pattern will foreseeably encourage experimental tests, pilot programmes and practical attempts to unlock the full-fledged strategic potential of digital currencies for national security, power projection in the battlespaces of economic warfare, targeted disruptions, the pursuit of network dominance, clandestine operations, financial intelligence, the upgrade of monetary policy, the projection of 'soft power', the resilience of supply chains, influence over the fate of international economic governance, asymmetric firepower, competition for the control of FinTech markets, the protection of Westphalian monetary sovereignty, grand strategy, the development of regional spheres of influence, the conformation of coalitions, the implementation of geoeconomic projects and plans to alter the global redistribution of polarity. Considering the contradictory ways in which states can interact with the growing spectrum of digital money, virtual currencies as a whole are neither anchors of stability or triggers of conflict. Digital money can be both a chaotic force and a crux of order. Rather than unwarranted oversimplifications, nuances are needed because the strategic compass of each virtual currency does not point in the same direction in all cases.

As per the rules of structured focused comparison for closure, the following table summarises the findings that highlight similarities and differences pertaining to the politico-strategic significance of Bitcoin, Libra and the e-Yuan for statecraft in the coordinates of national power, interstate rivalries and hegemony. This table shows how this dissertation has mapped the ways in which digital currencies matter for high politics and statecraft for evolving security ecosystems in which conventional geopolitical tensions interact with emerging unconventional threats. This condensed comparison indicates that, whereas different categories of digital currencies intended and suitable for international circulation are relevant for *Realpolitik*, the directions of their implications vary.

Results of Structured Focused Comparison			
Digital currency	Bitcoin (BTC)  Stateless cryptocurrency with a decentralised anarchic governance structure.	Libra / Diem  Corporate 'stablecoin' engineered by Facebook/Meta and other US-based high-tech firms as a global medium of exchange.	e-Yuan (e-CNY)  Experimental Central Bank Digital Currency (CBDC) launched by China as a new generation of state-backed legal tender.
National Power	In theory, Bitcoin was originally designed to challenge the Hobbesian power of the state. Yet, the denationalised and dispersed BTC ecosystem can be harnessed as a versatile instrument of statecraft. Strategic applications for covert operations, the upgrade of financial intelligence (FININT), the diversification of reserve assets and industrial policies. The potential advantages of BTC for national interests can be leveraged by states with different geostrategic profiles and orientations. BTC is not universally beneficial for all states. There are circumstances in which this cryptocurrency can be detrimental. A great power like China launched a crackdown to marginalise BTC. Beijing regards this cryptocurrency and its unsupervised backchannels as harmful.	Ambivalent implications for US national power. Facebook/Meta justified the project by presenting itself as a US national champion. Libra's asset basket was anchored to the USD and other hard currencies of American allies. Libra as a strategic asset for US statecraft: intelligence collection, support for the USD's supremacy, network dominance in international finance, FinTech innovation and the projection of American "soft power". The project was cancelled because US policymakers concluded that the systemic risks for monetary sovereignty, macroeconomic planning, the USD and the global financial order were superior to the benefits. As a private takeover of money and finance, 'Libraisation' would have been detrimental for both developed nations and emerging economies. Problematic repercussions for macroeconomic planning, systemic financial stability, exchange rates and Westphalian monetary sovereignty.	Strong alignment with the strategic interests of Chinese statecraft. As a force multiplier, the e-CNY will contribute to the implementation of a <i>smart</i> monetary policy, the collection of financial intelligence (FININT), greater influence in international standard-setting and the projection of Chinese "soft power". China will likely mobilise its assets (Chinese-led geoeconomic projects, Hong Kong's position as an offshore financial hub, FinTech companies, investments, loans, development aid) to further the "long march" of e-RMB internationalisation to harvest the benefits. Rather than a "great leap forward", e-RMB internationalisation will follow a progression of incremental milestones. The e-CNY is ideologically undergirded by the spirit of Chinese techno-nationalism. e-RMB success would bolster the prestige of China's political and economic digital governance models.

Interstate Rivalries	BTC can be mobilised for offensive and defensive purposes by various states. BTC is suitable as an asymmetric equaliser in interstate conflicts. The weaponisation of BTC in acts of hybrid warfare involves clandestine financial support for regime change operations and the encouragement of political agitation behind enemy lines, as well as BTC as vehicle for state-sponsored predatory cybercrime. BTC's infrastructure can be pivotal for the enhancement of digital defence in cyberspace through the development of non-kinetic deterrence mechanisms. BTC's shadow grid brings alternative conduits to mitigate the impact of sanctions and to organise fundraisings that strengthen military budgets. As a "currency of last resort" in wartime, BTC can help civilians carry out ordinary transactions to pay for essential needs. BTC's built-in resilience makes it suitable as an alternative financial safe haven under conditions of geopolitical turmoil.	Libra's circuits as weapons of mass disruption: collaboration in the implementation of US sanctions, strategic control of monetary competition through the manipulative management of its currency panel and threats to deplatform entire economies. With this capacity, Libra's firepower may have been brandished to outgun states, international organisations and private entities to demand compliance with its policies. This offensive potential could only be activated either by the Libra Association on its own or under US directions. A European middle power like France regarded Libra as an adversarial threat run by a hostile foreign company. In the battlespaces of economic warfare, Libra's nerve centres could be targeted with speculative attacks, cyberattacks and infiltration. As a currency in the orbit of US interests, the international rollout of Libra would have competed with the expansion of Chinese FinTech in the Global South. The project may have even been masterminded to counter China's growing geoeconomic footholds.	Versatile defensive and offensive applications for Chinese statecraft. E-CNY arteries would protect Chinese monetary sovereignty, as well as the resilience of Chinese international supply chains and trade networks from enemy disruptions. Potential usefulness for other states as a firewall that shields their international economic exchanges from exposure to US sanctions. Beijing can weaponise e-RMB circuits to impose sanctions, trigger disruptions through hidden "kill switches", freeze or seize foreign wealth kept in Chinese nodes and further the punitive extraterritorial enforcement of Chinese laws. The e-CNY as a competitive Chinese spearhead for the conquest of FinTech markets across the Global South. An upgraded e-RMB can even make inroads in some Western economies. The international takeoff of the e-CNY would be better served by consensual solutions than by unilateral mandates. The US strategic classifies the digital yuan as an adversarial threat.
Hegemony	BTC lacks the necessary economic, technical and political requirements to rise as a major reserve currency. Such development is unlikely without the large-scale backing of a great power.	Facebook/Meta is a quasi-imperial company because of its tendency for expansion, conquest, secrecy and control over vast virtual transnational communities. As a result of its prospective dimensions and the market power wielded by an	For a potential bid to claim major reserve currency status, the e-CNY would need a much stronger critical mass. The e-RMB can become a centre of gravity through connections to gold, strategic commodities, Chinese geoeconomic projects,

	Revisionist great powers that want to hasten de-dollarisation to weaken the US (e.g. Russia) may rely on BTC as vector of a counter-hegemonic grand strategy. The rise of BTC as part of a larger trend that foreshadows a transition towards a more multipolar world order in which the USD is no longer unchallenged. As a status quo power, the US may try to unlock the full potential of BTC to extend the lifespan of <i>Pax Americana</i> and seek dominance in the BTC ecosystem. The proliferation of BTC may inspire the creation of more far-reaching digital currency projects conceived to contest the dollar's position.	oligopolistic entity, Libra was a competitive hypothetical contender for major reserve currency status. The systemic dissemination of Libra would bolster the rise of Facebook/Meta as a nonstate great power in charge of a supranational monetary and financial regime. The Libra Association would act as a major player in the theatre of <i>Weltpolitik</i>. As such, Facebook/Meta could be classified by states as a peer, competitor, ally or even enemy threat. The conceptual architecture of Libra can transcend as a forerunner of a synthetic hegemonic currency designed as the result of a multilateral great power consensus.	financial instruments and capital markets. China can leverage the e-CNY, once it gathers enough firepower, as a source of network dominance and strategic vector to challenge the USD's hegemony. The e-RMB as a linchpin of a world order "with Chinese characteristics" (<i>Tianxia</i>). In the commanding heights of the monetary universe, the e-RMB can hasten the conformation of Chinese-led alliances, regional spheres of influence, multilateral agencies under Beijing's tutelage and a Sino-centric financial and monetary international systems. The e-CNY can underpin the eventual multilateral creation of a supranational CBDC under Beijing's leadership.
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As seen in this table, the domain of digital currencies intended for international circulation is a source of multifaceted strategic applications, risks and opportunities for statecraft. The space of decentralised cryptocurrencies is a fertile, anarchic and versatile ground for experimentation, as it provides a margin for creative instrumental possibilities worth leveraging by states of different geostrategic dispositions. Regardless of their early setbacks, the large-scale proliferation of corporate stablecoins augurs an increasing weight of transnational companies in the high politics of FinTech, adding an unconventional layer to strategic competition over the future of international monetary and financial systems. The rise of CBDCs launched by great powers is an extrapolation of existing evolutionary trajectories, but their strategic potentialities as full-fledged assets of *Realpolitik* go further than earlier forms of governmental money. Based on this assessment, virtual currencies can hardly be seen as modern-day equivalents of nuclear weapons. However, these findings underscore the ways in which, as a pivotal vector of high-tech complex interconnectedness, digital money matters for contemporary security environments.

Final Reflections

This research project is simultaneously avant-garde and traditionalist. This apparent paradox can be reconciled through a symbiosis of the following considerations. Its innovative character is highlighted by its focus on the study of a relatively nascent cutting-edge phenomenon which is undergoing a rapid evolution. Digital currencies were invented less than two decades ago, but their current and latent politico-strategic significance for national power, interstate conflict and the evolution of global hegemony is already discernible. The spectrum of their potentialities for statecraft in the coming decades is promising. At the same time, the spirit of this work channels much older philosophical teachings. This thesis was not engineered to test the validity of theoretical paradigms in the digital currency space or to compare analytical frameworks. Nevertheless, the corresponding findings demonstrate the usefulness of Neorealism, neoclassical geopolitics, neomercantilism and strategic intelligence to examine the applications, implications, risks and opportunities of high-tech data-driven money for statecraft. Even though these intellectual traditions were not created to make sense of digital money, the extrapolation of their interpretative principles has been valuable to decipher the multifaceted strategic stratum of this phenomenon. Therefore, this thesis must be situated within the frame of emerging Neorealist literature that studies the economic dimension of national security and the ways in which contemporary statecraft is unlocking the full strategic potential of all sorts of vectors of complex interdependence. The contribution of this thesis underlines that, more than ever before, money and power operate as two sides of the same coin in the security ecosystems of the digital era.

Moreover, the findings of this research validate the growing strategic importance of international political economy as a field that requires a higher level of prominence in the field of security. In fact, the farsighted contribution of this work is accentuated by a confrontational contextual reality which features a myriad of geoeconomic phenomena such as the proliferation of “trade wars”, the weaponisation of tariffs, the introduction of projects masterminded to encourage regional economic interconnectedness, the securitisation of industrial supply chains, the in-depth renegotiation of trade deals, the struggle for global economic superiority, competition over the control of strategic natural resources and the cyclical incidence of financial turbulence as a force that fuels insecurity.

This thesis demonstrates that the expanding frontiers of the geoeconomic battlefield have now encompassed the high-tech virtual world of FinTech. Specifically, it represents a stepping stone for theorising the multifaceted strategic coordinates in which the securitised strategic logic of contemporary economic statecraft and the resourceful grammar of digital money converge. This research has clarified that such creative enterprise needs to take into consideration not just the novel strategic applications state-backed CBDCs, especially as their implications go further than those of traditional non-digital governmental currencies. In a disruptive blockchain-based landscape, the risks and opportunities that come with nonstate forms of digital money — acephalous cryptocurrencies and corporate virtual currencies launched by major financial and high-tech companies— have to be incorporated as well. The fact that a currency is not created or

run by a state does not mean that it offers no substantive strategic challenges or advantages for statecraft.

Lessons for Policymaking

The contribution of this work transcends the world of academia, as its findings are pivotal to further the development of strategic literacy about a disruptive phenomenon that represents a source of consequential risks, challenges, potentialities and opportunities for statecraft. Particularly, this Neorealist-based research has discovered that, in an anarchic international system shaped by rising security competition, virtual currencies are worth mobilising as expedient strategic assets in the chessboard of high politics. Therefore, this dissertation emphasises that national security professionals —not just scholars— need a more profound understanding about the international political economy of money, especially in strategic ecosystems in which geopolitical tensions, digitalisation, the emergence of unconventional threats and the proliferation of advanced financial technologies are interconnected. The results of this work explain both why and how under conditions of high-tech complex interdependence, digital money is now a source of network power, a defensive and offensive weapon and a potential watershed that can reshuffle the structural architecture of polarity. As their international circulation is suitable for the continuation of ‘high politics’ by other means, competitive data-driven coins are strategic currencies in the security realm. Accordingly, this dissertation is intended not just as an original contribution for scholarship that provides enlightening academic insights. Concerning its pragmatic dimension, its observations are meant to raise situational awareness and preparedness for policymaking in the spheres of national security, economic statecraft, intelligence and even grand strategy. Therefore, this work may be helpful for the development of customised digital currency strategies, prescriptions and solutions by governmental agencies of states with different geostrategic profiles in accordance with their necessities, priorities and circumstances. These findings are also useful for the enhancement of market intelligence, political risk management and strategic planning of private sector firms with a high level of exposure to geoeconomic variables related to international financial and monetary fluctuations.

Recommendations for Further Research

As a corollary, this section puts forward some recommendations for future avenues of enquiry. First, the long-term evolution of American, Chinese, Russian, Iranian, North Korean and Salvadorean experimental projects in the digital currency space need to be monitored —as they move forward— in order to assess the corresponding outcomes, pros and cons. The involvement of BTC in covert operations, the precise nature of CIA projects focused on cryptocurrencies and the active presence or interference of other intelligence agencies in the cryptocurrency landscape are matters that require a deeper clarification once or if evidence ever comes to light. Attention also needs to be paid to the potential design of decentralised cryptocurrencies by states like North Korea. Considering that the art of war relies on deception, the release of nominally unofficial

cryptocurrencies secretly controlled by states concealing their involvement is a latent theoretical possibility.

Second, the findings of this thesis and the pluralism of the cryptocurrency space highlight the pertinence of approaching the strategic ramifications of other digital currencies with a strong potential for international circulation. For example, cryptocurrencies with high secrecy standards (like Monero) are particularly suitable for the clandestine netherworld of black operations. Their attributes also make them useful for covert transactions related to the sale of military-grade weaponry left behind in post-conflict zones.

Third, despite Libra's premature demise, the potential development of 'stablecoins', crypto-assets or FinTech infrastructures by large high-tech companies or financial entities will not vanish. Meta itself is still interested in the development of corporate stablecoins, but now as channels to pay content creators in the ecosystems of its social media networks (Miller, 2025). Other private firms will probably attempt to succeed in an endeavour in which Facebook/Meta failed. Notably, Google is interested in experimenting with cryptocurrencies (Schläfli, 2023). Amazon is developing its own private virtual currency for transactions through its digital marketplace, a project which adapts some elements from Libra's blueprints (Holden, 2023). Engineered as a permitted dollar proxy, the multifaceted international politics of offshore private stablecoin Tether is attracting the attention of both scholars (Stojanovic, 2024) and specialised commentators (Gache, 2025). The Considering the economic power of Silicon Valley and similar clusters, the prospective merger of social media ecosystems, FinTech platforms and e-commerce could reshape the international financial and monetary order (Yeung, 2020). Alternatively, hybrid models of private-public partnerships can also flourish. For example, the Russian central bank formally authorised Sberbank —a private financial entity— to issue and exchange digital assets (Reuters, 2022). Therefore, far-reaching bids of nonstate corporate great powers in the virtual currency ecosystem need to be addressed through the strategic lens of national security and statecraft. The autopsy of Libra is an analytical precedent to calibrate the parameters of their eventual scrutiny. Additionally, it would be enlightening to examine the expected disclosure of first-hand accounts shared by insiders (like former Facebook executive Morgan Beller) about the strategic influence of geopolitical thinking on the design of Libra. The full extent of the corresponding revelations can validate or supplement the findings of this research.

Fourth, the in-depth analysis of the e-CNY presented in this thesis needs to be revisited once its expanding international rollout goes further. Considering the convergence of economic statecraft, great power politics, FinTech and digital currencies, attention also needs to be afforded to the possible development and strategic implications of CBDCs launched by either other great powers or multilateral blocs. These include BRICS deliberations about the prospect of a shared digital currency as a pivotal vehicle to advance large-scale de-dollarisation and, to a lesser extent, the design of similar projects by blocs like the European Union (EU), the Eurasian Economic Union (EAEU) or the Association of Southeast Asian Nations (ASEAN). Likewise, the long-term qualitative and quantitative evolution of the *mBridge* project, as it moves past minimum viable product stage, needs to be assessed, considering its condition as a highway for e-RMB internationalisation.

Fifth, there are other hypothetical digital currency architectures with a potentially consequential strategic and geopolitical significance. The possible deployment of virtual currencies by powerful nonstate actors with a strong territorial grip (including irregular militias, separatist forces, insurgents, terrorist groups and organised crime syndicates) as an asymmetric measure of economic warfare against the Westphalian governmental authority of their political enemies remains latent. In addition, the hypothetical rise of virtual currencies backed with or connected to strategic commodities (energy, cereals, rare earth minerals), hard assets, precious metals, solar energy or capital markets deserves to be examined.

Sixth, in the eventual scenario of an emerging world order underpinned by a great power concert, the hypothetical formulation of digital currency solutions may play a role in the Bretton Woods-style consensual renewal of international monetary and financial regimes. The analytical methods, categories and techniques employed in this thesis provide a referential groundwork worth replicating for a comprehensive assessment of their prospective strategic ramifications for statecraft and security. The same applies to the development of innovative FinTech infrastructures like the Chinese Cross-Border Interbank Payment System (CIPS), the Russian Mir payments system and high-frequency trading algorithmic platforms.

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Appendices

Appendix 1: Examples of Axial Coding

This section presents three illustrative examples of how the method of axial coding was implemented to data-mine, gather and organise the informational inputs (found in the corresponding sources) needed for further analytical processing. In the following text samples, contents that were coded based on their association to the analytical categories of national power, rivalries and hegemony are identified.

Original source: The White House (2025, March 06). *Establishment of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile*. <https://tinyurl.com/4uvtn8e7>.

Excerpt: *By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:*

Section 1. Background. *Bitcoin is the original cryptocurrency. The Bitcoin protocol permanently caps the total supply of bitcoin (BTC) at 21 million coins, and has never been hacked. As a result of its scarcity and security, Bitcoin is often referred to as “digital gold”. Because there is a fixed supply of BTC, there is a strategic advantage to being among the first nations to create a strategic bitcoin reserve. The United States Government currently holds a significant amount of BTC, but has not implemented a policy to maximize BTC’s strategic position as a unique store of value in the global financial system. Just as it is in our country’s interest to thoughtfully manage national ownership and control of any other resource, our Nation must harness, not limit, the power of digital assets for our prosperity.*

Sec. 2. Policy. *It is the policy of the United States to establish a Strategic Bitcoin Reserve. It is further the policy of the United States to establish a United States Digital Asset Stockpile that can serve as a secure account for orderly and strategic management of the United States’ other digital asset holdings.*

Sec. 3. Creation and Administration of the Strategic Bitcoin Reserve and United States Digital Asset Stockpile.

(a) The Secretary of the Treasury shall establish an office to administer and maintain control of custodial accounts collectively known as the “Strategic Bitcoin Reserve,” capitalized with all BTC held by the Department of the Treasury that was finally forfeited as part of criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty imposed by any executive department or agency (agency) and that is not needed to satisfy requirements under 31 U.S.C. 9705 or released pursuant to subsection (d) of this section (Government BTC). Within 30 days of the date of this order, each agency shall review its authorities to transfer any Government BTC held by it to the Strategic Bitcoin Reserve and shall submit a report reflecting the result of that

review to the Secretary of the Treasury. Government BTC deposited into the Strategic Bitcoin Reserve shall not be sold and shall be maintained as reserve assets of the United States utilized to meet governmental objectives in accordance with applicable law.

(b) The Secretary of the Treasury shall establish an office to administer and maintain control of custodial accounts collectively known as the “United States Digital Asset Stockpile,” capitalized with all digital assets owned by the Department of the Treasury, other than BTC, that were finally forfeited as part of criminal or civil asset forfeiture proceedings and that are not needed to satisfy requirements under 31 U.S.C. 9705 or released pursuant to subsection (d) of this section (Stockpile Assets). Within 30 days of the date of this order, each agency shall review its authorities to transfer any Stockpile Assets held by it to the United States Digital Asset Stockpile and shall submit a report reflecting the result of that review to the Secretary of the Treasury. The Secretary of the Treasury shall determine strategies for responsible stewardship of the United States Digital Asset Stockpile in accordance with applicable law.

(c) The Secretary of the Treasury and the Secretary of Commerce shall develop strategies for acquiring additional Government BTC provided that such strategies are budget neutral and do not impose incremental costs on United States taxpayers. However, the United States Government shall not acquire additional Stockpile Assets other than in connection with criminal or civil asset forfeiture proceedings or in satisfaction of any civil money penalty imposed by any agency without further executive or legislative action.

Researcher side note: The contents highlighted in yellow, in this specific source material, relate to the decision of the second Trump Administration to create an official strategic Bitcoin reserve as a governmental policy crafted to further US national power in the cryptocurrency space.

Original source: LeMaire, B. (2019, October 17). *Facebook's Libra is a threat to national sovereignty*. Financial Times. <https://tinyurl.com/yn59wvst>.

Excerpt: *When 11 countries in Europe joined the euro in 1999, they freely relinquished their national currencies. They didn't just say yes to a new currency as a medium of exchange; they consciously decided to transfer part of their sovereignty to the European level.*

With its Libra plan for a global digital currency, Facebook has shown both economic and political ambitions. The project would mean a private company controlling a common good and taking over tasks normally discharged by states. This is unacceptable for both economic and political reasons.

Facebook's 2.4bn users would give Libra instant worldwide reach. Its aim is to improve cross-border transactions that remain too slow and costly. In addition, Libra would be pegged to a basket of currencies and managed by a group of private companies. All this raises serious concerns.

Beyond well documented risks such as money laundering, terrorist financing and questions about data and consumer protection, Libra's global ambition could trigger antitrust risks and undermine financial stability. The current legal framework is not ready to manage all these risks, nor would it protect the consumers using this currency.

Would a regulatory response be able to address all these risks? The answer is no, because Libra is asking states to share their monetary sovereignty with private companies. In fragile countries where many don't have access to a bank account or a stable currency, people could simply stop using the national currency and turn to private currencies instead. Some countries may end up surrendering their monetary sovereignty and control over their economy.

Libra may also undermine monetary policy in developed countries. The decision of the private actors behind the project to change the quantity of a given currency in the basket may dramatically alter its value, without any public authority having a say.

Do we really want to give private interests such power, given the consequences it would have on trade and financial stability? I cannot countenance one of a sovereign state's most powerful tools, monetary policy, falling under the remit of entities not subject to democratic control.

In the eurozone, the independence of the European Central Bank is guaranteed by the EU treaties. Members of the ECB executive board are selected by democratically elected governments at the European Council. The owners of Libra, on the other hand, won't be accountable to governments, parliaments or even central bankers. This is unconscionable. The monetary sovereignty of states is underpinned by their citizens' freedom of choice.

Does this mean we should reject any technological developments in financial services? Of course not. France has been advocating the opposite. President Emmanuel Macron has been pushing to

establish a legal framework for new technologies, to help France become a leader in technological and financial innovation. We created an innovative legal framework for blockchain technologies. We should pursue these efforts and strive to find ways of meeting consumers' reasonable expectations for modernised payment methods.

That is why I have invited my European partners and G7 members to consider two ways forward. First, we should develop innovative national and cross-border payment methods which are faster and less expensive. We expect banks and payment providers to deliver quickly. Second, we should consider the creation of central banks' own digital currencies, in the medium to long term. We cannot let China be the only player in this field. Our independence is at stake. France's position is clear: we want financial innovation to respect the sovereignty of states. Neither political nor monetary sovereignty can be shared with private interests.

Researcher side notes: The contents highlighted in blue, in this specific source, relate to the classification, by the French Finance Minister himself of Libra as an adversarial corporate threat for monetary sovereignty, monetary policy and financial stability.

Original source: Reuters. (2025, June 18). *China talks up digital yuan in push for multi-polar currency system.* <https://tinyurl.com/3cxddvu4>.

Excerpt: SHANGHAI/BEIJING, June 18 (Reuters) - The head of China's central bank pledged to expand the international use of the digital yuan and called for the development of a multi-polar global currency system, where several currencies dominate the world economy.

China will establish an international operation centre for e-CNY in Shanghai, People's Bank of China Governor Pan Gongsheng said on Wednesday at the Lujiazui Forum, a high-profile gathering of local and foreign financial industry executives and regulators.

The remarks come in the wake of renewed appetite for a global yuan, as international trade tensions sparked by U.S. tariff policies prompt investors to seek alternatives to dollar-based investments.

At the same time, China is accelerating efforts to develop financial systems independent of Western institutions, moves that have gained fresh impetus as shifting trade patterns and geopolitical realignments [reshape](#) the global economic landscape.

"Developing a multi-polar international monetary system will help strengthen policy constraints on sovereign currency countries, enhance the resilience of the system, and better safeguard global financial stability," Pan said.

Such a system would pave the way for some currencies to hold sway in their respective regions, lessening reliance on the dollar.

Pan expects several key global currencies to coexist in mutual competition with checks and balances in place.

Washington's aggressive and chaotic rollout of tariffs has shaken faith in the U.S. currency and other U.S. assets, prompting a broader shift by investors away from the U.S. dollar and towards [Asian currencies](#) and the euro.

The eroding U.S. dollar appeal also comes amid rising global interest in cryptocurrencies, including stablecoins - a type of virtual currency that is backed by an asset and holds a stable price.

GLOBAL YUAN AMBITIONS

China has long harboured ambitions for the yuan to be a [global currency](#), similar to the euro or dollar and reflective of the importance of the world's second-biggest economy.

But that goal has been hampered by unwillingness to open the capital account, and while there's no sign of that changing, progress on other fronts, where it has gained in places such as Russia and other trading partners, stands to accelerate.

On Wednesday, six foreign banks including Standard Bank and First Abu Dhabi Bank agreed to use China's Cross-Border Interbank Payment System (CIPS), the yuan-based international settlement system in future, state broadcaster CCTV reported, a step that further expands the use of yuan in global trade.

Pan said that digital technologies have exposed weakness in traditional cross-border payment systems, which are less efficient, and vulnerable to geopolitical risks.

"Traditional cross-border payment infrastructures can be easily politicised and weaponised, and used as a tool for unilateral sanctions, damaging global economic and financial order," Pan said.

Researcher side notes: The contents highlighted in red, in this specific source material, relate to China's interest in furthering e-CNY internationalisation as part of a strategic bid intended to facilitate a systemic shift from the current hegemony of the dollar as dominant reserve currency to a more multipolar international monetary order.

Appendix 2: Examples of Qualitative Content Analysis

This section presents three illustrative examples of how, after cataloguing contents from source materials through axial coding, the deductive method of qualitative content analysis was implemented to develop analytical narratives in each case study. As specified in the section that presents this work's theoretical framework, this process was guided by the interpretative perspectives of Neorealism, neoclassical geopolitics, neomercantilism and strategic intelligence.

First Case Study: Bitcoin

Original source: Pismennaya, E. (2022, January 27). *Putin Backs Crypto Mining Despite Bank of Russia's Hard Line*. Bloomberg. <https://tinyurl.com/5n8se2vh>.

Excerpts: *President Vladimir Putin backs a Russian government proposal to tax and regulate mining of cryptocurrencies, rejecting the central bank's proposal to ban it completely, according to three people familiar with the matter. Putin supports the proposal, which would allow mining to continue, as Russia has many regions with a surplus of electricity, including Irkutsk, Krasnoyarsk and Karelia, the people said, asking not to be identified because the information is not public [...]*

The central bank continues to oppose mining on environmental grounds and because it creates incentives to bypass regulations, its press service said in a response to questions [...]

The president's backing, combined with his public comments this week, mean that the proposals are likely to be approved. Putin on Wednesday called for the government and central bank to reach an agreement soon over how to regulate crypto. "We also have certain competitive advantages here, especially in the so-called mining," Putin said during a government meeting, while acknowledging risks associated with crypto. "I mean the surplus of electricity and well-trained personnel available in the country" [...]

Original source: Gkritsi, E. (2021, July 19). *Russian Industry Association Works to Attract Crypto Mining*. Yahoo Finance. <https://tinyurl.com/fe95n77n>.

Excerpts: *The Russian Association of Cryptoeconomics, Artificial Intelligence and Blockchain (RACIB) is working with federal and regional authorities as well as state-owned enterprises to determine how to bring mining to the country, the association [said](#) in a press release Monday [...]* *RACIB has already formed several working groups with state-owned enterprises and companies in the energy sector, the statement said [...]*

A group of Chinese mining companies representing 25% of the global [bitcoin](#) hashrate is also working with RACIB, the association said. [...]

One of RACIB's working groups is developing a project for mining farms powered with renewable energy, the association said [...]

RACIB said Russia is uniquely positioned to serve crypto miners due an excess of cheap electricity, a cold climate that reduces demand for cooling systems and its centralized energy system.

Qualitative content analysis: The information found in these source materials was first coded under the categorical label of “national power”. An analytical interpretation of these contents indicates that the Russian Government’s policies on nonstate cryptocurrencies like BTC are driven more by the necessities of statecraft than by the technocratic concerns of the country’s central bank. Although Russia is aware of BTC’s shortcomings, this great power is interested in the strategic benefits of large-scale cryptocurrency mining for the national interest. This intention is reflected in both statements and the implementation of collaborative policies intended to further the development of this activity. Considering contextual circumstances, such course of action is motivated by both external pressure (Western coercive sanctions) and the availability of comparative advantages. From the Russian perspective, the proliferation of BTC mining promotes the generation of wealth through the monetisation of energy resources, access to a decentralised financial network that cannot be controlled by hostile foreign powers, technological innovation and even closer ties to China. This trend suggests that the Russian Federation is likely to deepen its inroads in the BTC ecosystem.

Second Case Study: Libra

Original source: Duffy, C. (2019, November 15). *Meet the Facebook Executive Who Wants You To Trust Him with Your Money*. CNN. <https://tinyurl.com/vndasvs>.

Excerpts: *Their concerns about Libra largely fall into three categories. There are practical questions such as how to ensure users' privacy. There are more existential questions such as what a new, universal digital currency could mean for the global financial system or the power of the US dollar. Then there are the Facebook-specific questions: Why should Facebook be trusted to mount such a major effort after its years of scandals? And could Libra further concentrate the company's power? [...]*

"There's a big potential for a not only impacting our economy but the global economy, so we need to get the message loud and clear to Mr. Zuckerberg that he's not a country on his own," Sylvia Garcia, a Democratic Congresswoman from Texas, said in an interview with reporters last month [...]

Original source: LaFrance, A. (2021, September 27). *The Largest Autocracy on Earth*. The Atlantic. <https://tinyurl.com/4kuyhjb>.

Excerpts: *This summer, the population of Zuckerberg's supranational regime reached 2.9 billion monthly active users, more humans than live in the world's two most populous nations—China and India—combined [...]*

To Zuckerberg, Facebook's founder and CEO, they are citizens of Facebookland. Long ago he conspicuously started calling them "people" instead of "users," but they are still cogs in an immense social matrix, fleshy morsels of data to satisfy the advertisers that poured \$54 billion into Facebook in the first half of 2021 alone—a sum that surpasses the gross domestic products of most nations on Earth [...]

GDP makes for a telling comparison, not just because it gestures at Facebook's extraordinary power, but because it helps us see Facebook for what it really is. Facebook is not merely a website, or a platform, or a publisher, or a social network, or an online directory, or a corporation, or a utility. It is all of these things. But Facebook is also, effectively, a hostile foreign power [...]

Some of Facebook's most vocal critics push for antitrust regulation, the unwinding of its acquisitions, anything that might slow its snowballing power. But if you think about Facebook as a nation-state—an entity engaged in a cold war with the United States and other democracies—you'll see that it requires a civil-defense strategy as much as regulation from the Securities and Exchange Commission [...]

Hillary Clinton told me last year that she'd always caught a whiff of authoritarianism from Zuckerberg. "I feel like you're negotiating with a foreign power sometimes," she said. "He's immensely powerful." One of his early mantras at Facebook, according to Sheera Frenkel and

Cecilia Kang in their book, An Ugly Truth: Inside Facebook's Battle for Domination, was "company over country." When that company has all the power of a country itself, the line takes on a darker meaning [...]

The basic components of nationhood go something like this: You need land, currency, a philosophy of governance, and people [...]

Qualitative content analysis: The information found in these source materials was first coded under the categorical label of "hegemony". An analytical interpretation of these contents indicates that, far from being only a *FinTech* business project, the development of the Libra 'stablecoin' was motivated by considerations beyond an interest in corporate profits alone. Therefore, it would be more precise to understand Libra in accordance with the rise of Facebook/Meta (a major Silicon Valley firm) as a nonstate great power whose ambitions are viewed with distrust by even US policymakers. In this context, the emergence of supranational currency and financial regime controlled by Facebook/Meta (i.e. not subject to the direct control of governmental authorities) would mean that the high-tech company would act as an autonomous heavyweight player in the international arena of power politics. Such a potential would have implications for the systemic distribution of polarity and the fate of world order. Under these conditions, various states will have to recalibrate their foreign policies to address the resulting challenges.

Third Case Study: Digital Yuan

Original source: Toomey, P. (2022, February 03). *Letter to Yellen and Blinken on Digital Yuan*. United States Senate Committee on Banking, Housing and Urban Affairs. <https://tinyurl.com/2v84h8cz>.

Excerpts: *The importance of remaining a leader in the global digital economy and supporting new innovations like digital currencies is a significant domain of strategic competition with other countries, including China. As such, I write to request your engagement on a momentous development in Beijing this week: the rollout of the world's first major Central Bank Digital Currency (CBDC) to a foreign audience. While the United States is still evaluating the concept of a digital dollar, China is using the Beijing Winter Olympics as an international test for the digital yuan (eCNY), which has been piloted domestically since 2019 [...]*

Analysts have raised the eCNY's potential to subvert U.S. sanctions, facilitate illicit money flows, enhance China's surveillance capabilities, and provide Beijing with "first mover" advantages, such as setting standards in cross-border digital payments. Given the prospective threat to U.S. economic and national security interests, I request that the Treasury and State Departments closely examine Beijing's CBDC rollout during the Olympic Games, and provide my office with a briefing [...]

Original source: Duffie, D. & Economy, E. (2022). *Digital Currencies: the US, China and the World at a Crossroads*. Hoover Institution Press.

Excerpts: *China's "first mover" advantage here threatens to consolidate its lead in e-payment technology and to shape the global rules and standards for digital finance in ways that will elevate authoritarian norms and undermine principles of transparency, accountability, and human rights. Some argue that even the dominance of the dollar as the world's reserve currency is threatened. For instance, the ability of the United States to use financial sanctions to punish states that pursue nuclear weapons or support terrorists would be diminished [...]*

The US government has been alert to China's development of the e-CNY and to the new digital currency's implications for the position of the US dollar as the world's reserve currency, the ability of the United States to implement sanctions through the international financial system, and the potential loss of financial and other personal data privacy [...]

It is likely that countries seeking to circumvent US sanctions will explore using the e-CNY as an alternative channel for cross-border transactions [...]

The Chinese Communist Party could potentially use the e-CNY as a way to retaliate economically against foreign companies that run afoul of its political and commercial aims. China has already embraced new digital methods to rebuke firms. For example, in mid-2021 H&M was removed from popular Chinese e-commerce sites and geolocation apps after the Swedish clothing manufacturer announced that it would no longer use cotton from the Uyghur Autonomous Region. Weeks later,

Chinese state media announced that China would retaliate against the Swedish tech firm Ericsson after Swedish regulators banned Huawei 5G technology on national security grounds. China has not specified how it will retaliate against Ericsson, but this threat foreshadows how the e-CNY could be weaponized once it is fully launched [...]

Qualitative content analysis: The information found in these source materials was coded under the categorical label of “interstate rivalries”. An analytical interpretation of these contents indicates that both US policymakers and think tanks closely associated with the country’s strategic community view the Chinese CBDC through the lens of strategic competition. In an environment shaped by geopolitical tensions and an intermittent “trade war” between Washington and Beijing, the e-CNY (despite the fact that its international rollout is still in an embryonic stage) is already regarded as an adversarial threat for various reasons. This attitude reflects concerns surrounding the prospect of its potential weaponisation, its contribution to reposition China at the forefront of *FinTech* innovations, its challenge for the hierarchical status of the US dollar as top reserve currency and its applications to evade American sanctions.

Appendix 3: Requirements to Join the Libra Association

Requirements to join the Libra Association	
For private companies	Their worth must be superior to one billion USD in market value or possess more than 500 million in customer balances, be able to reach 20 million consumers per year, and be recognised as a “top-100 industry leader by a third-party sector-specific association or media company”.
For NGOs	Must have a demonstrated record –of more than five years– of active engagement in alleviating poverty, a budget superior to 50 million USD, and possess a “top-100 ranking in Charity Navigator, Charity Navigator International, GuideStar, NGO Advisor, Devex, or GiveWell.”
For academic entities	Must be a top-100 university, in accordance with QS World University Rankings and have a top-100 computer science department as measured by CSRankings standards.

Source: made by the author based on Roa (2019).

Appendix 4: Monetary Composition of the Libra Reserve

Proposed composition of the Libra Reserve	
American dollar (USD)	50%
Euro (EUR)	18%
Japanese Yen (JPY)	14%
Pound sterling (GBP)	11%
Singapore dollar (SGD)	7%

Source: made by the author based on data from Birch (2020).

Appendix 5: Summary of Findings About Bitcoin

Findings about Bitcoin as a nonstate cryptocurrency		
Research question	Key findings	Additional observations
Q1. What are the implications of Bitcoin for national power?	- Despite being a stateless cryptocurrency, Bitcoin can be leveraged in creative ways as an instrument or asset that strengthens national power. - BTC has pragmatic usefulness as a multipurpose instrument of statecraft. It has applications for covert operations, financial intelligence, the strategic diversification of monetary assets, the generation of wealth and industrial development. - State with different geopolitical profiles — including great powers and smaller countries— are instrumentally engaging the BTC environment to increase their national power. - BTC has no homogenous or implications for national power. The pertinence of harnessing it and the ways to do so are determined by specific circumstances. - Bitcoin can also be a double-edged sword that has detrimental, harmful or problematic implications for national power.	Both empirical events and hypothetical predictions suggest that the importance of nonstate cybercurrencies for national power will likely grow.
Q2. What is the role that Bitcoin might play in geopolitical rivalries?	- BTC can be mobilised by states in various ways for offensive and defensive purposes, in both traditional and unconventional theatres of engagement. BTC can be either a weapon or a shield. - BTC operates mostly as a source of asymmetric leverage for weaker states against stronger enemies. - The weaponisation of BTC demonstrates the usefulness of Bitcoin and similar nonstate cryptocurrencies in acts of “hybrid warfare”. - Under confrontational geopolitical conditions, BTC can also be helpful as a potential store of value for 1) investors that need to hedge the financial risks of such tensions and for 2) civilians that need alternative channels to settle transactions in wartime.	Both empirical developments and strategic forecasts indicate that Bitcoin’s involvement in rivalries and conflict will likely grow.
Q3. Can Bitcoin influence the global balance of	Bitcoin is unlikely to determine the trajectory of global hegemony by itself, but both revisionist	BTC can indirectly influence the progression of hegemony in two ways: 1) the proliferation

power facilitate hegemonic transition?	or a and status quo great powers could rely on it in attempts to alter the global balance of power. • Unless there is a major financial crisis that undermines several state-backed reserve currencies, Bitcoin is unlikely to become a major reserve currency or overtake the US dollar. • At best, BTC could become an alternative minor reserve currency, but its growing international projection favours monetary pluralism.	of BTC and similar nonstate crypto assets can be seen as a part of a larger trend that leads to a gradual decline of US hegemony and 2) as an innovation that encourages the development of subsequent alternatives conceived to challenge the USD.
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Appendix 6: Correspondence between Hypothetical Predictions and Empirical Findings (Bitcoin)

The following table identifies the correspondence between the hypothetical predictions and the empirical findings presented in the first case study (Bitcoin).

BITCOIN: Correspondence between hypothetical predictions and empirical findings			
Analytical category	Hypothetical predictions	Empirical findings	Observations
National power	Bitcoin as a potential instrument for covert operations	This prediction remains hypothetical.	The absence of evidence should not be seen as evidence of absence. Due to the undisclosed nature of covert tasks, it is difficult to ascertain, based on open sources, if such possibility is taking place or to deny it categorically.
	Bitcoin as a catalyst to enhance financial intelligence.	Engagement of the US intelligence community in the Bitcoin ecosystem.	This example confirms the prediction that a better knowledge of Bitcoin can facilitate the upgrade of actionable financial intelligence capabilities.
	Bitcoin as an asset for the strategic diversification of ForEx reserves.	The establishment of the US Strategic Bitcoin Reserve under the second Trump Administration.	This example confirms forecasts about the likely proliferation of cryptocurrencies as non-traditional reserve assets.
	Bitcoin mining as an industrial policy.	Russian large-scale Bitcoin mining operations.	This example is consistent with existing predictions, but it goes further, as it also identifies other complementary benefits.
	Bitcoin as a harmful element for national power	China's crackdown on Bitcoin.	This attempt supports the theoretical and analytical ideas which hold that states regard unofficial cryptocurrencies as detrimental for national power.
	No existing predictions.	The adoption of Bitcoin as full-fledged legal tender by El Salvador.	Said event was unexpected in the sense that such possibility was not anticipated by existing predictions at all.
Interstate rivalries	Bitcoin circuits as channels to bypass sanctions.	Iranian engagement in the Bitcoin ecosystem to diminish the impact of US sanctions.	This example confirms that Bitcoin and unofficial cybercurrencies are useful for raising preparedness against sanctions. Bitcoin is a defensive shield for states under economic coercion.
	Bitcoin as a potential asset to hedge the financial risks of heightened geopolitical tensions.	There are some emerging signs which seemingly point in that direction.	Yet, there are also reasonable doubts about the convenience or feasibility of Bitcoin as a hard asset.
	Potential weaponisation of Bitcoin.	Involvement of Bitcoin in North Korean cyber-financial warfare tactics.	These examples confirm the prediction that Bitcoin can be weaponised offensively. More possibilities could arise, as financial warfare and other non-kinetic

			forms of power projection become increasingly complex.
		Bitcoin crowdfunding donations to bankroll the Ukrainian war effort.	This was an unprecedented and unforeseen development. No prediction had envisaged that unofficial cryptocurrencies could be leveraged to increase military expenditures. The same case also reveals that stateless cryptocurrencies also can provide humanitarian financial lifelines for the survival of civilians that need to make payments to cover their essential needs.
Hegemony	Bitcoin's potential to become a major reserve currency.	This possibility has not been validated by empirical evidence yet.	Unless there is widespread financial turmoil on a global scale, this may never happen. At best, it could become a second-rate reserve currency in a plural global monetary order.
	Bitcoin as a counter-hegemonic vector of a revisionist grand strategy.	This possibility has not been validated by empirical evidence yet.	Bitcoin would be helpful vector for Russian revisionist strategies to weaken the dollar as a pillar of the US-led world order.
	Bitcoin proliferation as a mirror of a declining US hegemony.	This possibility has not been validated by empirical evidence yet.	This perspective would be validated if the course of history eventually shows that Bitcoin was not an isolated phenomenon, but part of a larger trend that altered the global balance of power in the long run.
	Bitcoin as a supporting anchor of 'Pax Americana'.	The official establishment of the US Strategic Bitcoin Reserve.	This development confirms that the US, as a status quo great power, is interested in harnessing Bitcoin as a politico-strategic lever.
	Bitcoin as a source of inspiration to develop alternatives to the dollar.	This possibility has not been validated by empirical evidence yet.	In the long run, Bitcoin could be seen in hindsight as a precursor of digital currency projects designed to compete with the dollar.

Source: made by the author.

Appendix 7: Summary of Findings About Libra

Lessons about the geopolitical significance of Libra as a supranational corporate ‘stablecoin’		
Research question	Key findings	Additional observations
Q1. What are the implications of Libra for national power?	• As a creation of an American high-tech company, Libra theoretically offered various hypothetical benefits that may have been strategically harnessed to serve the US national interest. • Yet, top US policymakers and lawmakers were convinced that the problematic risks and costs of the Facebook/Meta-led project were superior to its prospective advantages. • In the US, there is an unsettled debate about the pertinence and usefulness of virtual private currencies for the national interest. Such controversy reveals that free market capitalism and national security are not necessarily always in harmony. • The alignment of Facebook/Meta —and similar companies from Silicon Valley— with US national interests should not be taken for granted. • For the national power of developing states, the disruptive consequences of Libra’s systemic or partial adoption in their economic exchanges would have been deeply detrimental. • Supranational corporate stablecoins can benefit mainly the states in which the headquarters of their private controllers are located. • The sheer market power of a company like Facebook/Meta is not enough to ensure the successful rollout of a private supranational currency. These monetary units can only flourish if they serve the strategic national interests of a great power. Without such ingredient, their feasibility will face an uphill battle.	• Corporate supranational stablecoins have no uniform implications for the national power of all states. The balance between potential benefits and protective risks must be weighted in each particular case. • In hindsight, Libra will likely be seen as a precedent which — despite its failure— encouraged the development of CBDC projects so that states can harness in a more direct way the potential benefits of virtual money under their control in the pursuit of national interests.
Q2. What roles might Libra play in geopolitical rivalries?	• Corporate stablecoins can be weaponised both by the firms that designed them and the states which have the power to shape and influence their governance structures. • These strategic benefits are exclusive. Unlike decentralised cryptocurrencies that can be	• Protective countermeasures will proliferate as a response to the challenge posed by private digital currencies in the hands of major transnational corporations.

	harnessed by multiple state and nonstate actors, corporate stablecoins cannot be freely weaponised by states that have no influence over the corresponding corporate nerve centres. • Private virtual currencies that reach systemic proportions on a global scale can be weaponised as instruments of manipulative international monetary disruptions, co-opted tools for the implementation of sanctions and vectors of psychological warfare. • As a US-based supranational currency, Libra would play a pivotal role in the simmering strategic competition for the control of FinTech markets in the emerging economies of the Global South. In these theatres of engagement, it would have clashed against the expansion of Chinese international financial and monetary circuits. • Despite being developed by nonstate actors, corporate stablecoins have the potential to participate in the unconventional chessboards of currency wars. • As seen in the cases of Russia, France and China, even powerful states regard the potential internationalisation of private digital currencies controlled by large foreign firms as an adversarial challenge, if not as an outright threat which requires defensive responses.	
Q3. Could Libra have influenced the evolving trajectory of global hegemony?	• As a supranational private stablecoin developed by the world's leading social media company for cross-border economic exchanges and backed by a basket of hard assets, Libra had the potential to become a major reserve currency. • With Libra as a leading international medium of exchange, Facebook/Meta may have been able to make a bid to become a nonstate great power in an increasingly multipolar world. The influence and market power of the Libra Association would confer the ability to rewrite the order of international financial and monetary governance in accordance with its corporate interests. • An innovative project like Libra which entails a great deal of potential can indirectly inspire the multilateral consensual development of future	It is unclear that states — particularly great powers — would willingly allow a company from Silicon Valley to join the concert of major powers in an international system that still operates under Westphalian rules. Nevertheless, the growing economic relevance of these firms and their disruptive digital inventions means that the prospect cannot be dismissed because it has not been likely until now.

	generations of crypto-assets conceived to operate as synthetic hegemonic currencies.	
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Appendix 8: Correspondence between Hypothetical Predictions and Empirical Findings (Libra)

The following table identifies the correspondence between the hypothetical predictions and the empirical findings presented in the second case study (Libra).

LIBRA: Correspondence between empirical and hypothetical findings			
Analytical category	Hypothetical predictions	Empirical findings	Observations
National power	Libra as potential asset of US national power.	Cancellation of the project due to its potentially detrimental consequences for US national power.	This outcome confirms the validity of concerns surrounding Libra-like private stablecoins. US sovereign backlash and the early demise of the project shows that Washington's strategic anxieties were comparatively heavier than expectations about potential benefits.
	Libra as a hypothetical threat for developing states.	This prediction remained hypothetical.	States that value the preservation of national sovereignty over corporate-driven market efficiency are likely to be highly sceptical about private stablecoins intended for large-scale international circulation.
Interstate rivalries	The potential weaponisation of Libra.	French opposition to Libra.	The French and Chinese opposition to Libra, reflected respectively in governmental statements and countermeasures, as an adversarial threat supports concerns about the weaponisation of private e-money in the hands of a foreign company.
	Libra in strategic competition for the conquest of FinTech markets in the Global South.	China's perception of Libra as a confrontational threat.	
Hegemony	Assessment of Libra's potential as a major reserve currency.	This possibility has not been validated by empirical evidence yet.	Since Libra did not come to fruition as expected, only the third possibility can be eventually tested in the long run. Nevertheless, Libra serves as a warning and precursor worth scrutinising as an exercise of strategic foresight to assess the likely consequences of game-changing monetary innovations run by major corporations.
	Libra as a project with the potential to position Facebook as a nonstate superpower.	This possibility has not been validated by empirical evidence yet	
	Libra as a forerunner for the development of a	This possibility has not been validated by empirical evidence yet	

	synthetic currency.	hegemonic		
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Source: made by the author.

Appendix 9: Summary of Findings about the Chinese e-Yuan

Lessons about the geopolitical significance of the e-CNY as Chinese CBDC		
Research question	Key findings	Additional observations
Q1. What are the implications of the e-CNY for Chinese national power?	• The e-CNY is an asset and force multiplier of Chinese national power. • For Chinese economic statecraft, the e-CNY offers opportunities to enhance monetary policy, financial intelligence (FININT) gathering, monetary independence, influence in international standard-setting and the overseas projection of ‘soft power’. • Rather than a “great leap forward”, e-CNY internationalisation is likely to follow a long-term incremental trajectory. The process will require consensual agreements and shared convenient benefits, instead of unilateral mandates. • There is a synergic bidirectional connection between the e-RMB internationalisation and the weight of China as a rising great power. They are two sides of the same coin. • There are overlapping launching pads that can hasten the process e-CNY internationalisation, including Chinese-led multilateral geoeconomic projects, the deployment of Chinese FinTech platforms, investments, loans, development assistance and even remittances. • Despite their modest scope, recent experimental tests demonstrate the emerging potential of the e-CNY for cross-border operations.	• Both hypothetical predictions and emerging empirical events show the far-reaching strategic relevance of a CBDC developed by a great power. • The “long march” of e-RMB internationalisation is not necessarily inconvenient for Chinese national interests. The slow rhythm of this progression brings opportunities to carry out more experimental tests, assess the results and make adjustments.
Q2. What are the applications of the e-CNY in interstate rivalries?	• In the unconventional battlespaces of economic warfare, the e-RMB offers versatile defensive and offensive attributions for Chinese economic statecraft. • The e-CNY is helpful to protect China’s monetary sovereignty and the resilience of Chinese supply chains. The migration of Chinese international economic exchanges to e-RMB transactions would reduce exposure to US-led coercive sanctions. • Since it bypasses chokepoints under US control, the e-CNY’s financial infrastructure is a	• The systemic proliferation and intensity of geoeconomic rivalries encourages China to rely on the e-CNY for both offensive and defensive purposes. • As a Chinese CBDC that caters to Chinese national interests, the limited usefulness of the e-CNY under confrontational conditions for foreign states has to do with the need for a barrier

	hypothetical defensive lifeline for states under Washington's sanctions. • Offensively, China can weaponise e-CNY circuits to implement punitive sanctions, activate targeted disruptions through hidden 'kill switches', freeze or confiscate e-CNY foreign assets and further the extraterritorial enforcement of Chinese laws. • China may leverage the e-RMB and its accompanying financial networks as a competitive spearhead in the conquest of FinTech markets across the Global South and maybe even in some Western economies. • The US strategic community already regards the digital yuan as an adversarial threat. Similar perceptions are shared in other 'Five Eyes' states.	that reduces the impact of US economic sanctions.
Q3. Can the e-CNY influence the evolving trajectory of global hegemony?	• The e-CNY is no 'silver bullet'. By itself, the e-CNY is unlikely to become a major reserve currency or hegemonic game-changer. First, the Chinese CBDC needs to bolster its functionality, attractiveness and scalability. • The e-RMB can strengthen its bid for a higher status in the universe of hard currencies through the support of precious metals, the introduction of e-CNY pricing mechanisms for strategic commodities, involvement in Chinese geoeconomic projects and the development of financial markets with the e-CNY as their centre of gravity. • As a major reserve currency, the e-CNY would armour the expansion of Sino-centric trade networks. • China can harness the e-CNY as a vector of a grand strategy intended to challenge the USD as dominant reserve currency. • The e-RMB can hasten the conformation of Chinese-built coalitions, regional spheres of influence under Chinese leadership and the design of Sino-centric international financial and monetary systems. In this role, the e-CNY would become a pillar of a world order "with Chinese characteristics". • The e-CNY conceptual and technical blueprint may operate as the basis for the Chinese-led	• Great power strategic competition, geopolitical realignments, asymmetric interconnectedness, changing patterns of international economic exchanges bring opportunities to remake the existing world order. • Even in the best-case scenario, the e-RMB is unlikely to short-circuit the dollar's hegemony as the dominant reserve currency. What it can do is to shape a changing strategic environment in which the gaps between the US and China in the sphere of money can be closed. • Rather than directly contesting the supremacy of the US dollar, the potential challenge posed by the rise of the e-RMB is likelier to follow an indirect systemic approach.

	multilateral design of a supranational digital currency.	
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Appendix 10: Correspondence between Hypothetical Predictions and Empirical Findings (e-Yuan)

The following table identifies the correspondence between the hypothetical predictions and the empirical findings presented in the second case study (the Chinese e-Yuan).

e-Yuan: Correspondence between empirical and hypothetical findings			
Analytical category	Hypothetical findings	Empirical findings	Observations
National power	The e-Yuan as a potential force multiplier for Chinese national power.	This possibility has not been validated by empirical evidence yet.	Although these strategic predictions are consistent with the existing trajectories of Chinese statecraft, they remain untested.
	The potential role of the e-Yuan as accelerator of Renminbi internationalisation.	Experimental tests to assess e-Yuan operational performance in cross-border transactions.	As these examples highlight incremental stepping stones in the long-term process of e-Yuan internationalisation, they support these predictions.
Interstate rivalries	The e-Yuan as a Chinese defensive asset.	This possibility has not been validated by empirical evidence yet.	Although these strategic predictions are consistent with existing trajectories, they remain untested.
	Potential weaponisation of the e-Yuan by China.	Emerging securitisation of the e-Yuan by the US strategic community.	This example partially supports these hypothetical possibilities, as it shows that China's main strategic competitor already envisages the prospective rise of the e-Yuan in a foreseeable future through the lens of interstate rivalries.
	The e-Yuan as a potential lifeline for states under Western sanctions.		
Hegemony	The e-Yuan as a potential major reserve currency.	This possibility has not been validated by empirical evidence yet.	Although the large-scale e-Yuan international rollout is still in an embryonic stage, these strategic predictions are consistent with the strategic pursuits of Chinese statecraft.
	The e-Yuan as a vector of Chinese grand strategy to challenge the USD.		

Source: made by the author.