

Blockchain Revolution Battle:
An Economic and Technological War between the United States and China

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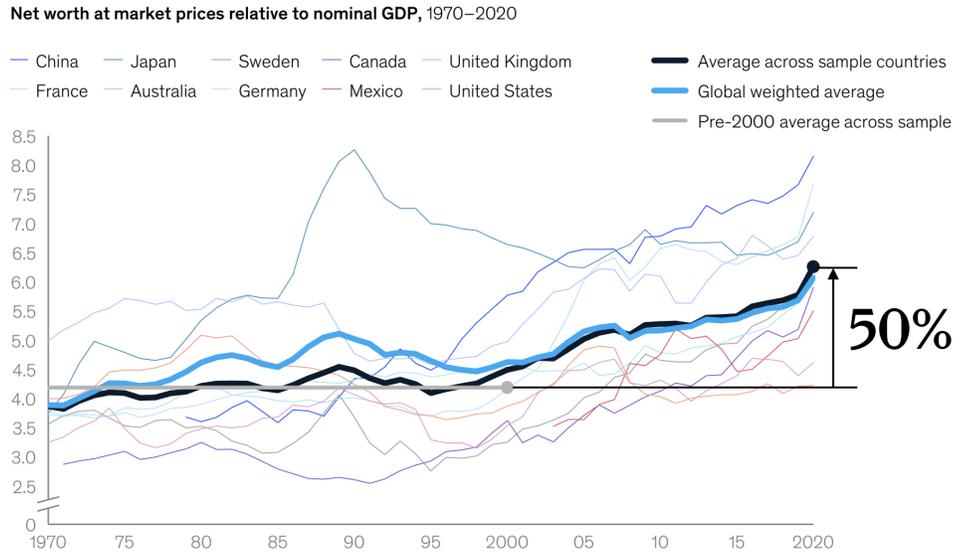
POLI 531: World Politics and Global Governance

Dr. Songying Fang

Introduction

The political landscape between the United States and China is rife with competition. Given their status as the two most powerful and influential countries of this decade, their political and economic decisions affect not only themselves and each other, but also the rest of the globe. The stark differences in governing ideals stemming from their democratic capitalist and communist governments, respectively, add an increased importance to who comes out on top, for the political futures and governments of smaller nations are held in the balance. Not only that, but the two countries are experiencing a hegemonic transition, heightening the rivalry between the great nations. This is seen to the greatest extent in the economic sector as both nations vie to either maintain, in the case of the U.S., or overtake, in the case of China, the position of the world's largest economy. The balance continually changes between China and the United States.¹ According to the new report from Mckinsey Global Institute, China now has more wealthy individuals than the United States. Technology is sure to play a defining role in who secures economic superiority. One such technological kingmaker is blockchain, a growing technological platform with unimaginable potential. In order to most accurately project the future of the two nations and their power struggle, one must explore the US and China competition, notably with regards to the implementation and subsequent economic effects of blockchain technology.

¹“The Rapid Growth in Global Wealth | McKinsey.” Accessed November 23, 2021. <https://www.mckinsey.com/industries/financial-services/our-insights/the-rise-and-rise-of-the-global-balance-sheet-how-productively-are-we-using-our-wealth>.



Competing Nations

The vital importance on the world stage of the continuation and outcome of the economic rivalry between the US and China is highlighted in Shaun Breslin’s 2021 book, *China Risen? Studying Chinese Global Power*. Breslin examines what it is that makes China special and why it proves to be an example for other nations to follow. One such reason is that China has shown immense growth in the past decades. President Xi Jinping claimed the nation has “achieved a historic leap,” so much so that Breslin mentions “China now has the ability to challenge the previous dominance of the West in a way that others simply can’t.”² Its industrialization, economy, military strength, and political influence are among the biggest and best in the world, and projections show these areas will experience even more growth in years to come. Simply put, China is large, in both landmass and population, it is powerful, and it has established itself as a global leader. Being so, China poses a threat to the hegemony held by the United States in a way that has not been felt since the U.S. became a global superpower after

² Breslin, S. (2021). *China Risen?: Studying Chinese Global Power*. Policy Press.

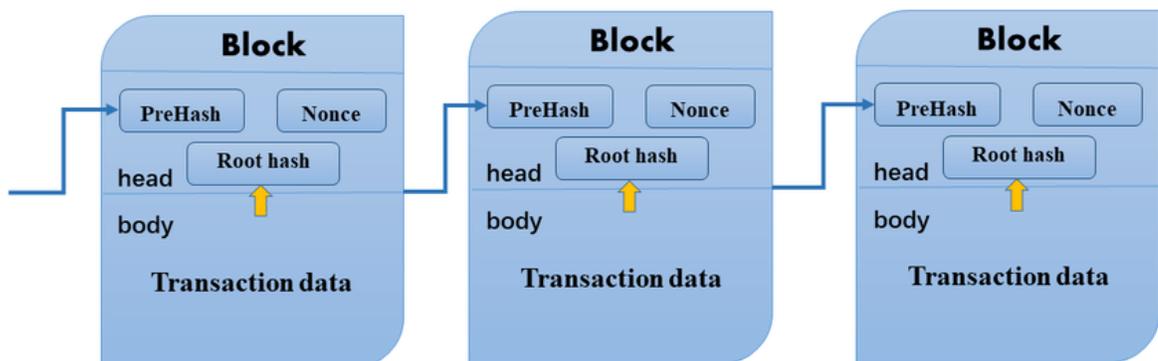
WWII. No other nation has been able to achieve this. Within the near future, China may very well surpass the United States as global hegemon.

China’s stance on bitcoin and blockchain is a powerful one. It sets a precedent and its economic power is unquestionable. Quoted in this book is also a powerful statement that can be applied to the emerging technology of blockchain:

We must understand the times and grasp the trend of the times, stand at the forefront of human development, actively explore major issues concerning the future and destiny of mankind, and contribute China’s wisdom and China Solutions in response to the global challenges facing the world today and to solve common problems facing humanity.³

Its decisions to reject or embrace blockchain will also have deep economic repercussions, both domestically and abroad. Breslin also comments on a theme that has emerged in this millennium: “the idea that China was using its financial power to get hold of strategic resources in places that others would not (or could not) go.”⁴

What is Blockchain?



³ Ibid, 208.

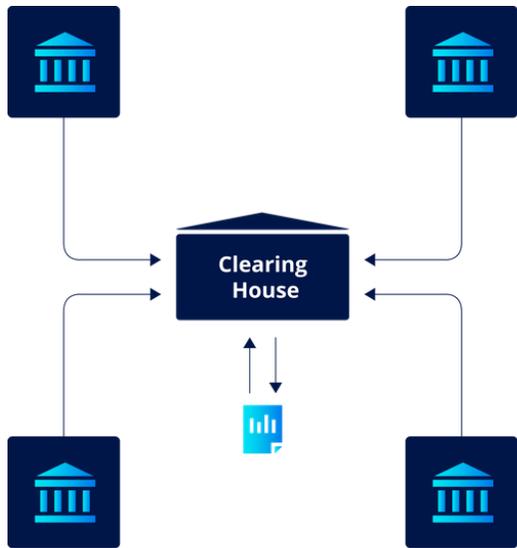
⁴ Ibid, 121.

Blockchain has emerged as a juggernaut for innovation with unprecedented applications. In fact, blockchain has been referred to as one of the 25 trends in new technologies for the future.⁵ Professor Werbach, chairperson in Legal Studies & Business Ethics from Wharton University, mentions that the blockchain is expected to add \$176 billion in business value by 2025 and \$3.1 trillion by 2030.⁶ In simplest terms, the blockchain platform is a digital ledger. It is a database composed of digital blocks of transaction information that connect to form a chain. Information from a new transaction is uploaded into a new block which is linked to the previous block through what is known as a hash, or a digital fingerprint.⁷ This process repeats, adding on to the hash and creating an immutable record of transactions. It is impossible to modify the information as it would invalidate the hash of the other blocks in the chain, and, as such, the technology is a secure and trusted platform. Not only that, blockchain is also decentralized, making it accessible to all. It uses what is known as a distributed peer-to-peer (P2P) framework, whereby each person has a copy of the transaction information and can interact directly with the other party of the transaction without an intermediary such as a bank or financial institution.

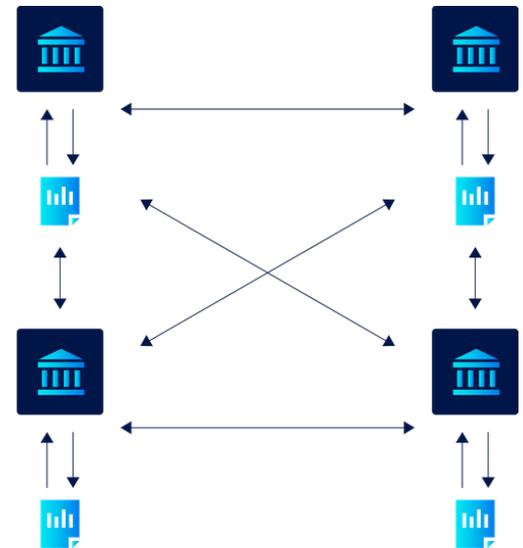
⁵Bernard Marr, *Tech Trends in Practice: The 25 Technologies That Are Driving the 4th Industrial Revolution* (Wiley, 2020), 70.

⁶“How Blockchain Can Transform Government,” accessed May 30, 2021, <https://knowledge.wharton.upenn.edu/article/blockchain-can-transform-government/>.

⁷ Bhargava, Abhimanyu. “What Is Blockchain? Simply Explained by a 15-Year-Old.” Medium, July 6, 2021. <https://medium.com/swlh/what-is-blockchain-simply-explained-by-a-15-year-old-941489219704>.



A centralised ledger tracks asset movements within the financial system between institutions



A distributed ledger eliminates the need for central authorities to certify asset ownership. Instead it is held and verified by many institutions, to cut down on fraud and manipulation

It is important to understand that blockchain is quite democratic, so when a blockchain wants to approve a transaction with a form of approval name as Proof of identity. In this case, each node that has their own identity gets an opportunity to vote. In a democratic system like this the majority wins. There are some concerns with Proof of identity regarding the algorithms. The minorities without the power to influence the majority have been sidelined. It is more viable for hackers or organized groups of hackers to influence and access many devices in blockchain and buy more votes for themselves.

Its most popular use thus far has been with cryptocurrencies such as bitcoin and ethereum, allowing for decentralized transactions to be made without intermediaries such as banks, saving both time and money. This is significant to an understanding of international affairs given that cryptocurrencies provide a whole new approach to economic interactions, both domestic and abroad. For example, it provides new sources of wealth to individuals and countries through cryptocurrency mining. As a digital currency, the process of mining is not

done in the traditional sense, but instead one gains cryptocurrencies by using high-power, high energy-consuming computers to solve cryptographic equations. The solving process consists of verifying data blocks and adding transaction records to the blockchain. Cryptocurrencies also facilitate transactions, can provide a relatively stable and internationally accepted form of currency, and have even been used to circumvent trade sanctions. Venezuela serves as a notable example as it attempts to launch a new national cryptocurrency, the Petro, to be used domestically and with trade partners to combat hyperinflation of the Venezuelan Bolivar and address the US sanctions prohibiting the use of USD.

Despite the praises that can be said about blockchain, as a new technology, it is not without its problems. There are some weaknesses that increase the risk for institutions utilizing blockchain. If somebody were to lose their seed phrase, they can create a new account with the new seed phrase. A good example can be with cryptocurrencies, when the person creates a new wallet, the wallet requests a seed phrase to create the account. Blockchain also has transparency; to explain simply, blockchain has the essence of a completely decentralized system. Given that it is public, that has some disadvantages for an enterprise that wants to build ecosystems with their supply chain system. Because competitors can see their transactions and all information. Blockchain also requires a big amount of storage and energy to calculate and approve new blocks to add to the system in a process named as proof of work.⁸

Cryptocurrencies in China

A recent development that will significantly impact the cryptocurrency industry in China, the US, and globally is China's ban on all cryptocurrency transactions and mining on

⁸ MUO. "The Top 5 Problems With Blockchain Technology," July 16, 2021. <https://www.makeuseof.com/problems-with-blockchain-technology/>.

September 24th of this year. Following the announcement, the price of Bitcoin fell by more than \$2,000 USD, reaching a drop of 8.5%.⁹

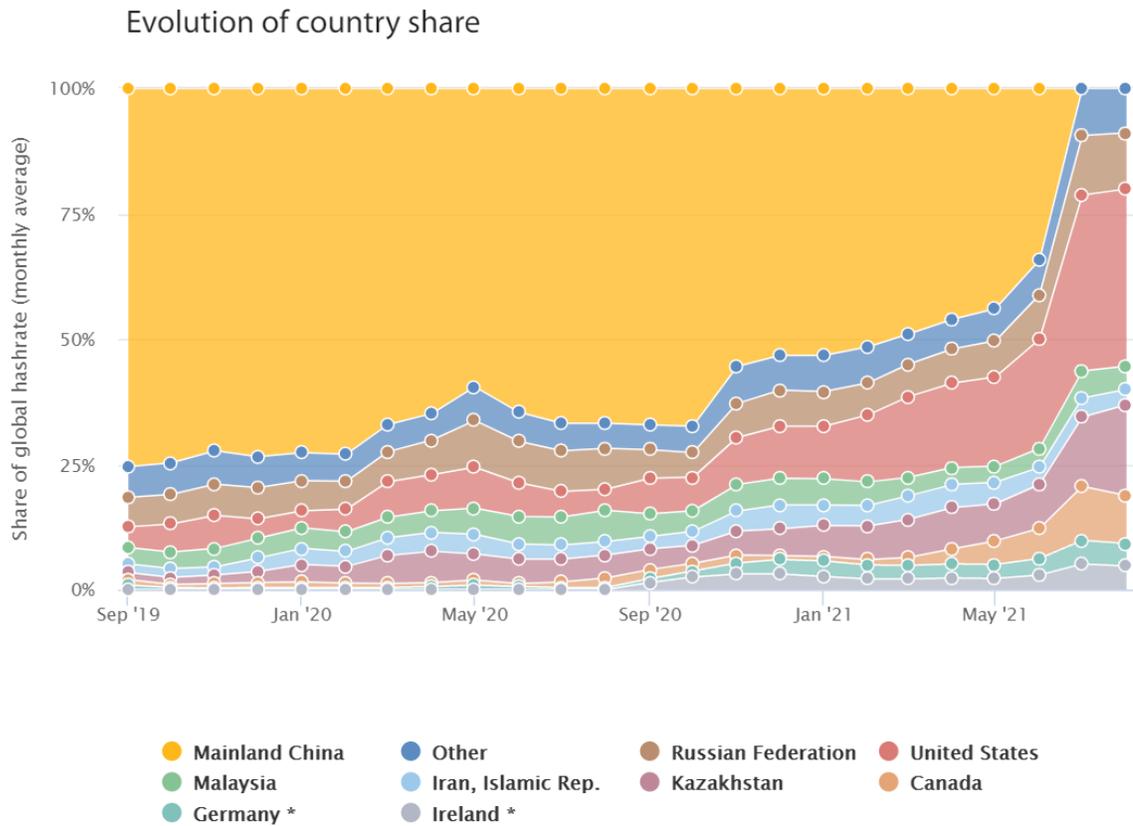
Bitcoin mining can be very lucrative and highly competitive as the bitcoin algorithm has been set to limit the number to 21 million bitcoin that can be generated and placed in circulation.¹⁰ Once that number has been reached, bitcoin mining will cease. Before the ban, it was relatively common in China to find large structured mining operations in ventilated warehouses with numerous sophisticated computers running at once. In fact, at one point China accounted for 74% of the world's bitcoin production.¹¹ In a statement released by the National Development and Reform Commission and ten other Chinese government departments, it is explained that the rationale behind the decision to ban crypto mining stems from an effort to “effectively prevent and dispose of the hidden risks of the blind and disorderly development of virtual currency "mining" activities, in-depth promotion of energy conservation and emission reduction, and help achieve carbon peaks and carbon neutrality on schedule.”¹²

⁹ “China Declares All Crypto-Currency Transactions Illegal - BBC News.” Accessed December 6, 2021. <https://www.bbc.com/news/technology-58678907>.

¹⁰ “U.S. Overtakes China to Become World's Largest Bitcoin Mining Hub, Report Finds.” *Washington Post*. Accessed December 6, 2021. <https://www.washingtonpost.com/world/2021/10/14/us-leads-china-bitcoin-mining-largest/>.

¹¹ Ibid

¹² “【关于整治虚拟货币‘挖矿’活动的通知(发改运行[2021]1283号)】-国家发展和改革委员会.” Accessed December 6, 2021. https://www.ndrc.gov.cn/xxgk/zcfb/tz/202109/t20210924_1297474.html?code=&state=123.



The statement continues in claiming that “energy consumption and carbon emissions are large, the contribution to the national economy is low, and the driving effect on industrial development and technological progress is limited.”¹³ It is certainly true that bitcoin mining consumes vast amounts of energy, with estimates ranging from 91 terawatt-hours¹⁴ to 130 terawatt-hours¹⁵ of electricity annually. A safe estimate of around 110 terawatt-hours per year comes from the Cambridge Center for Alternative Finance (CCAF), which is the equivalent annual energy draw of a small country like Sweden.¹⁶ However, up to 73% of Bitcoin’s energy consumption is carbon neutral, due in large part to hydro power used in the major mining

¹³ Ibid

¹⁴“Bitcoin Mining Uses More Electricity Than All of Google.” Accessed December 6, 2021. <https://www.businessinsider.com/bitcoin-mining-electricity-usage-more-than-google-2021-9>.

¹⁵ TechCrunch. “The Debate about Cryptocurrency and Energy Consumption.” Accessed December 6, 2021. <https://social.techcrunch.com/2021/03/21/the-debate-about-cryptocurrency-and-energy-consumption/>.

¹⁶ Carter, Nic. “How Much Energy Does Bitcoin Actually Consume?” *Harvard Business Review*, May 5, 2021. <https://hbr.org/2021/05/how-much-energy-does-bitcoin-actually-consume>.

hubs.¹⁷ Areas of Southwest China that were among the top bitcoin producers, such as Sichuan and Yunnan, have a production capacity of hydroelectric power that massively outpaces local demand, meaning that much of the abundant resources go to waste anyway. These two provinces alone accounted for almost 10% of global Bitcoin mining in the dry season and 50% in the wet season.¹⁸

With these numbers put in perspective, the Chinese government's true intentions for banning cryptocurrencies may not be all that was stated. Many experts have theorized other unsaid motives may have significantly impacted the decision. An economist and senior fellow at the Cato Institute, George Selgin, has suggested that the decision to ban crypto is a move to increase control of the government and to deter citizen use of popular private financial services providers, such as AliPay and WeChat Pay. Selgin claims that "this is really about establishing a state monopoly in payments. The most obvious implication is that the state will have more opportunities to monitor citizens' economic activity."¹⁹

This ban also comes soon before the launch of the government-approved digital yuan, or e-CNY, expected to be viable for transactions in January of 2022. According to research by the Deutsche Bank, the long-term goal of the People's Bank of China (PBOC) is to create a digital currency that can compete with other digital currencies, like bitcoin, while maintaining the role of the renminbi as the dominant currency in China.²⁰ Additionally, the issuing of a digital yuan can be viewed as a way to internationalize the yuan and reduce dependence on the dollar-dominated global banking system.²¹ The e-CNY is currently in a trial period in multiple

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Qin, Amy, and Ephrat Livni. "China Cracks Down Harder on Cryptocurrency With New Ban." *The New York Times*, September 24, 2021, sec. Business. <https://www.nytimes.com/2021/09/24/business/china-cryptocurrency-bitcoin.html>.

²⁰ "Digital Yuan: What Is It and How Does It Work?" Accessed December 6, 2021. https://www.db.com/news/detail/20210714-digital-yuan-what-is-it-and-how-does-it-work?language_id=1.

²¹ Reuters. "Chinese Central Bank's Digital Yuan given Trial by Lottery." *Reuters*, June 2, 2021, sec. Finance. <https://www.reuters.com/business/finance/chinese-central-banks-digital-yuan-given-trial-by-lottery-2021-06-02/>.

major Chinese cities for the past few months. In an effort to promote the new fiat currency, the city of Beijing created a lottery in June through which 200 digital yuan (\$31.34) will be distributed to 200,000 lottery winners in digital “red envelopes” in the wallet apps used for the cryptocurrencies. Other cities had similar promotions, with Shenzhen giving away 20 million yuan in January.²² Though not yet officially launched, Mu Changchun, the head of the digital currency research institute at the People’s Bank of China, announced that over 140 million people have already opened digital wallets for the e-CNY and transactions involving the digital currency total around 62 billion yuan (\$9.7 billion).²³

The digital yuan has also experienced challenges, mostly in the form of scams and fraud cases. In November, 11 people were arrested in relation to the use of digital yuan to launder money for Cambodian gangs.²⁴ Just a few weeks later, a woman was arrested for defrauding CNY 300,000 (\$40,000) using the e-CNY. As the world’s first major economy to roll out a central bank digital currency (CBDC), China, with the digital yuan, will be scrutinized by the globe. The apparent widespread use of a CBDC to commit fraud and scams undermines the previously-held belief that digital versions of national currencies issued by countries will be a safer, less fraudulent alternative to the established cryptocurrencies like bitcoin. More impactful is the notion that such cracks in security are happening in the very security-conscious China, especially since it has severely cracked down on crypto transactions and mining. These security issues suggest the full rollout of the digital yuan is perhaps not advisable until they are fixed, which may delay the intended January 2022 launch.

²²Ibid.

²³Reuters. “Chinese Central Bank’s Digital Yuan given Trial by Lottery.” *Reuters*, June 2, 2021, sec. Finance. <https://www.reuters.com/business/finance/chinese-central-banks-digital-yuan-given-trial-by-lottery-2021-06-02/>.

²⁴Gkritsi, Eliza. “Chinese Local Government Warns of Digital Yuan Fraud,” November 19, 2021. <https://www.coindesk.com/policy/2021/11/19/chinese-local-government-warns-of-digital-yuan-fraud/>.

The United States has viewed the production of the digital yuan warily, concerned that the new currency may challenge the hegemony of the dollar, provide an avenue to undermine U.S. sanctions, and fuel a digital currency race between the two nations.²⁵ These fears, however, appear to be unfounded, as the primary use for the e-CNY is meant to be for domestic, day-to-day retail payments, at least for now. The PBOC has stated recently that it will explore the use of the e-CNY with cross-border payment trial programs.²⁶ To do so will require collaboration with central banks and monetary authorities around the world to arrive at the necessary exchange arrangements and regulations for the digital fiat currency.

Cryptocurrencies in the United States

After the ban, the United States, specifically the state of Texas, became the new mining epicenter. The ban occurred on September 24th of this year so it is still too soon to tell what the repercussions will be, but it's certainly a situation to monitor.

According to Pew Research Center, the adoption of Crypto in the United States has been increasing, some polls reflected that each year the numbers of people that have heard something about crypto are increasing, for example, this year 43% of men ages 18 to 29 say they have invested in, traded or used a cryptocurrency.²⁷ More than 1 in 10 Americans invested in crypto

²⁵Li, Danny. "China's Digital Yuan Is Aimed at Home, Not Washington." *Foreign Policy* (blog). Accessed December 6, 2021. <https://foreignpolicy.com/2021/10/20/yuan-digital-currency-crypto-china/>.

²⁶杨洋. "E-CNY Certain to Promote Renminbi's Internationalization." Accessed December 6, 2021. [//global.chinadaily.com.cn/a/202107/29/WS610201faa310efa1bd66528b.html](http://global.chinadaily.com.cn/a/202107/29/WS610201faa310efa1bd66528b.html).

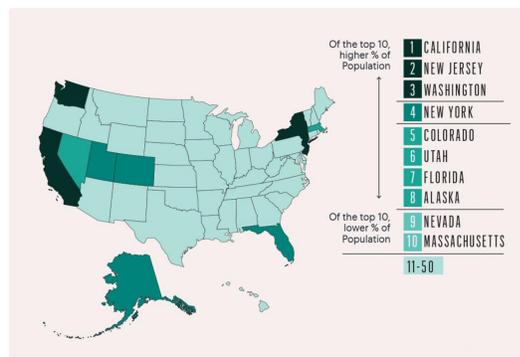
²⁷ NW, 1615 L. St, Suite 800 Washington, and DC 20036 USA 202-419-4300 | Main 202-857-8562 | Fax 202-419-4372 | Media Inquiries. "43% of Men Ages 18 to 29 Say They Have Invested in, Traded or Used a Cryptocurrency." *Pew Research Center* (blog). Accessed December 6, 2021. https://www.pewresearch.org/wp-content/uploads/2021/11/ft_2021.11.11_cryptocurrency_02.png.

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this year. This comes as more than 2,300 US businesses accept bitcoin, not including bitcoin ATMs.²⁸

It is well known that lawmakers in the U.S. are buying crypto. A difference from China is that USA hasn't banned cryptocurrency mining, that's why many people are investing in crypto and trading the digital currencies. Also, the decision from the U.S. has been to regulate bitcoin and other stable coins like tether, usdc, and others. The government has been pushing the biggest exchanges like Binance and Coinbase to get new laws regarding crypto regulation. Some states have already taken steps to regulate and promote crypto because they want to be the leaders in blockchain like Wyoming, Texas, and Florida. The SEC has been regulating these coins to get more control.²⁹

Top 10 states with the highest percentage of population that owns crypto



cointelegraph.com

source: Coinbase

²⁸ Buchwald, Elisabeth. "More than 1 in 10 Americans Invested in Crypto This Year --- Here's How They Differ from Stock Market Investors." MarketWatch. Accessed December 7, 2021. <https://www.marketwatch.com/story/more-than-1-in-10-americans-invested-in-crypto-this-year-heres-how-they-differ-from-stock-market-investors-11626980261>.

²⁹Cointelegraph. "The United States Will Become the Global Crypto and Blockchain Leader." Accessed December 6, 2021. <https://cointelegraph.com/news/the-united-states-will-become-the-global-crypto-and-blockchain-leader>.

Other Blockchain Applications

Though cryptocurrencies are currently the most popular and well known use of blockchain technology, other applications are limitless, extending beyond finance into medicine, energy, and supply chains. Smart contracts are a promising application of blockchain. A smart contract is a computer code that carries out the processes of agreements made between parties utilizing blockchain technology. With little or no human intervention, the code of the smart contract carries out the necessary steps for a transaction once the criteria for the transaction are met. Supply chain tracking and verification is made simple with blockchain. A new block is uploaded to the chain for each entity that handles products on their way to their final destination, thereby making the process transparent and traceable. The benefits are numerous. One prime advantage is locating an infected or recalled batch of products with greater ease and speed than before.

In a 2020 article, the PwC summarizes key findings from some of its previous studies and presents their conclusions on the possible global economic impact of raising levels of tracking, tracing and trust with blockchain technology. Cryptocurrency is largely excluded in these studies, and instead other applications of blockchain are explored. According to this article, a PwC analysis found that blockchain could boost global GDP by US\$1.76 trillion over the next ten years by implementing blockchain technology in tracking and tracing of products and services, payments and financial services, identity management, in contracts and dispute resolution, and in customer engagement.³⁰ Though the article focuses mainly on impact on the global economy in various economic sectors, the specific impact on the U.S. and China is

³⁰PricewaterhouseCoopers. "Blockchain Technologies Could Boost the Global Economy US\$1.76 Trillion by 2030 through Raising Levels of Tracking, Tracing and Trust." PwC. Accessed December 6, 2021. <https://www.pwc.com/gx/en/news-room/press-releases/2020/blockchain-boost-global-economy-track-trace-trust.html>.

briefly discussed as well as they have the highest potential of net benefit with US\$407 billion and US\$440 billion, respectively.³¹ This article supports the notion that blockchain is significant for future economic growth, especially for the US and China.

Blockchain in China

A research brief from CBInsights summarizes China's blockchain ecosystem, looking specifically at investment trends and Chinese companies who have served as key investors to the research and implementation of blockchain. Quantitative data in the form of graphs present a timeline of key turning points for China's blockchain policy. A graph on 'news mentions of blockchain' shows the increase in popularity of blockchain from 2014 to its peak in 2017 until it reached a slump in 2018 and extending into 2019.³² The research was published in 2019 meaning it is slightly outdated, but it provides a general overview of China's history with blockchain up until the point of the study. With the onset and continuation of the pandemic, the current situation is sure to be significantly different from what is seen, though in conjunction with more recent data.

China's government is pushing to "advance the blockchain industrial system"³³ as part of the economic and development plans. China wants to establish industrial standards, tax incentives and intellectual property protections to have more control on the technologies and better administrations with their big alliances and projects like the Belt and Road Initiative (BRI).³⁴ Beijing wants to keep developing the blockchain technology as a distributed ledger,

³¹Ibid

³²CB Insights Research. "The Biggest Blockchain & Crypto Players In China," April 18, 2019. <https://www.cbinsights.com/research/china-blockchain-cryptocurrency-investment-trends/>.

³³ South China Morning Post. "Beijing Doubles down on Blockchain with New Push to Become a Global Leader," June 9, 2021. <https://www.scmp.com/tech/tech-trends/article/3136515/china-plans-accelerate-blockchain-development-and-adoption-push>.

³⁴ Ibid

despite the government of China banning crypto. Blockchain technology is useful for tracking document transactions, tracking ownerships of digital goods and maintaining the ownership of important creations, as we can see with the examples of NFTS. Some of the main companies developing these technologies in China include Ping An Bank Finance, China's 2nd largest insurer with numerous blockchain activities, and Tunghsu Azure Renewable Energy Utilities that is investing in renewable energy blockchain trading.³⁵

Blockchain in the United States

Likewise, many US companies have already begun researching and implementing blockchain through a variety of methods. An article by Sam Daley of BuiltIn describes how 41 different companies in the United States are using blockchain technology. For example, tech giant IBM has invested over \$200 million dollars into research and development for blockchain and has also helped more than 220 other companies develop blockchain software.

BRD ,BitMEX ,Chainalysis ,Coinme, Netki ,Paxful ,Republic ,Spring Labs, SALT Lending, TQ, Tezos, Mythical Games, Gemini ,Circle, Coinbase, Chronicled, IBM, Voatz, Steem, Shipchain.

World Reserve Currency

Currently, the United States Dollar (USD) is the world reserve currency, indicating that among government central banks and major financial institutions, the USD is the most commonly held reserve currency. By extension it is also the most widely used currency for international trade, investments, and other transactions Foreign currencies are held by countries

³⁵ Ledger Insights - enterprise blockchain. "Who Are the Companies in China's Blockchain 50 Index?," January 30, 2020. <https://www.ledgerinsights.com/china-blockchain-50-index-shenzhen-stock-exchange/>.

to pay for imports, satisfy debts, and moderate the value of their own currencies. Given that most countries cannot complete international transactions in their own currencies, they hold reserves of other currencies to ensure a steady supply of imports and assure creditors that debts can be repaid. This status affords the United States some advantages in the global sphere. Not only does the U.S. benefit from facilitated international borrowing, it also extends the reach and might of U.S. financial sanctions.³⁶ If an entity is sanctioned from using U.S. dollars, it can significantly affect their international financial interactions.

Goldman Sachs, an investment bank and financial services company based in New York, released a statement last year, expressing “real concerns around the longevity of the U.S. dollar as a reserve currency have started to emerge.”³⁷ The Chinese yuan renminbi (CNY) is among the most likely candidates to overcome the U.S. dollar and become the next world reserve currency. China’s growth rate is significantly greater than that of the U.S. With the Belt and Road Initiative, China has established for itself a strong global position with significant opportunities for growth. A 2021 RMB Internationalization Report conducted by the International Monetary Institute (IMI) has highlighted China’s growing international presence with the internationalization index, which measures the degree of integration with the rest of the world. The internationalization index for the yuan reached 5.02 at the end of 2020, an increase of 54.2% from just a year previous.³⁸

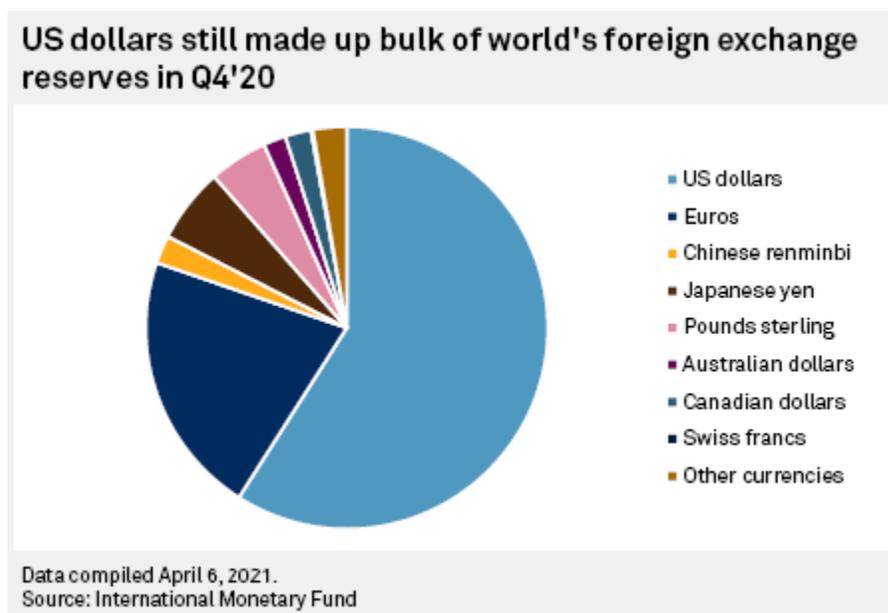
That being said, the USD held by foreign nations exceeds that of the CNY to such an extent that the threat is far from near. More than \$7 trillion foreign exchange reserves were

³⁶Council on Foreign Relations. “The Dollar: The World’s Currency.” Accessed December 7, 2021. <https://www.cfr.org/backgrounder/dollar-worlds-currency>.

³⁷ Bitcoin News. “Goldman Sachs Warns US Dollar Risks Losing World Reserve Currency Status, Gold and Bitcoin Soar,” July 28, 2020. <https://news.bitcoin.com/goldman-sachs-warns-us-dollar-risks-losing-world-reserve-currency-status-gold-bitcoin-soar/>.

³⁸ Ibid

USD, about 59% of the total world reserves at the end of the fourth quarter of 2020.³⁹ Though this number is a historic low, the next highest in the report was the euro with 21.2%, less than half of that of the USD. By comparison, the Chinese renminbi, which holds the fifth spot, was only 2.25% of global foreign exchange assets.⁴⁰



Another contender for the dollar's replacement as the world reserve currency could be bitcoin. As the U.S. and China are navigating their great power conflict most extensively by weaponizing their trade systems, Bitcoin offers an independent alternative to other nations. Countries must navigate use of the World's Reserve Currency, the United States dollar, and a rising, more internationalized Chinese yuan. Bitcoin provides the perfect hedge for individuals,

³⁹ "US Dollar's Role as Top Reserve Currency Safe Even as Global Share Hits New Lows." Accessed December 7, 2021. <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/us-dollar-s-role-as-top-reserve-currency-s-afe-even-as-global-share-hits-new-lows-63540682>.

⁴⁰ "Yuan Becomes No.3 Global Currency: Report - Global Times." Accessed December 7, 2021. <https://www.globaltimes.cn/page/202107/1229602.shtml>.

organizations, and nation states wanting to participate in international trade with a non-aligned approach. Ideally, cryptocurrencies do not depend on politics as they are decentralized from institutions. As such, monetary, fiscal, and economic policies have little influence on cryptocurrencies, though stricter regulation may impact this in the future. El Salvador presented a clear example of a conflict fought through trade when the central american nation decided to recognize Taiwan as part of China in exchange for greater economic integration with China, but then faced US sanctions as retaliation.⁴¹

Conclusion

Both great nations of the United States and China are experiencing growth in implementation of blockchain technology, but in different ways. The crypto market in the U.S. is significantly advancing while China has focused on leading in other blockchain applications such as intellectual property. Blockchain will continue to support economic growth for both nations. Only time will tell which strategy, between the U.S. and China, will be the most effective in creating a global leader in blockchain.

⁴¹ Huang, Roger. "Bitcoin Is The Alternative To The US-China Great Power Conflict." Forbes. Accessed December 7, 2021. <https://www.forbes.com/sites/rogerhuang/2021/06/09/bitcoin-is-the-alternative-to-the-us-china-great-power-conflict/>.