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**CRYPTOCURRENCY AS A FACTOR FOR THE  
DESOVEREIGNIZATION OF THE STATE**

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**Abstract**

Cryptocurrency is a new economic phenomenon, a product of globalization, which from a historical point of view is characterized by the authors as a completely natural phenomenon of some obvious trends in digitalization. The authors analyze the impact of the 2019-2020 pandemic on the innovation of social, economic and even political spheres of life. It is stated that coronavirus pandemic of 2020 has shown how important it is to have a strong state in today's world and how important its organizational-administrative and social functions may be, with the state simply being irreplaceable in this area for now. People's expectations of the state in the current climate of global threats and emergencies are quite high, with everybody interested in a strong state and waiting for some active action on its part. In a crisis, a strong state has to be financially and organizationally powerful, which may require utilizing all available mechanisms. The current situation suggests the possibility of the traditional institutional state coexisting with the decentralized cryptocurrency market. It is concluded that a strong state in a crisis should have financial and organizational strength, which can be achieved only by using all available resources of the state. However, this thesis does not call for "headlong" legalizing potentially useful tools, but rather cautiously assessing the prospects for introducing innovations.

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*Keywords:* Cryptocurrency, pandemic, bitcoin, globalization, legal system



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## 1. Introduction

Until recently, globalization was perceived as an objective law governing the development of our world. Economic globalization and the processes it triggered in culture and politics were regarded as a natural stage in the evolution of society and statehood. On the cusp of the centuries, the idea of having a single world state in the future was quite a popular one. At the beginning of the 21st century, despite both political and scientific narratives changing and forecasts regarding globalism as the only possible future for the planet becoming milder, globalization processes, however, became quite pronounced, with many regarding them as a necessary stage in socio-political progress. In the context of the political-legal sphere, globalization was manifested in processes such as interstate integration, regionalization, the converging of the legal systems and unification of legal regulation, the growing role of international organizations, and the creation of supra-state public-political formations. As a possible archetype, the European Union was viewed as the most progressive option for political development, a model that in one way or another is what all other groups of countries around the world ought to be fashioned after in the future.

## 2. Problem Statement

Indeed, cryptocurrency seems well capable of taking on the functions of a means of payment, for “...present-day fiat money is a wholly conventional system (in a broad sense of the term) that is based on “a sort of” agreement between participants in this kind of system (people)” (Pichugin, 2019, p. 21-33), for which reason “money as a term and phenomenon cannot be viewed as some kind of static category” (Pichugin, 2019). The currency-and-monetary system is historic and dynamic, just like society as a whole. Paper money, too, was once treated with distrust and rejection, while analogues of “money” from the past, which we can find today in a museum, tend to receive looks of quizzical astonishment from present-day viewers. Humans not only invented money as the equivalent of the value of goods and services but also made possible the conversion of national currencies, set in place special money issuance rules, and were behind the emergence of sets of complex factors that govern inflations, devaluations, financial meltdowns, exchange rate ups and downs, and economic crises. In other words, through the process of the world’s economic development, original money had increasingly been turning into an abstract category. Present-day money, financial instruments that accompany money, and economic systems are hopelessly far from the primary, “textbook”, idea of money being backed by a nation’s gold reserves. In essence, today’s fiat money is not backed by anything and is different from cryptocurrency only in legal recognition. From this perspective, the trends of money increasingly becoming an abstract category and humans increasingly shifting away from the practice of objectifying and objectivating money (paper money and coins) seem quite a logical continuation of the overall trend of development (Zimovets & Kuleshov, 2018). Therefore, from a technical-objective standpoint, theoretically virtual cryptocurrency could well be the future of the global currency-and-monetary system.

### **3. Research Questions**

There is currently no consensus over the use of, and prospects for, cryptocurrency across various national economies, with the following two major approaches to regulating the use of cryptocurrency embraced around the world at present:

- the use of virtual assets being banned completely;
- the use of virtual money being legal (Elokhova et al., 2019).

The fate of the cryptocurrency market will ultimately depend on the way cryptocurrency will be classified for the purposes of regulating its use. Today, different nations have a significantly different understanding of the essence of cryptocurrency, with the way its circulation is regulated varying considerably from nation to nation. The attitude toward cryptocurrency currently ranges among nations from its use being completely prohibited officially to being widely encouraged through all kinds of support, with there apparently being a range of intermediate cases. Based on statistics from Coin Dance, a large portion of the world has in one way or another legalized this mechanism already (Bitcoin Legality by Country Summary, 2020). However, the degree to which it has been legalized, requirements set by the regulatory authorities to cryptocurrency exchanges, and the way cryptocurrency's legal status is defined vary significantly from nation to nation.

The first camp includes nations with the most progressive attitude toward the use of cryptocurrency – Japan, the US, Canada, and Singapore (Bukina & Palamarchuk, 2018). In 2019, this group was joined by China, which has been highly instrumental in its efforts to launch a national cryptocurrency of its own. In general, the policies of the progressively inclined nations regarding cryptocurrency are characterized by the following: cryptocurrency being viewed as an asset (a digital asset or property), cryptocurrency exchanges having to be registered and to obtain a license from the official regulatory authorities, and profits from cryptocurrency transactions being subject to taxation.

The other camp includes countries where the use of cryptocurrency is entirely prohibited by the government – Afghanistan, Algeria, Bangladesh, Bolivia, Pakistan, Qatar, Macedonia, Saudi Arabia, Vanuatu, and Vietnam (What is the legal status of cryptocurrencies in 2020?, 2020). Around the rest of the world, the use of cryptocurrency is either regulated fragmentarily, which normally is characterized by variable and equivocal stances on the part of various official entities, or there is a plain absence of any direct restrictions, as a consequence of which all risks associated with owning cryptocurrency have to be borne by citizens, as is the case in France.

In Russia, the legal status of smart contracts, cryptocurrencies, ICOs, and mining has yet to be established clearly. The views of the Bank of Russia with regard to the nature of digital assets have diverged from those of other interested entities, which is complicating the adoption of relevant legislation (Akhmatov & Panchenko, 2017). There is case law whereby cryptocurrency is recognized as an asset (falling within the “other property” category) (Fomin, 2020). The business community has generally displayed a positive attitude toward the prospects of legalizing digital assets, and has even called for speeding up the process of adopting relevant statutory regulations (The RSPP asked Mishustin to support the adoption of the law on

digital financial assets, 2020). High hopes have been pinned on the government adopting a law on digital financial assets that would allow assets to be tokenized and would open up new opportunities for the implementation of projects based on blockchain technology. With that said, experts are noting today that this kind of law is certain to be amended in the future, with a single law being insufficient and an entire ecosystem needed to regulate the digital world (Russia on the threshold of a boom in investment in digital assets, 2020). As far as defining cryptocurrency, the current draft law is using the term ‘digital rights’, with a focus on treating cryptocurrency more as securities than “other property”.

#### **4. Purpose of the Study**

In recent years, we have witnessed increased momentum in the development of processes of regionalization, which, among other things, has brought about the need to overhaul the model of state sovereignty, a growing interest in decentralized models of public administration, and a focus on the use of various ways of imposing agreed-to restrictions on the state’s sovereignty. Some contribution to these trends has also come from the development of the Internet and the rapid digitalization of society, which has paved the way for the development of a new segment of social reality – cyberspace. Most of the traditional models of public administration are no longer aligned with the special nature of virtual reality and may require adaptation, while certain phenomena and processes are altogether no longer within the sphere of influence of the state (even potentially), including due to the emergence of various alternative trendy and efficient forms of regulation. In a sense, as a general model, the state has been quickly losing its positions as a universal and dominant political structure of power. Indeed, the state appears to be losing out significantly to multinational corporations and major Internet and technology companies in financial influence, losing gradually its monopoly over the creation of statutory rules, and risking to turn in the future into a form of public authority without the position of leadership that it once enjoyed.

To those following the above view of social progress, the emergence of cryptocurrency is the natural continuation of the above-described trends and another manifestation of decentralization and desovereignization. Forecasts about cryptocurrency opening a new stage in the development of the world economy and supplanting in the future fiat money and banking through blockchain technology have become increasingly common today (Berlizeva, 2020). Experts are calling cryptocurrency an “alternative payment system”, and have identified trends toward recognizing electronic cash as a currency asset and cryptocurrency being used increasingly at various trading facilities (Kudrevich & Kolobova, 2019).

A vector in the study of cryptocurrency is works that analyze the political-economic substance of bitcoin as an indicator of growing distrust of state institutions. Note that initially cryptocurrencies were created specifically as the antipode to fiat money, i.e. as unsanctioned instruments that require no trust of the state and could qualify as real money (Egorova, 2020). It is cryptocurrency’s very characteristics regarded today as an obstacle to legalizing it that were viewed earlier as its key strengths amid an apparent crisis in the institution of statehood and state sovereignty (e.g., decentralization, anonymity, absence of a single bank for digital currencies, absence of total control over transactions and absence of regulatory mechanisms, and not being confined by national boundaries). Truly, most cryptocurrency transactions are carried out today outside the ambit of international and national law.

## 5. Research Methods

The research is based on such methods as comparative legal analysis, which allows to use the experience of legal regulation of digitalization processes in Russia, Singapore, China, the United States, and the European Union; system-structural analysis, which allows to apply differentiation and detailing of socio-political and economical processes influenced by digitalization; formal legal method, which analyzes the normative legal acts regulating relations with the use of digital technologies in general and cryptocurrencies, particularly; predictive method and modeling method, which were used to identify trends in the development of Russian society under the influence of digital technologies in the near future, as well as the method of expert evaluation, which included using the official reports of research organizations and their statistical data.

The basis of the legal framework of the study includes the Constitution of the Russian Federation, as well as the Federal Law No. 115-FZ of 07.08.2001 (ed. of 16.12.2019) "On Countering the Legalisation (Laundering) of Criminally Obtained Incomes and the Financing of Terrorism " (with amendments and additions, which came into effect from 01.01.2020, published in Collection of Legislation of the Russian Federation, 33 (Part I), 3418; the Tax Code of the Russian Federation No. 146-FZ of 31.07.1998 (ed. of 27.12.2019) (with amendments and additions, which came into effect from 01.01.2020), published in Collection of Legislation of the Russian Federation, 31, 3824, etc.

As strategic and recommendatory policy documents, devoted to legal regulation in the digital economy, the following documents were studied: the Doctrine of Information Security of the Russian Federation (approved by the Decree of the President of the Russian Federation No. 646 of 05.12.2016); Strategy for the Development of Information Society in the Russian Federation for 2017-2030 (approved by the Decree of the President of the Russian Federation No. 203 of 09.05.2017); "Information Society (2011-2020)" State Program of the Russian Federation (approved by the Resolution of the Government of the Russian Federation No. 313 of 15.04.2014); "Digital Economy of the Russian Federation" Program (approved by the Order of the Government of the Russian Federation No. 1632-R of 28.07.2017), etc.

Comparative legal and statistical data reflecting various models of state regulation of the Internet and the media were obtained from reports of the human rights watchdog organization Freedom House. Expert assessments were studied based on the materials of the human rights watchdog organization Freedom House, data from the PAX peacekeeping organization, as well as on the National Research University - Higher School of Economics report on the practice of digitalization of public administration.

China's and Singapore's experiences in legal regulation of cryptocurrencies, as well as critical analysis, has been studied through works on social rating issues.

The factual material, which became the main base for the study, was studied on the basis of periodicals and news data of information and analytical media. The proposed study represents the authors' point of view and offers a critical analysis of economic processes in modern Russia with an attempt to independently model the legal reality of the future through the identified trends.

## **6. Findings**

However, despite significant differences in how the use of cryptocurrency is regulated legally around the world today, there are also some common features characterizing the current state of the cryptocurrency market.

For instance, the prospects for cryptocurrency, as is the case with many of today's other manifestations of the digital revolution, are still looking uncertain. Basically, we are facing similar scenarios for the future of Bitcoin (and other cryptocurrencies) as for that of any other achievement or manifestation of scientific-technical progress: it will either alter the socio-economic paradigm significantly; or it will simply become just another technical achievement that enters use, becomes an ordinary thing, and requires typical, traditional positive legal regulation (i.e., the government is still the leader and trendsetter in most matters); or it will simply leave the historical stage due to lack of prospects and will be supplanted by a more successful manifestation of scientific progress. For instance, at some point manufactories were supplanted by larger capitalist operations, which eventually would reshape the world's social and political paradigms. The automobile engendered new spheres of industry, new branches of law, and new types of legal relationships, but it did not change much the world's social order and man's system of values. Numerous versions of the perpetual motion machine ended up on the dusty shelves of history as scientific fallacies, without having produced any effect on economic development and social progress as a whole. Yet, any of those accomplishments was a manifestation of the technical progress of its own era. Michael Novogratz, a well-known billionaire trader, had this to say about Bitcoin in 2017: "Bitcoin is a bubble. But the mania is justified. Remember, bubbles happen around things that fundamentally change the way we live. The railroad bubble. Railroads really fundamentally changed the way we lived. The Internet bubble changed the way we live. Bitcoin is going to be the largest bubble ever" (Trading guru: Bitcoin is a bubble, but in six months it will be worth \$10,000, 2017). This, in the trader's view, holds true for all cryptocurrency as a whole, which he believes is "going to be the largest bubble of our lifetimes".

The coronavirus pandemic of 2020 has thrown doubts over many of the objectives and ideological foundations of social, economic, and political development that seemed inviolable before. Under the recessionary conditions of today, most nations are going back to the external manifestations of sovereignty, closing their territories, giving up the use of democratic mechanisms, and implementing tougher models of administration (EU countries close their borders because of the virus, 2020). The pandemic experience has shown that nations with tough, authoritarian regimes turn out to be more efficient in terms of handling the virus threat than most developed democracies. The ongoing crisis is making one look at many of the era's processes, ideas, and values at a different angle. There is a sufficient amount of data to support the assertion that embracing the desovereignization of the state, shifting away from classic forms of political organization of society, and pinning one's hopes on supra-state structures as the main force behind global socio-political progress ought to be regarded as premature initiatives. This kind of view also makes one leery of the prospects for the use of cutting-edge digital technology, including in the financial sphere. There is a high likelihood that in the near future virtually all political, economic, financial, and administrative instruments that are based on decentralization will be reevaluated. The post-pandemic world will tend to focus more attention on various threats and a lack of various means, tools, and mechanisms needed for development

than on potential benefits from employing them. With that said, one will be especially leery of any phenomena whose positive effect is delayed and is projected for the mid- and long-run.

The above hypothesis gives more weight to the views of those opposing the recognition of cryptocurrency as an official means of payment.

When it comes to assessing the prospects of cryptocurrency being a means of payment and the effects of legalizing it, it is worth taking into account the fact that the mediation of social relations through cutting-edge technology does not always lead to a change in the essence of social relations and the need to create whole new models of social regulation. That we must be careful in our assessments is suggested by both the existing experience of developing the cryptocurrency market and the views of a number of experts who are attributing the galloping increase in cryptocurrency's popularity not actually to the prospects of the currency-and-monetary system changing on a global scale but some other circumstances. Firstly, the cryptocurrency market is not developing as fast (Krylov & Seleznev, 2019) as it was projected to by proponents of the new system. Secondly, some experts believe that cryptocurrency and the corresponding segment of the market are still "keeping afloat" only because, "if accepted for payment, Bitcoin can be transferred to any area around the globe and then be easily converted to domestic currency through relevant service providers..." (Pichugin, 2019, p. 21-33).

Much of the ongoing scholarly debate regarding cryptocurrency lies in the private law plane. All things equal, today cryptocurrency is a tool for entrepreneurship, a trading instrument, and a way to invest, with the main interested parties being businessmen who are willing to utilize new mechanisms for accessing bigger profits, new financial instruments, and a payment system that is more simple to use and more profitable in certain areas. It is here, in the private law sphere, that the views of proponents of the wide legalization of cryptocurrency are currently concentrated, with the instruments for legalizing cryptocurrency linked, most importantly, to certain changes in civil legislation.

However, this issue may be looked at from a standpoint of public law as well. The digital revolution is posing to the state a plethora of unexpected challenges. With that said, cryptocurrency and the blockchain, which is inseparably associated with it, are special challenges and conceptual issues, as they embody the ideas of decentralization and freedom from control as a counterbalance to the state, which strives, a priori, for centralization and monopolization (Kurylenok, 2019). Many political analysts are viewing today the spread of cryptocurrency as a way to defy controllability, and are predicting inevitable changes in government policy.

Most political analysts are familiar with the concept of the state's potential, which implies the state's ability to get involved in processes of societal development, i.e. perform its regulatory and coordinating functions, including enforcing compliance with the terms of contracts and agreements (Sherstobitov & Kusik, 2018). The state's potential is assessed through its efficiency in administrative, political, fiscal, technical, and other matters. Cryptocurrency is a serious challenge to the state's efficiency, as it will have to conduct administration under novel conditions now.

## **7. Conclusion**

The development of the cryptocurrency market is giving rise to both direct and indirect threats to the state's sovereignty, which include the following:

1. Jeopardizing the state's monopoly on the issuance of money (Andreeva, 2018). The essence of the issuance of cryptocurrency specifically lies in that society is building a financial system that is independent of government control. Even if cryptocurrency is not recognized as an official means of payment, legalizing it as a financial asset is still posing the threats of reduced control and sovereignty for the state, as it is helping create a large segment of the market that will be subject to little-to-no state control in the short- and mid-run. In any case, the classic models of administration, which are predicated on attributes of the state and have a direct relation to the external manifestations of its sovereignty, will be inapplicable to this market.

On the other hand, when it comes to recognizing cryptocurrency as an official means of payment and cryptocurrency supplanting fiat money (Stefanova & Gerasimovich, 2017) in the future, the state is far from being the only player in this field. One could model various ways for the state to maintain or establish control over the circulation of cryptocurrency, but it appears to be impossible to ensure the state's monopoly on the issuance of money under such conditions. Whatever the case, there are hardly likely to emerge any mechanisms in the short- and mid-run that would enable the state to become the only dominant actor in this area, even if the state is going to be actively involved in this market and cryptocurrency is going to be recognized an official means of payment. There is a palpable prospect of their emerging two separate segments of the cryptomarket – the state-run segment and the non-state-run segment of the cryptomarket.

2. Jeopardizing the stability of the currency-and-monetary and banking systems as the backbones of the state. Central banks in most countries tend to have a critical attitude toward digital money (What the world's central banks are saying about cryptocurrencies, 2018), stressing that cryptocurrency is not backed by anything. If cryptotechnology is widely legalized for use in the financial market, the state may lose many of the mechanisms and instruments for exerting an overriding influence on these areas and pursuing the banking and monetary policies it deems most appropriate.

3. Jeopardizing the state's monopoly on control over the circulation of money. The very logic behind the use of the blockchain is such that there ought to be no monopolistic right to monitor the financial activity of various participants in the market, as the focus is on ensuring the transparency of transactions. Initially, the monetary authorities viewed the use of blockchain technology as a danger (this view was later changed to one recognizing its potential), as it undermines the possibility of control on the part of the government, state and commercial banks, or any other entities (Akhmatov & Panchenko, 2017). On the other hand, as pointed out by certain experts, if central banks accept cryptocurrency and if cryptocurrency supplants fiat money in the future, banks will no longer control money to help carry out payment transactions but will now control computation processes through decentralized networks (Pichugin, 2019).

When it comes to desovereignization, what is most important is not there being control but there being a monopoly on control over financial transactions. Over the last few years, the attitude of the regulatory authorities toward cryptocurrency has changed sharply, with this area increasingly viewed as a promising sector of the economy. Back in 2017, the Bank of Russia declared that for greater transparency cryptocurrency has to be national (Akhmatov & Panchenko, 2017). Nations around the world are actively engaging today both in processes of regulating cryptomarkets and in processes of creating them. As reasonable as this might seem, to a large degree this may be attributed to the impossibility of influencing ongoing processes through the state's monopolies and prerogative powers.

4. The state's sphere of influence diminishing due to cyberspace expanding quickly and much of society's financial, economic, and social activity moving to cyberspace. Boosts in the circulation of cryptocurrency may facilitate the movement of an increasingly large portion of significant activity to virtual reality, where the capabilities of traditional governance by the state are not applicable. The state is a political-territorial organization by definition, and all methods of its influence and manifestations of its sovereignty are inherently tied to the physical territory that it runs and the system of organizing life in that territory. The blockchain and cryptocurrency were initially intended for use in the Internet environment (Egorova, 2020), as a space that is not confined by national boundaries and does not have limitations on how fast transactions are carried out. The establishment of administrative barriers and bureaucratic procedures is one of the ways for the state to fulfill its control functions, including through the artificial slowing down of communications and processes. The virtual environment may take away from the state both the territorial and temporal resources of influence.

At present, it is worth taking account of the following two major considerations: (1) state regulation of the Internet is necessary; (2) technically, full control on the part of the state and the application by it of conventional administrative-restrictive measures in respect of the Internet are impossible. What additionally complicates the situation with cryptocurrency is that it is not just about activity on the Internet but about the use of distributed ledger technology (Varnavsky, 2018), which, as pointed out earlier, nearly cancels out the state's control potential.

5. Jeopardizing the state's fiscal monopoly. The inability to control transactions in the distributed ledger may create objective barriers to taxing cryptoassets. As evidenced in the above brief overview of public policy in various countries with regard to cryptocurrency, countries that have been most instrumental in having the use of cryptotechnology captured in legislation tend to be particularly focused on control and fiscal mechanisms (instituting the registration and licensing of cryptocurrency exchanges and traders and establishing the rules for the taxation of cryptoassets (Kochergin & Pokrovskaya, 2020). Taxation is a substantial attribute of the state, without which it may instantly lose its dominant positions.

6. The burden of social support for the population increasing. This is one of the less obvious indicators of desovereignization. Cryptocurrency is considered a high-risk financial asset. Many experts are convinced that the cryptocurrency market will attract increasingly more people with no experience managing this kind of asset, which will naturally result in most of them losing their funds (Sherstobitov & Kusik, 2018). The mass nature of the process will require from the state a certain social policy and all kinds of financial and tax concessions. That being said, the state's tax revenue will drop due to the insolvency of many of the nation's small- and medium-sized enterprises and the reduced purchasing power of many of its citizens.

7. The state's potential in maintaining law and order and countering crime diminishing. Just like in the previous item, the situation in this area is such that a certain group in society will be taking off the cream from the accomplishments of the digital revolution, with the state ending up dealing with all the negative effects. Given the absence of legal regulation and the fact that the majority of cryptocurrency transactions are not covered by the law both internationally and nationally, there is every reason to believe that such transactions may do irreparable harm to traditional regulated relations. Cybercrime is becoming a real threat to social stability and public controllability. The state cannot act in cyberspace using traditional methods

(e.g., issuing bans, introducing mechanisms of control, and taking action – some of these methods may be regarded as ineffective and may need adaptation). Today, every once in a while, we get reports of crimes involving cryptocurrency and new technology (Ivantsov et al., 2019). With cybercrimes not being local crimes, investigating and countering them may require prompt and well-coordinated action by various nations at an international level (Pichugin, 2019). However, having to engage in prompt informal interaction at an international level is something that runs counter to the substantial attributes of the state and undermines its potential as a system. Cybercrime as a whole and cryptocrimes in particular may be regarded as the most serious threat to controllability among those facing the present-day state.

The above does not mean that the state is no longer a force to be reckoned with. On the contrary, right now there is every reason to believe that nations will be a lot more cautious about legalizing cryptocurrency, with the issue of fiat money being officially replaced with cryptocurrency not being in the practical plane for now. Some political analysts are of the view that the most reasonable strategy on public policy today is a mild coordination strategy whereby non-state actors will be focused on developing the cryptocurrency market and the state will be focused on maintaining its leading positions in terms of devising a strategy for development and legal regulation, with cryptomarket experts enlisted to help put together sound draft laws on cryptocurrency (Sherstobitov & Kusik, 2018). This very fact is already testimony to the world and the state having changed quite a bit. However, with cryptocurrency widely regarded as a dangerous illusion, desovereignization may turn out to be quite a real threat, whose potential effects may require serious assessment.

This situation suggests the possibility of the traditional institutional state coexisting with the decentralized cryptocurrency market. The coronavirus pandemic of 2020 has shown how important it is to have a strong state in today's world and how important its organizational-administrative and social functions may be, with the state simply being irreplaceable in this area for now. People's expectations of the state in the current climate of global threats and emergencies are quite high, with everybody interested in a strong state and waiting for some active action on its part. In a crisis, a strong state has to be financially and organizationally powerful, which may require utilizing all available mechanisms.

The idea about the possibility of the state withering away under certain conditions is a well-known one in political science. History also knows of attempts to create whole different models of political organization, like those where society may take on the functions that are inherently governmental in nature. Yet, history also implacably attests to most of such ideas turning out to be utopian in the long-run and most of such attempts resulting in going back to traditional models of statehood. The history of social changes brought about by the digital revolution is too young, for now, for humans to be able to make sound long-shot forecasts based on this limited experience. Right now, it may be worth taking note of the following two key considerations: (1) with the idea of statehood changing at the level of both post-industrial and information societies, a certain degree of desovereignization in the form of agreed-to limitation of sovereignty and a focus on replacing tough regulatory strategies with milder ones are becoming a necessary condition for progressive development in the future; (2) the state's potential as a universal model of political organization is not exhausted yet. The state keeping quite flexible under pressure from scientific-technological challenges is testimony both to the fact that the state is getting desovereignized to a degree and shifting to new forms of public organization and to its ability to sift through many different options and

adapt well to change. After all, the state is not just a territory – the “textbook” formula for the state is known to include the government, the population, and the land. The findings from a comparative-legal analysis of public policy on cryptocurrency in various countries indicate the emergence of the following model of conduct for the government: even if the state is unable to control and regulate certain types of relations, it still can control and regulate the conduct of people who are involved in such relations in the country’s territory. Indeed, physically and biologically the people continue to live in physical reality, not in cyberspace, so they all need a real territory to live in, which will require effective political organization of that territory.

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