



## General Assembly: Cryptocurrency

Hi my name is Rachel Soo and I will be your vice chair for this conference! This will be my first year in MUN, but so far it has been such an amazing experience, and I am so excited for this conference. In school I am apart of my school's choir, Mock Trial team, and water polo and swim. When I'm not swamped with school or extracurricular activities, you can catch me at Disney and eating ice cream. If you have any questions please email me at: [mvhsmunplenary@gmail.com](mailto:mvhsmunplenary@gmail.com)

### I. Background:

Cryptocurrency is exactly what it sounds like: crypto, meaning hidden, currency, meaning money. It is a fairly new development, based around online and anonymous money. There are many payment systems that supply cryptocurrency, one being bitcoin, which was created in 2009. Bitcoin is a type of online currency, basically like cash, but electronic, invisible, and earned through computer software rather than long hours. It was made under an alias by a Satoshi Nakamoto, just as users of cryptocurrency can be anonymous and interact with one another directly using the internet, eliminating the need for banks and transaction fees. Sometimes a fork is created, which splits the blockchain and severely lowers the value of a bitcoin. A blockchain is essentially the system that cryptocurrencies like bitcoin run on. It's the program that rewards miners with bitcoins and if it's split, then that means that more bitcoins are released. This lowers the value of the coins significantly. Bitcoins can be 'mined', or gained, by solving high level math questions with a computer. Basically, people, called 'miners' can verify other cryptocurrency transactions, and in return, they are rewarded with newly made bitcoins. Overtime, the number of coins produced will become lower and lower, making it so that they always have worth.

However, this free money is not all it seems. The use of the internet opens gateway for hackers, using programs to infiltrate stranger's computers and make unlawful money. Money laundering is also a large aspect of cryptocurrency. This is because everything is online, making it easier to pass illegal money off as legal. Also, because the currency is anonymous, illegal trades are



especially easy. There is no one to enforce or look over the transactions, and therefore, no one to stop them. Unlike with other online money system, like paypal, it's extremely difficult to trace accounts back to the people that own them and shut them down.

## **II. UN Involvement:**

The United Nations has used cryptocurrencies on a few occasions, a recent one being to deliver aid to Syrian refugee camps. The UN's World Food Program, on May 31st, 2017, delivered food vouchers to over 10,00 refugees in need successfully. The vouchers, however, were delivered via cryptocurrency, the Ethereum Blockchain to be more exact. Cryptocurrencies like bitcoin have multiple instances of money laundering and fraud because of their online nature. In February of 2017, the UN Office on Drugs and Crime helped to investigate the money laundering in cryptocurrency by training law enforcement of twenty-two different countries. They used a program that was developed by the UNODC and blockchain analytics to create a simulation of different drug sales and unlawful situations and trace different financial flows in order to stop them. In May of 2017, there were reports of hackers in North Korea trying to steal money from South Korea. In this situation, the UN Security Council passed Resolution 2375 (2017) to put up sanctions to limit north Korea's trade.

## **III. Possible Solutions:**

Delegates, it's your job to create solutions to address the topic. Cryptocurrency is a relatively new method of payment. Therefore, its effect on the global economy and its full potential has not been fully discovered. Delegates are encouraged to create creative and insightful resolutions that can guide the process of cryptocurrency as it progresses in the international system. One solutions could be to put past trainings, such as the training already done by the UNODC, into effect. This would enable states to protect themselves against breaches in cryptocurrency and ensure that the



technology is being used safely. Next, researching cryptocurrency and educating the public can be used to help to contain invasive hackers. Because the method is so new, this step is even crucial to its future potential. In order for cryptocurrency to be relied upon in the future, people must be aware of how to use it productively and efficiently. In addition, enforcing or creating security around cryptocurrencies would help to log activity and create transparency, which would make tracing illegal transactions back to their origins easier. Lastly, encouraging nations to create their own cryptocurrencies would be helpful in ensuring that security is properly handled and would make it easier on them as there would be no third party to communicate with. It is also important that solutions follow country policy, but also have the ability to work with other nations in a cohesive manner, since cryptocurrency is used within and between nations.

#### **IV. Bloc Positions:**

Western: Cryptocurrency is strong here because of the western bloc's technological advantages. Cryptocurrency is useful in that nations already have the means to use it so it easily benefits them.

African: These states have not yet fully discovered cryptocurrency, but it offers great potential, especially to these countries that do not have a strong government. Cryptocurrency offers the African Bloc an alternative to unreliable physical money.

Asian: The Asian Bloc is rather split on the topic on the topic of cryptocurrency. Some nations believe that online currencies will open a gateway to money laundering while others fully support the currency.

Latin: Cryptocurrencies are just getting started in the Latin Bloc, however the countries that have already adopted it are really pushing for it. Cryptocurrencies allow nations to buy and sell on a global level.

Middle Eastern: The middle east uses cryptocurrency for money laundering because it cannot be traced. This is a problem as it creates more corruption for the rest of the world.

#### **V. Guiding Questions:**

1. What is your country's stance on cryptocurrency? Is it used in your nation?



2. What are some ways to prevent unlawful uses of cryptocurrency?
3. How can nations help other nations prevent cryptocurrency hackers and breaches in security?
4. What are some benefits of cryptocurrency? What are some negative points?

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