

# **Economic and Social Council**

*FWPMUN IV: February 1, 2020*



**Head Chairs:** Jacob Boxerman and Eli Moog

**Assistant Chair:** Kapil Chaudhari



Greetings delegates,

Welcome to the Economic and Social Council (ECOSOC). We are Jacob Boxerman and Eli Moog, and we will be chairing your debate here at FWPMUN IV. We are both sophomores in our fifth year of Model UN. Jacob is a copy editor for “The Weekly” (our school newspaper), a member of our school’s robotics team, and is a Middle School Model UN Captain. He likes to ride his bike and garden at home. Eli is the parliamentarian for our Student Government, as well as an Upper School Model UN Captain. Eli enjoys watching the Cubs and staying up-to-date on the current events of our world. We are looking forward to some exciting debate, and we thank you for taking a Saturday out of your year for some fun and stimulating discussion.

In the committee we will discuss all things cryptocurrency. You should be well versed in your country's crypto market, finance system, and current economic position. You should also understand the surface mechanics of cryptocurrency, especially Bitcoin. Do not feel pressured to understand the underlying technology and software (though you are more than welcome to research yourself). Above all, please come prepared, and willing to participate in an interesting discussion.

We both expect our committee to produce good debate, exciting papers, and interesting resolutions. In addition, of course, we expect delegates to come prepared and knowledgeable about the topics being discussed. The Economic and Social Council will run like a normal General Assembly (GA) Committee. Please note that FWPMUN IV is a NO-TECH conference. We look forward to seeing you!

Warmest regards,

Eli Kraft Moog and Jacob Boxerman

If you have any questions, you may contact us at either [emoog@fwparker.org](mailto:emoog@fwparker.org) or [jboxerman@fwparker.org](mailto:jboxerman@fwparker.org).



## **Background of Committee:**

The United Nations Economic and Social Council (ECOSOC) was formed in 1946 by the UN Charter as one of the six ‘organs’ of the United Nations, with its primary purpose being to promote, according to the UN, “economic and social progress.” ECOSOC is a powerful body, coordinating numerous special committees, functional committees, and regional commissions. ECOSOC has access to over 70% of the UN’s human and financial resources.

The Council has 54 members, elected yearly by the General Assembly (GA) to serve three-year terms. Members of the Council are made up of varying geographical locations to ensure equitable representation across the world. 14 seats are allocated to the African Group, 11 to the Asia-Pacific Group, 6 to the Eastern European Group, 10 to the Latin American and Caribbean Group, and 13 to the Western European and Others Group. ECOSOC also engages various non-government actors in its discussions, including academics, business sector representatives, and over 3,200 non-governmental organizations (NGOs). ECOSOC is a crucial body within the UN, and is important to every nation, economy, business, and the public and private sectors.

# Cryptocurrency

## Explanation of Issue:

Cryptocurrencies have, in the past decade, gone from a niche topic theorized by the tech-savvy to a well-known buzzword. This unique growth has had a noticeable impact on today's global economy, both good and bad. Many argue that cryptocurrency is the future of money—a borderless, decentralized form of currency. But others argue that the decentralization and vagueness of cryptocurrency makes it an inviable and, to some, dangerous attempt to replace state-backed currencies, such as the US dollar.

There are currently over 1,600 cryptocurrencies in existence, though only a small fraction of those are actually used.<sup>1</sup> The most well-known cryptocurrencies include Bitcoin, Monero, Ripple, and Ethereum. It is generally accepted that most of today's cryptocurrencies were inspired by Bitcoin, the first decentralized digital form of currency.



Bitcoin was created in 2009 by an anonymous online user known as “Satoshi Nakamoto.” Bitcoin was the first digital currency to be decentralized, meaning it is not controlled by a singular person or body. Bitcoin was also the first to use a peer-to-peer network; tasks are managed collectively by the Bitcoin network of computers, which anyone can join. This peer-to-peer system ensures that Bitcoins cannot be forged—the amount of Bitcoin in each “address,” a unique 34-character string used for transferring Bitcoins, is tracked by multiple members of the network, meaning an unapproved change made by a malicious network will be detected and reversed by the others members. Additionally, once a transaction is confirmed, it is no longer forgeable or reversible; rather, it is now part of an immutable record of historical transactions called the “block chain.”

Bitcoin has caused its fair of problems through its decentralized, unregulated, anonymous nature. Bitcoin is banned by a number of governments and has been bashed by leaders in the

---

<sup>1</sup> <https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin/>

banking and economic sectors for its attempts to be a form of money not controlled by a government. These claims are refuted by its supporters, many of which believe that Bitcoin (or another form of cryptocurrency) is the future of money—government-less and decentralized. This back-and-forth has made Bitcoin a hot topic in the news, as well as within governments. Some corporations and governments have considered creating their own cryptocurrency, though these attempts have generally been poorly received by consumers,<sup>2</sup> calling these attempts fake cryptocurrencies and saying that they defeat the purpose of a cryptocurrency: a currency not controlled by a single entity or a group of companies but rather by everyone.

### **Important Vocabulary:**

**Cryptocurrency:** a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds.

**Bitcoin:** One of the most well-known and well-established cryptocurrencies.

**Address:** a unique 34-character string used to ‘store’ Bitcoins/other cryptocurrencies.

**Blockchain:** a system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network. (In other words, a long list of transactions that cannot be changed and is stored in multiple places).

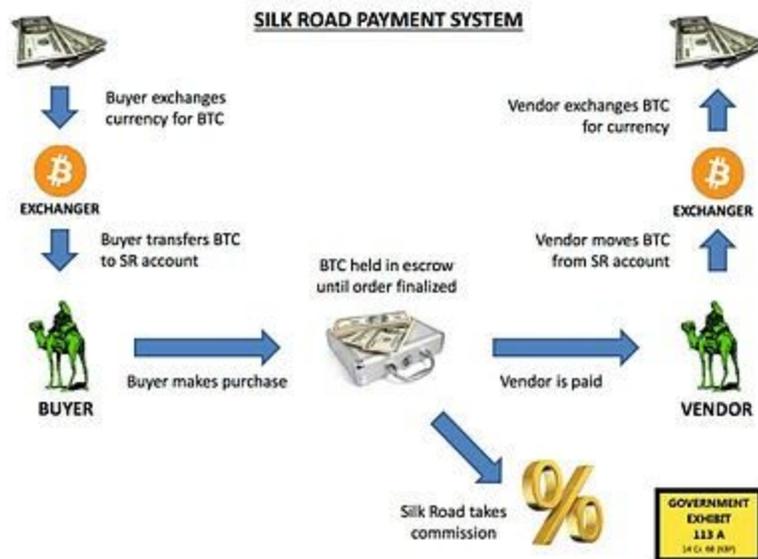
### **History of Issue:**

Cryptocurrencies have begun to come into the international spotlight in just the past few years; the first widely known cryptocurrency, Bitcoin, only came into existence in 2009. These cryptocurrencies are often unstable and highly volatile, making them a risky and questionable form of currency.

---

<sup>2</sup><https://www.forbes.com/sites/billybambrough/2019/09/27/bitcoin-chaos-continues-as-facebooks-mark-zuckerburg-reveals-libra-woes/#1faac2481344>

The decentralized nature of Bitcoin and other cryptocurrencies like Ethereum and Litecoin have also led to their fair share of problems. Because Bitcoin is anonymous, it is widely used on the black market. Most notable was the use of Bitcoin by the Silk Road, an online black market best known for its sale of illegal drugs. In 2013, when the website



was shut down by the FBI, the first seizure made by the Drug Enforcement Administration (DEA) was 11.02 Bitcoins, at the time worth \$814.<sup>3</sup> But after deeper digging the FBI located 26,000 Bitcoins (approx. \$3.6 million USD). Eventually the FBI seized over 144,000 Bitcoins, worth over \$28.5 million at the time,<sup>4</sup> all of which was unreported to the IRS.

However, this massive sum was only a small fraction of the transactions made anonymously over the Silk Road using Bitcoin. According to an FBI report, "... there were approximately 1,229,465 transactions completed on the site. The total revenue generated from these sales was 9,519,664 Bitcoins, and the total commissions collected by Silk Road from the sales amounted to 614,305 Bitcoins. These figures are equivalent to roughly \$1.2 billion in revenue..."<sup>5</sup> Nearly \$1.2 billion of illegal dealings was facilitated with Bitcoin, on sites such as the Silk Road, which were previously unheard of in terms of sales and users, only made possible thanks to Bitcoin.

<sup>3</sup>

<https://www.theverge.com/2013/6/26/4468302/drug-enforcement-agency-seizes-11-bitcoins-in-south-carolina-bust-silk-road>

<sup>4</sup>

<https://www.forbes.com/sites/andygreenberg/2013/10/25/fbi-says-its-seized-20-million-in-bitcoins-from-ross-ulbricht-alleged-owner-of-silk-road/>

<sup>5</sup> <https://web.archive.org/web/20140220003018/https://www.cs.columbia.edu/~smb/UlbrichtCriminalComplaint.pdf>

While cryptocurrencies clearly are not perfect, they do have various benefits compared to currency backed by governments. As mentioned previously, a primary selling point of cryptocurrencies are their decentralized nature—they are not controlled by one government and are theoretically free from inflation. Take, for example, the situation in Venezuela; as money became nearly worthless, people turned to cryptocurrencies as a form of legitimate currency. Cryptocurrencies also prevent governments from controlling the flow of money, which, as a result, prohibits them from seizing assets and freezing money as political retribution.<sup>6</sup> In addition to these large advantages—or disadvantages—cryptocurrencies also offer an increased layer of anonymity and generally lower transaction costs, especially internationally.

### **Action on the Topic:**

Many different bodies, both countries and global organizations, have begun to adapt to a world with a burgeoning awareness and usage of cryptocurrency. UNICEF, for example, has begun a “Crypto Fund” for donations of various cryptocurrencies, including Bitcoin and Ethereum. The donations will be sent out in the same cryptocurrency, rather than being transferred into a country’s currency. UNICEF says that the fund will help them as an organization to understand and prepare for a “digital future,” and to manage digital assets like cryptocurrencies that they think will be part of our future.<sup>7</sup>

Additionally, many countries have had various encounters with cryptocurrencies and made legal rulings regarding cryptocurrencies. Countries have made a variety of statements and rulings regarding cryptocurrencies, from outright banning cryptocurrencies to issuing simple warnings to imposing restrictions on investment. But other countries have created their own state-backed cryptocurrencies in an attempt to get a toehold in the ‘business’ for a variety of reasons, including monitoring online transactions, keeping control of the money of citizens, and

---

<sup>6</sup> <http://blockpitch.org/2019/10/07/people-in-hong-kong-are-using-bitcoin-to-avoid-asset-freeze/>

7

<https://www.forbes.com/sites/michaeldelcastillo/2019/10/08/6-billion-united-nations-agency-launches-bitcoin-ethereum-crypto-fund/#25b2dad2493b>

facilitating currency exchange. Cryptocurrency also has many countries worried, as the only way to restrict them is by shutting down the Internet, which is proving increasingly difficult.

### **Summary of Issue:**

Cryptocurrency continues to be a hotly debated topic in many circles of the world, by private citizens, by large companies, and by national governments. As our world becomes increasingly digitized, many people see cryptocurrencies as being the next big step into the 21st century.

Countries are beginning to take increasing notice of cryptocurrencies, both as something to embrace and something to fear. The inherently decentralized nature of cryptocurrency has many countries concerned about its possible uses and its ability to undermine the currencies of the world's superpowers. But at the same time, cryptocurrencies like Bitcoin are being embraced en masse, with many lauding them as the future.

The place of cryptocurrencies in the world is currently uncertain, and with many countries attempting to control that place, the time to make a definitive determination on this topic is now, in the midst of this heated and important debate. Cryptocurrencies have the potential to change the world's economy as we know it...but will they?

### **Questions to Consider:**

1. What is the history of cryptocurrencies in your country?
2. Is your country involved in cryptocurrencies? How so?
3. What role should cryptocurrencies play in the world economy?
4. Should governments regulate cryptocurrencies?
  - a. Why? Why not? If so, how?

5. How could your country utilize cryptocurrencies to its advantage?
6. Can cryptocurrencies be used to help countries with poor economies?
7. What should the future of cryptocurrencies look like?

### **Works Cited**

<https://www.investopedia.com/tech/most-important-cryptocurrencies-other-than-bitcoin/>  
<https://www.forbes.com/sites/billybambrough/2019/09/27/bitcoin-chaos-continues-as-facebooks-mark-zuckerburg-reveals-libra-woes/#1faac2481344>  
<https://www.theverge.com/2013/6/26/4468302/drug-enforcement-agency-seizes-11-bitcoins-in-south-carolina-bust-silk-road>  
<https://www.forbes.com/sites/andygreenberg/2013/10/25/fbi-says-its-seized-20-million-in-bitcoins-from-ross-ulbricht-alleged-owner-of-silk-road/>  
<https://web.archive.org/web/20140220003018/https://www.cs.columbia.edu/~smb/UlbrichtCriminalComplaint.pdf>  
<http://blockpitch.org/2019/10/07/people-in-hong-kong-are-using-bitcoin-to-avoid-asset-freeze/>  
<https://www.forbes.com/sites/michaeldelcastillo/2019/10/08/6-billion-united-nations-agency-launches-bitcoin-ethereum-crypto-fund/#25b2dad2493b>

### **Further Reading**

<https://en.wikipedia.org/wiki/Cryptocurrency>  
<https://www.businessinsider.com/blockchain-cryptocurrency-regulations-us-global-2017-10>  
<https://www.cnbc.com/2019/07/23/man-accused-of-laundering-millions-in-bitcoin-from-silk-road.html>