

IOWA HIGH SCHOOL MODEL UNITED NATIONS
IOWA YOUTH SYMPOSIUM
Rough Draft Position Paper (2013)
Adopted on: Tuesday, October 22, 2013
Position Paper created by the Economic Committee
Regarding: Digital Currency

Italic means passed
Bold means failed
Underlined means tabled

Background:

B1 -- Digital currency is a form of alternative currency that exists solely online without hard, tangible material to pass around and use.

B7 -- Bearing in mind that the value of a Bitcoin can change quickly and sometimes radically.

B2 -- Bitcoins can be used for person to person exchange or person to business. Person to business can be through companies like coinbase, who will exchange bitcoins for actual US currency. The current value of bitcoins total over 1.5 billion US dollars. One bitcoin is currently worth \$142 USD.

B3 -- Digital currency is a new kind of currency that is based on online peer to peer transactions.

B4 -- Digital currencies, such as Bitcoin, operate on a decentralized process called mining; a computer may be given a complex algorithm to solve, and when solved the device has a certain amount of Bitcoins.

B5 -- People use digital currency because it is not controlled by any government. The money cannot be traced back to the user, which is why it is used in many illegal activities.

B6 -- Cryptocurrencies, a type of digital currency, use cryptography to create an extremely secure environment for user transactions.

B8 -- The first digital currencies, such as e-gold, emerged in the late 1990s and used a monetary base of gold and other precious metals kept in a secure, remote location for user transactions. However, by 2009, most of these digital gold currencies were defunded due to numerous instances of hacking, scams, and use of their services for illegal purchases.

B9 -- One of the primary goals of digital currencies is to provide an electronic, universal equivalent of physical money.

B10 -- The value of Bitcoins can quickly drop, like when Mt. Gox was hacked, and when Silk Road shut down. These events have caused Bitcoin prices to drop

anywhere from \$130 to prices like \$85.

B11 -- Digital currency's reliance on technology, while making it convenient, makes it more liable to different types of failures and security issues. This can result in large amounts of currency being lost or stolen.

B12 -- Countries have regulated digital currencies with no ill effect around the world. Finland has introduced a successful tax on Bitcoins, and Sweden has classified Bitcoins as a legal means of payment.

B13 -- Digital currencies are gaining steam because they do not require a “middle person,” you can share from person to person directly. This avoids things such as fees, fines, and regulations.

B14 -- Government regulations fail to keep pace with the legal and illegal transactions of business over the internet. These and other influences have motivated people to turn to other methods of financing and have inspired the development of digital currency.

B15 -- The debate about the present and future role of digital currencies is increasing.

B16 -- Digital currencies are not backed by anyone or any company, which means that in cases of theft or hacking, no one is responsible for giving your money back.

U.S. Position:

P1 -- The US would more fully support Bitcoin and other forms of digital currencies, present and future, only if it can be closely monitored internationally.

P2 -- In the position of a US delegate, digital currency should be banned.

P3 -- The United States Financial Crimes Enforcement Network (FinCEN) has already ruled that Bitcoins are subject to the same regulations as regular businesses using US currency.

P4 -- The US understands and respects the flexibility and privacy of digital currencies, but it also recognizes the risk of these currencies if they remain unrestricted.

P5 -- The US recognizes that it is unrealistic to attempt to do anything more than monitor current forms of digital currency due to the lack of user accountability involved in most transactions involving digital currency.

Justification:

J1 -- Digital currency should be illegal because the government would lose control over the monetary system if digital currency became popular.

J2 -- Unregulated digital currency allows for individuals to purchase illegal items anonymously, thus creating a threat to security.

J3 -- Digital currencies offer the possibility of a more stable international economy by helping to consolidate monetary policy globally.

J4 -- With the Silk Road shut down, the amount of illegal online transactions has declined. This has resulted in a safer peer to peer network and less online criminal activity.