FORUM: Economic and Social Council

QUESTION OF: Addressing the Rise of Cryptocurrency in Developing Countries

MAIN SUBMITTER: People’s Republic China

CO-SUBMITTERS: Japan, Russia, South Africa, United Kingdom, United States of America, Israel

THE ECONOMIC AND SOCIAL COUNCIL

*Deeply concerned* that the volatile nature of cryptocurrency would mean that users who are not properly notified of the risk of cryptocurrency could be harmed, even bitcoin, which is regarded as one of the most widely-accepted and safe cryptocurrencies, endured a drop from $69000 in the November of 2021 to $18000 in June 2022,

*Emphasizing* that the decentralized and private nature allows easier criminal activities and illegal transactions, such as the squid game coin rug pull, with the author pulling away $3.3 million in value, making the coin dropping from $2860 to $0 in mere minutes,

*Noting* the extensive energy use done by the mining of cryptocurrency, as recorded on February 22 of 2023, it takes an annual 125.38 terawatts to mine bitcoin, which is a close value of the annual consumption of energy of small countries, such as Malaysia or Sweden,

*Further Noting* that coexisting problems come with mining, as mining would become easier with more and new computer hardware, crypto miners generally buy hardware at huge amounts, causing inflation in the market, additionally, the pressure of mining shortens life expectancy of hardware, causing hardware to be broken faster, and therefore leaving behind huge amounts of electronic waste,

1. Encourages the establishment of a government-enforced platform within each nation for cryptocurrency transactions, with qualities including but not limited to:
2. strong enforcement on the authentication of cryptocurrency trading to prevent frauds such as fake wallets, fake mining, and rug pulls:
3. creation of cryptocurrency required at specific offline centers with the authentication and record of creator,
4. transaction of cryptocurrency requires the creation of digital accounts tied to one’s identification,
5. increased levels of inspection as the monetary worth of the cryptocurrency increases:
6. increased inspection of cryptocurrency that reached the hundred thousand thresholds,
7. ability to freeze any and all transaction of cryptocurrencies that reached the million thresholds,
8. individuals have the optional use to the government platform, while cooperations and firms wishing to engage in cryptocurrency transactions must be using the government platform;

1. Calls for publicity spreading information about cryptocurrency and its dangers and benefits in developing countries, such as but not limited to:
2. advising developing countries to enhance the public's awareness of cryptocurrencies, and use a variety of publicity techniques to enable the public to have in-depth understandings of the technology, including but not limited to:
3. mass media, such as print media such as newspapers, magazines, books and electronic media such as live broadcasting, radio, television and film,
4. establish cryptocurrency-themed public areas to enlighten the public such as but not limited to museums or publicity halls to increase its frequency of appearance in daily life,
5. promote the use of safer cryptocurrencies that are backed by reliable technologies and/or real estate, while warning users of investing into cryptocurrencies that are newly created or does not have backing estate;

1. Strongly Recommends test actions to be taken before a country decides to implement cryptocurrency as an acceptable means of transaction, such as but not limited to:
2. set certain regions as test areas with limited access of cryptocurrency transactions to people of age that has agreed to terms of responsibility:
3. all actions are self-voluntary, and the government will take no responsibility for any monetary loss during the test,
4. the volunteer will be given a starting fund, the fund does not have to be returned, the remainder of the starting fund can be kept by the volunteer only except if the volunteer has not performed enough transactions or investments for data collection, the starting fund cannot be transacted to another volunteer,
5. government transactions, such as tax, cannot be paid with cryptocurrency during this test period,
6. set up and promote simulations of existing cryptocurrency markets to familiarize the citizens with how the system works:
7. simulations will be completely synchronized with the current market,
8. all cryptocurrency earned within the simulation cannot be converted to real currency;

1. Asks for regulation addressing safe cryptocurrency use, such as but not limited to
2. actions for preventing the illegal use of cryptocurrency such as:
3. taxing on transactions that can contribute to gross domestic product, such as wages or purchases,
4. investigation and record-keeping of large value or consistent transactions,
5. disclose and automatically transmit the transaction details to financial supervisory authorities when a single trader generates a trading volume that exceeds a certain proportion of the circulation of a single cryptocurrency on a single trading day,
6. regulation of mining to prevent issues regarding the overuse and over-purchase of hardware:
7. promote proof of stake cryptocurrency, such as Ethereum, rather than proof of work cryptocurrency,
8. limit the number of hardware that one can purchase with a single identification,
9. addressing age thresholds for the byproducts of cryptocurrency, such as but not limited to:
10. the playing of cryptocurrency games,
11. the purchase of non-fungible tokens (NFTs),
12. regulating the value of cryptocurrency, ensuring that it does not soar too high or drop too low:
13. stopping transactions of extremely volatile cryptocurrencies,
14. setting daily price upper and lower bounds, cryptocurrencies that go beyond such bounds would be marked as dangerous, dangerous cryptocurrencies can only be bought by accounts that have been verified with possession of more than a certain monetary value,

1. Calls for the creation of the United Nations International Cryptocurrency Safety and Regulation Institution, which addresses:
2. addition of abstract geographical location included in the hash of a cryptocurrency blockchain, with the abstract range of 50 kilometers,
3. investigation and capture of international crimes, such as laundering or tax evasion, done with cryptocurrency:
4. authority to freeze any cryptocurrency upon investigation,
5. area police force have the obligation to cooperate for the investigation and capture of suspect,
6. creation of safe cryptocurrency that have low risks upon investment;

1. Suggests the creation of the United Nations Developing Nations Cryptocurrency Fund, which is an organization dedicated towards supporting the beginning stages of cryptocurrency markets in developing nations:
2. support from developed countries to developing countries cryptocurrency markets in ways such as but not limited to:
3. providing real estate to back up cryptocurrency markets, preventing a “bubble economy”,
4. providing trading platforms with already existing users,
5. donation of cryptocurrency that will start a healthy market cycle,
6. funds could be collected in ways such as but not limited to:
7. donation from UN member funds,
8. donation from individuals through the internet,
9. donation from charity organizations,
10. funds will be used in ways such as but not limited to:
11. technological support, such as building servers or installing internet,
12. advertisement on the existence and use of cryptocurrency within developing nations,
13. connecting local markets to existing cryptocurrencies,
14. additional services done for the development of cryptocurrency are:
15. organizing volunteer events that goes to local cities or villages to teach about the safe investment and use of cryptocurrency,
16. connecting non-government organizations (NGOs) together for collaborated projects,
17. spreading voice for the need of cryptocurrency in developing areas;