Terzian Response to Cryptocurrency

***Are cryptocurrencies a democratizing force, or do they promote instability and inequality?***

I fail to see the relationship between the crypto coins (non-stable currency) and democracy. It really has to do with the health of the economy. Engaging in Commerce using cryptocurrency has the advantage of deinstitutionalizing trade. It is attractive to those Americans enamored with the notion of individualism. So far, it enables you to act without interference from government and societal institutions that support democracy. However, many of us believe that the central features of democracy are its institutions, such as the Federal Reserve Bank. I can’t imagine the havoc that would occur with a totally unregulated money supply. This fear has given rise to the development of “stablecoin,” which I believe we will discuss and our meeting today.

***Does cryptocurrency have the potential to disrupt the global financial system by empowering criminal groups, terrorist organizations, and rogue states with drastic market volatility?***

Money laundering by all sorts of groups and governments is a central feature of cryptocurrency. A lack of transparency makes it easy to hide illicit and illegal activities. As governments develop their own stablecoins it will be interesting to see how well they are regulated. This will include non- governmental entities such as banks that may issue their own stablecoins. One example of an important regulation would be the requirement for assets to back up a cryptocurrency. At the present time, none of the cryptocurrencies require assets it has against losses. Unfortunately, we may not have learned a lesson from the 2007 meltdown where the use of exotic derivatives and inadequate Bank assets almost caused a depression.

***Does cryptocurrency have the potential to disrupt the global financial system by empowering criminal groups, terrorist organizations, and rogue states with drastic market volatility?***

Unregulated crypto coins have the capacity to disrupt the global social order by setting up alternative financial systems. If these systems allow for anonymous financial transactions, it doesn’t take much of an imagination to see how this could be misused to the detriment of the established public order. On the other hand, market volatility of these crypto coins make them risky for the user.

It would be good to ask the question how stable coins backed up by assets and reasonable regulations would impact the global financial system. For example, I could imagine that people living in a country with runaway inflation would love to be able to do transactions using stable coins from entities stable.

***What is the danger of removing the power of money creation from central banks and Wall Street?***

The Central Bank plays a critical role in maintaining the stability of the marketplace. I think we can feel sure that most of the countries will develop their own stable coins. I must believe that the central banks will play a role in that process. I can’t see crypto coins being part of a financial system. The volatility of these coins makes them risky. I invite the readers to go to the following website to track the value of crypto coins <https://coinmarketcap.com/> At this site you’ll have the opportunity to purchase many crypto coins. If you examine their performance, you will see how volatile they are.

***Cryptocurrencies consume vast amounts of electricity. What are the concerns of its environmental impact?***

We must ask ourselves if a decentralized blockchain network is worth the extra costs associated with energy and pollution. This energy demand happening at a time when AI is also rapidly increasing the demand for electricity.

***Other comments.***

We presently have digital payment systems such as PayPal and Venmo. These offer the advantage of more peer-to-peer transactions. However, they continue to be linked to a central banking system. I would think that stablecoin systems backed by Financial assets and regulation could be similar to what we presently have. However, there is definitely much more to the complexities of such a new financial system that must be flushed out.

I can see why young people are enamored with a decentralized an individualized financial system. It fits into the psyche of the “me” generation. There are also many good examples of how a decentralized Digital system can reduce the cost of Commerce. On the other hand, I can see how exciting this type of system will be for all those scoundrels seeking to evade scrutiny.