

Libra, Iran and the potential end of cryptocurrencies as we know them

July 2 2019, by Robert Herian



Credit: AI-generated image ([disclaimer](#))

Facebook's new cryptocurrency, libra, is being heralded as the moment that cryptocurrencies and blockchain, the technology that supports them, [become truly mainstream](#). A notable [rise in the price of bitcoin and many other cryptocurrencies](#) in the run up to the libra announcement on June 18, and since, suggests a market directly responding to this

possibility and bolstered by it.

Of course, the price of bitcoin is known to rise and fall sharply [on a fairly regular basis](#). Yet there is no doubt that having one of the world's largest and most influential corporations throwing its weight behind the technology will calm nerves and build confidence.

More importantly, it gives legitimacy to the idea that cryptocurrencies and blockchain are here to stay. And, as I have argued in my research, must be [taken seriously](#), not least by [regulators](#).

In the same moment the world is introduced to libra, tensions between the United States and Iran continue to grow, with [President Donald Trump](#) increasing US sanctions against Iran. The two are not directly connected, but libra (or other cryptocurrencies) could offer Iran a route round its sanctions. This, of course, is not something Facebook intends—but Iran's interest in cryptocurrencies could have a serious influence on libra's future.

A troubled past

In their contemporary forms, bitcoin and blockchain have been around for roughly ten years. In this time cryptocurrencies have proliferated wildly. According to the cryptocurrency platform, [CoinMarketCap](#), there are now at least 2,248 different kinds of tokens. Many of these are actively and enthusiastically exchanged and traded by a growing number of people.

The recent history of cryptocurrencies, and bitcoin specifically, has not been all that positive. Famously, in 2013, the illicit darknet marketplace Silk Road was shut down following an FBI investigation. The site's founder, Ross Ulbricht, was imprisoned for life. Silk Road users relied heavily on bitcoin to ensure anonymity, and the libertarian ethos

underpinning bitcoin appeared to fit well with Silk Road's rejection and evasion of authority and regulation.

What was so attractive for many about Silk Road, bitcoin and aspects of blockchain technology in general, was the fact that together they enable people to side step the usual legal constraints and regulations that apply online and offline when it comes to [financial transactions](#). The anonymity bitcoin offers enables people to buy and sell [just about anything](#) without detection.

Silk Road offered a form of freedom to its users they were unlikely to have enjoyed previously. But this, of course, put it at loggerheads with laws and regulations in most countries and jurisdictions. While the Silk Road marketplace is now gone, cryptocurrency and blockchain are attracting more interest than ever before. At the same time governmental oversight of the technology continues to lag behind. Although things may be about to change [on that front](#).

Crypto-Iran

Iran has long recognised the benefits of [developing capabilities](#) around crypto-assets and [blockchain](#) technology to counter US sanctions. This has included attempts to develop its own [state-backed cryptocurrency](#).

That Iran might use Facebook's new cryptocurrency libra to dance around US sanctions, a la Silk Road, is entirely speculative. Given Facebook's contentious track record on the management of [user data](#) in recent years, and the fact that it is yet to convince [US lawmakers and financial regulators](#) of the legitimacy of its project, Iran, let alone billions of Facebook users, may not even get a chance to use libra at all.

However, the potential for Iran to use libra raises serious questions about the level of control that should be demanded over cryptocurrency use.

Robust state or corporate oversight of the technology (or perhaps a troubling blend of the two, [as some have argued](#)), could kill, once and for all, the libertarian dream that blockchains and cryptocurrencies have long encapsulated.

Facebook may well find stiff opposition to libra based on the vagaries of financial regulations. But it could well face stiffer opposition both politically, from governments who don't want their foreign policies undermined—and commercially, from users not getting the empowering financial infrastructure [they were promised](#), but, instead, a heavily controlled one.

Iran's interest in cryptocurrencies encapsulates how, in today's world, the empowerment and transparency that many advocates of cryptocurrencies and blockchains like to think is only a piece of code away is little more than a [fantasy](#). Something always seems to spoil the party.

Blockchain has been celebrated as a technology to circumvent authority and regulation—the role of [bitcoin](#) in Silk Road and its continued [use on the "dark web" since](#) is evidence of this. Put simply, Iran is just another example of wanting to avoid the authorities.

But this could be a step too far for authorities. And this could have a serious effect on all cryptocurrencies—not just Facebook's [libra](#). If the perception in the US and elsewhere is that Iran intends to use the technology, this could require a significant rethink regarding the future of [cryptocurrencies](#) and blockchains.

It won't mean the end of them, certainly not. But if this is the moment the technology truly became mainstream, then it could equally be the moment it finally yields to control and regulation—and the end of founder "[Satoshi's vision](#)." Libra could be a solution, but for some it may also look a lot like a problem.

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