How cryptocurrency fuels protests and anti-government movements

Forkast.News Staff ⋮ 12-15 minutes ⋮ 8/25/2020

In Brief:

- Around the world, 2020 could be called the 'year of the protest' with large, frequent demonstrations in Hong Kong, the United States and many Western countries, Chile, Iran, and Lebanon.
- While these protests are driven by a diverse spectrum of issues, protestors around the world are using technology to effectively mobilize and communicate during the demonstrations.
- At the same time, authorities are also utilizing technology to identify protest leaders and disrupt events.

Over the past couple months — and one might argue far longer, with the elections of politicians the likes of Jair Bolsonaro, Boris Johnson and Donald Trump being indicative of and engendering growing political polarization across the world — anti-government sentiment has been on the rise on a global level. Over this summer, Black Lives Matter protests have been racking many Western countries, most notably in major cities in the U.S.

In Hong Kong, anti-government protests broke out again when the territory temporarily recovered from Covid before enactment of the new National Security Law curbed further demonstrations. In the Philippines, protests broke out over President Rodrigo Duterte's Anti-Terrorism Act. That is not even to speak of the wider protests that rippled across South America and the rest of the world before the coronavirus pandemic necessitated their suspension.

Black Lives Matter turns to Telegram to escape surveillance

Black Lives Matter, the protest movement making waves worldwide—sparked by the killings of George Floyd and Breonna Taylor—has adopted Telegram as its chosen messaging app. The encrypted messaging app already has half a billion users worldwide. Its privacy features allow users to hide their phone number and communicate more privately, as authorities tighten up surveillance on US citizens. Black Lives Matter announced news of its switch to Telegram on Thursday. Its channel, The BLM Revolution of...

These anti-government trends and demonstrations are nothing new. Throughout history, protests have been a part of many countries' political development regardless of system of governance. But what sets the current waves of unrest and civil disobedience apart from its iterations in the past is the increasingly centrality of technology. In today's world, social media and emerging technologies like blockchain and artificial intelligence are playing a growing and perhaps an already indispensable role for both the restive masses as well as governments trying to quell them.

Mobilizing against the other through social media and AI

The most prominent role of technology in recent protests is its amplifying effect. Social media has allowed news and calls for action from the grassroots to reach large audiences instantaneously. A single social media account holder, even if the individual has never held a leadership position before, can launch, facilitate and organize protests of enormous size and unprecedented scale. Yet while technological advances have certainly contributed to the proliferation of social movements, they have

also increasingly been a tool of centralized administrations to track, if not stifle, anti-establishment demonstrations.

Nowhere is this more apparent than China, the nation with one of the world's most digitally sophisticated populations but whose government has also been using technology in explicit ways to monitor and control its people.

An employee at a subsidiary of the Ministry of Education of the People's Republic of China told *Forkast.News* that the use of artificial intelligence through facial and speech recognition technology "powered by the Aliyun Machine Learning platform and proprietary in-house AI… are used for identity management" in his office in Shenzhen. The employee, who asked not to be identified, suggested the same technology is being deployed in Hong Kong without providing more specifics.

Regardless of the extent of actual state surveillance in Hong Kong, protestors certainly believe the threat of facial recognition technology is already real, pulling down street lamp posts suspected to be installed with it and, long before the first coronavirus outbreak, wearing face masks to avoid detection.

The Ministry of Education employee, who has Hong Kong roots and has attended pro-democracy protests, asserts that "facial recognition enables totalitarianism" and points out that even on the mainland, "before, you could get away with the occasional quip [against] the government. With increasing surveillance tech, it's impossible."

In mainland China, where facial recognition technology is already in wide use, some police have been given facial recognition glasses to help identify lawbreakers.

GitHub drops "master" and "slave" terms amidst BLM backlash

GitHub, the world's biggest site for software developers, is to drop the coding terms "master" and "slave," according to a tweet by Nat Friedman, CEO of the Microsoft-owned company. It comes as companies are subject to increasing scrutiny over their responses to the Black Lives Matter protests. On Monday, banking behemoth Citigroup came under fire for not making Juneteenth—which commemorates the day US slaves discovered they were free—a holiday for employees, as Nike and other major firms have...

Fears of Chinese retribution over anti-government protests have heightened in the days leading up to and following the recent implementation of the National Security Law. Perhaps nowhere is this more evident than the widespread deletions and purges on social media on by protesters themselves, as they scrambled to erase any digital evidence of their past participation in and support of anti-government movements. As a major figure of a popular pro-democracy political party that has since disbanded in the wake of the law's enactment explained: "the law purports to not be retroactively applicable, but I don't trust the Chinese Communist Party to abide by the fine print. I don't want to give them an excuse to arrest me."

To a lesser extent, similar fears exist across the Pacific, where Black Lives Matters protesters urge people to refrain from using social media to document unauthorized protests, or at least to blur the faces of protesters who might be at risk of being arrested later on for unlawful actions. Though the American government may be less explicitly engaged in or capable of monitoring its people, distrust of intelligence agencies such as the CIA and FBI runs high. Though protesters recently pressured big tech into suspending police use of their facial recognition technology, concerns over whether or not attending a protest might result in being somehow marked or "put into a database" still abound.

As a result, anti-government protests around the world are now trying to stay a step ahead of government use of surveillance technology. Advice is being shared from Hong Kong to the U.S. on ways to avoid being identified at a protest. Pro tips include buying burner phones, using prepaid SIM

cards, wearing mirrored sunglasses to deflect the infrared light that powers facial recognition, and leaving one's credit cards and other forms of identification at home.

Protestors are also using social media and messaging apps such as Telegram and Signal that cannot be traced back to the individual. As law enforcement use technology as swords to penetrate and cut down on the protests, protestors are now using it in turn as shields. As one Hong Kong protestor who did not wish to be identified stated: "technology is a double-edged sword."

When asked if technological advances as a whole had helped or hurt the cause of the individual against the government, the protestor replied, "it's a net negative; individuals have access to the technology, but don't have the resources (nor the political power) to back it up."

Blockchain art and voting by cryptocurrency

Yet while it might be true, with traditional tech, that individuals don't have the resources that governments do, blockchain may upend this presumption. Blockchain's key characteristics are decentralization, transparency, efficiency and trustlessness — some of the cornerstones of populist movements today.

Black Lives Matters activists have already picked up on these qualities and leveraged blockchain technology for protest purposes. The project No Justice, No Peace is an artistic effort to call attention to 30 officer-involved killings and memorialize the names of victims "immutably on the blockchain."

To spread information about each case into perpetuity, according to the project, "a wallet has been created in the name of each victim. Each wallet holds a token with the image of their killers. The private keys of the wallets that control these tokens have been destroyed. No one controls these tokens. These tokens can't be censored, modified, or taken down."

This BLM art project — a collaboration between DADA Art Collective , non-fungible token (NFT) marketplace Mintbase and blockchain-powered file storage company Arweave — speaks to the protesters' distrust of traditional institutions to keep the public records on these officer-involved killings intact, and greater faith in blockchain.

Cryptocurrency, too, has been co-opted by some within the BLM cause, with speakers at rallies urging investment in bitcoin as a form of protest against the financial systems that historically have underserved Blacks, indigenous people and other communities of color.

Across the Pacific, a report by Amun, digital asset token company, asserts that "cryptoassets, chiefly USD-pegged stablecoins, [are] a major investment vehicle for promptly fleeing capital controls" of rich families trying to move their money out of China. Hong Kong-based investors, according to Amun, also have been "fleeing to Singapore and trading stablecoins… in an attempt to preserve their wealth."

Others are confirming these trends. While not overtly protesting, moving a significant amount of money and other assets from one country to another is still a form of registering dissatisfaction with the government-in-charge and voting with your feet. Finance broadcaster Max Keiser quipped that bitcoin prices soaring to new heights this year could be attributed to "capital flight out of Asia taking the Bitcoin express… as tensions rise."

Less affluent individuals have also turned to cryptocurrencies not as a way to preserve their own wealth, but to discreetly support political causes. In Hong Kong, the "yellow circle economy," a network of pro-democracy businesses supported by protestors, has been fielding calls to more widely accept cryptocurrency for the sake of anonymity. Over-the-counter demand for bitcoin accordingly surged, coming in at US$2.4 million in the first week of this month alone in comparison to US$1.5 million in the entirety of June and July each.

There have also been proposals to establish a purpose-driven cryptocurrency for Hong Kong pro-democracy supporters. One such thought experiment would create a dedicated blockchain called

ROOT ("revolution of our times," a popular pro-democracy slogan) with its own token, to be used in "yellow" establishments with the (incredibly aspirational) goal of it becoming Hong Kong's sovereign currency. Similar talk abounds among the pro-democracy groups on Telegram, largely concerned with the questionable data privacy practices of traditional financial institutions as well as payment systems such as Alipay.

Telegram itself demonstrated interest in the crypto space. It garnered US$1.7 billion in an ICO for Telegram Open Network (TON), its blockchain platform, and Gram, its prospective cryptocurrency. The project continued for 2.5 years before succumbing to SEC pressure. In October of 2019, the agency sued Telegram, deeming its gram tokens unregistered securities. Telegram protested, arguing that its cryptocurrency was instead a commodity. Earlier this year however, a U.S. District Court issued a preliminary injunction barring the delivery of Grams. The court also found that the SEC had shown "a substantial likelihood of proving that Telegram's sales were part of a larger scheme to unlawfully distribute the Grams to the secondary public market."

In the announcement of TON's demise, Telegram founder Pavel Durov said: "today, we are in a vicious circle: you can't bring more balance to an overly centralized world exactly because it's so centralized. We did try though."

"We're leaving it to the next generations of entrepreneurs and developers to pick up the banner and learn from our mistakes," Durov added. "To all those striving for decentralization, balance and equality in the world[, y]ou are fighting the right battle. This battle may well be the most important battle of our generation. We hope that you succeed where we have failed."

This story was produced in collaboration with our friends at *Forkast*, a content platform focused on emerging technology at the intersection of business, economy, and politics, from Asia to the world.