



ENQUIRY

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The Shadow Economy of Compliance

By **MIKE ADAMO**
EDITOR-IN-CHIEF

I have a big backlog of emails from the college saying things like “change your email password,” and “take this sexual assault training course,” and “you have five days to find that anteatr a new home, because it can't live in your dorm room.”

Usually I get annoyed at the college for these things (my anteatr doesn't want a new home), but in the case of the sexual assault training required for athletes and organization leaders, it's not Hamilton's fault.

A lot of companies are profiting off of the sexual assault issue.

Last summer New York State passed the “Enough is Enough” law on college sexual assault, which included, among other things, the mandatory sexual assault training that a lot of us got an email about. The law has its merits and problems that people more qualified than me can discuss. But what surprised me most is that a lot of corporations take home big paychecks when laws like this are passed.

Every time a law puts new regulations like mandatory training on colleges and universities, companies rush forward to sell the schools exactly what they need in order to comply.

The phenomenon isn't reserved to the purveyors of training courses alone. There's an entire shadow economy that deals in the “value” of being less inconvenienced by regulations.

Take the tax industry, for example. Why do we hear repeated calls to simplify the tax code while it remains as complex as ever? In part it's because the parties can't agree on reforms, but in part it's also because a huge lobby of tax lawyers has an interest in keeping the tax code too difficult for the average person to handle.

In the case of new sexual assault laws, colleges like Hamilton have few choices. They can move their own resources around to try to create a program that may or may not adequately

comply with the law, or they can shell out money to a specialist who will cover compliance for them. The result is that a lot of companies are profiting off of the sexual assault issue because it's cheaper for a college to hire it out than to try to take care of it on its own.

NPR took note of the trend this past August. “It was once a tiny niche market,” writes Tovia Smith, “but it is now an exploding industry with everything from fingernail polish that detects date-rape drugs in drinks to necklaces that hide mini panic buttons—and all kinds of crash courses on how to get and give consent.”

I spoke with Hamilton's Title IX Coordinator, Lisa Magnarelli, who explained that Hamilton has used a company called CampusClarity to provide pre-orientation training on sexual assault for the past three years. “The program receives

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The Winkelvosses' Bitcoin Scheme

By **PHIL PARKES**
STAFF WRITER

In one memorable scene of *The Social Network*, Mark Zuckerberg and then-co-worker Sean Parker discuss the low moments in their lives that motivated them to succeed in the tech world. Today, Cameron and Tyler Winkelvoss, who experienced a low moment of their own when Zuckerberg's Facebook outdid their efforts to create an online social network, are laying claim to a comeback tale of their own in the form of bitcoin, a controversial digital currency.

Despite large strides in the currency's regulation and stability, the odds are stacked against bitcoin achieving the kind of success the twins predict.

In a series of articles written over the last two years, I have chronicled bitcoin's controversial ride to notoriety and the many people it has affected along the way. Bitcoin, a digital currency harvested by complex computer algorithms known as the “blockchain,” is essentially anonymous and, until recently, was not government-issued or regulated.

EDITORIAL REPORT

- 
David Burge @iowahawkblog · Oct 7
 If there's a podium involved, it's not a "conversation."
 129 replies 134 likes
- 
Jonathan Chait @jonathanchait · Oct 8
 Just spitballing: What if, instead of a traditional Speaker, Republicans just had gangs riding up and down the House aisles on motorcycles?
 314 replies 352 likes
- 
David Frum @davidfrum · Oct 8
 Maybe we should accept that Speaker of the House is one of those jobs that Americans just won't do.
 158 replies 185 likes
- 
Jonah Goldberg @JonahNRO · Oct 8
 "Oh yes you will! Get the net!"
 Jake Sherman @JakeSherman
 PAUL RYAN WITH QUICK STATEMENT: "While I am grateful for the encouragement I've received, I will not be a candidate."
 29 replies 31 likes
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Greg Gutfeld @greggutfeld · Oct 6
 "My dad would write 'cuckservative' in comment sections," is a sentence teens will repeat in therapy years from now.
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Party of Youth @daily_edgy · Oct 7
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THE WINKELVOSSES' BITCOIN SCHEME cont.

Entrepreneurs correctly recognized that the lack of regulation meant lower transaction costs, which stoked significant interest in bitcoin. But they did not always pay attention to the downsides. The absence of regulation bred extreme market volatility, and structural flaws in the algorithms exposed the entire bitcoin market to constant risk of loss.

Despite large strides in the currency's regulation and stability, the odds are stacked against bitcoin.

At one point the largest bitcoin exchange in existence, Mt. Gox, collapsed. I reported that it was not uncommon during this time to find rumors of suicide swirling around the mysterious deaths of major bitcoin investors.

Two years later, the price of bitcoin has stabilized and the Winkelvoss twins are leading the charge in a new direction: attracting large bitcoin investors.

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The ISIS Sex Slave Market

By **AMY ELINSKI**
STAFF WRITER

For the Yazidi people of Iraq, Thursday marked a particularly horrifying day. On October 8th, ISIS fighters participated in the female sex slave market, where Yazidi girls were the prize item.

ISIS considers the Yazidi religion akin to devil worship, and frequently uses that as a justification for murder, rape, and enslavement. After invading the Sinjar Province, which the Yazidi call home, ISIS captured the women and girls and murdered the men. The United Nations has already accused ISIS of genocide against the Yazidi people.

A decree by the leaders of ISIS states that if a Yazidi girl is raped by 10 ISIS fighters, she will convert to Islam.

A 22-year-old former ISIS sex slave, identified by CNN reporters as Noor, was sold into

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positive reviews from first-year students regarding its content and interactivity,” Magnarelli said. “Other programs were considered, but none seemed to have the same level of production or engagement.”

For \$8,000, Hamilton acquired a site license that gives the school unlimited access to CampusClarity’s training modules. That’s cheap compared to some other programs. One alternative, called Haven, is a 45-minute online course for which most schools, according to NPR, pay between \$10,000 and \$20,000.

New laws impose these costs, and in many cases it’s up to the schools to figure out how to comply with vague regulations. If paying for a training program is a guaranteed way to avoid harsh government fines, then it makes sense that schools are willing to hire companies like CampusClarity.

This is not to say that we should oppose laws like “Enough is Enough” just because people are profiting off of them. But we should be wary of the influence of money interests in these issues. As this industry grows, we can expect it to become a powerful lobbying interest. Will it have students’ best interests in mind? We’ve yet to see if the programs that they’re selling have a positive effect.

You can’t entirely fault this industry for providing a service where it’s needed. The ultimate responsibility is on the federal and state governments that passed the regulations and created the compliance economy. There remains plenty of room to question whether the compliance economy is providing real value by helping to solve the sexual assault problem, or if it’s profiting off of empty promises of improvement.

Other questions remain regarding the laws themselves. Does the displacement of emphasis onto colleges (where the money is) mean that we’re neglecting the law-enforcement side of sexual assault? Do the increasingly convoluted definitions of consent actually reduce sexual assault, or do they just make it easier for companies to sell explanations? The answers will, hopefully, become clearer over time.

P. PARKES cont.

To that end, the twins have cleared significant obstacles away. On October 5th, the twins received a “limited liability trust charter” for one of their bitcoin exchanges, called “Gemini.” With the charter, Gemini will provide

customers the ability to buy, sell, and hold bitcoins just like any other currency.

If it succeeds, they say, Gemini will be like the Nasdaq of bitcoin. The charter requires the exchange to keep as much reserve capital and abide by the same regulatory strictures as any other major bank, a big facelift for bitcoin’s respectability.

The bigger story, however, has been the twins’ own prominent role within the emerging bitcoin movement. They have tapped elite security experts from large companies like Microsoft and Airbnb to stabilize their exchanges, recently valuing the bitcoin market at one trillion dollars. In 2013, they claimed to own 1% of all bitcoins in existence.

But a closer analysis reveals they may have trouble “pulling a Facebook.” Bitcoin’s primary appeal in the past has been its deregulation and anonymity, with some small exceptions. So while the twins’ bid to attract serious investors by upgrading security and seeking regulatory oversight may increase the currency’s reliability, it will come at the cost of the freedom that made bitcoin interesting in the first place.

Other digital currencies have failed at the doorstep of regulation. Plus, most of the excitement among tech-savvy investors has been about the “blockchain” technology used to create bitcoins, not bitcoin itself.

Adding to concerns about the twins’ chances for success is that their \$1.5 million investment in a bitcoin exchange went sour when its CEO, Charlie Shrem, was arrested in January of 2014 in connection with illicit online drug exchanges. Who would want to invest in a currency whose real appeal lies in its technology and not its financial application, and employ criminals to do it?

Maybe people who have something to prove, both to the world and to Zuckerberg.

Speculation—and I emphasize that this is speculation—about the twins’ motivation for heavy and early bitcoin investing can only reveal so much. The facts, on the other hand, are clear. First: much of bitcoin’s success will depend on the effects of increased regulation and the success of the twins’ efforts to market bitcoin as a stable, gold-like asset. Second: chances are slim that these facts translate into the Winklevosses’ version of reality.

A. ELINSKI cont.

slavery after ISIS overran her Iraqi village in the Sinjar Province. The man who bought her raped her,

but not before showing her his “justification.”

“He showed me a letter and said, ‘This shows any captured women will become Muslim if 10 ISIS fighters rape her.’ There was a flag of ISIS and a picture of Abu Bakr Al Baghdadi.”

After raping her, he passed her on to 11 of his friends who did the same.

Other Yazidi women attempted to end their lives rather than fall victim to the ISIS fighters’ predation. 21-year-old Bushra, already traumatized from witnessing and undergoing the invasive examinations by ISIS gynecologists to determine whether girls were virgins or pregnant, said she swallowed a bottle filled with pills in an attempt to kill herself after being taken to her captor’s home, to escape becoming a victim of rape. She collapsed and was taken to a hospital, where she was revived and subsequently raped.

ISIS is keen on keeping its victims alive as they suffer horrors. Another group of 14 girls all drank rat poison together to avoid becoming rape victims at the hands of their captors. They were all rushed to the hospital, where their stomachs were pumped and they were revived,

and subsequently returned to their captors to suffer Noor’s fate.

In ISIS territory, Yazidi women are treated as no more than a disposable commodity. They can be bought and sold, bartered in exchange for weapons, and even given as gifts. The system goes far beyond simple transactions, however—the process is deeply embedded in the ISIS theology.

ISIS claims its justification for the enslavement of the Yazidi women is drawn from the Quran, a claim that many Muslims readily refute.

They can be bought and sold, bartered in exchange for weapons, and even given as gifts.

For the few like Noor and Bushra who are able to escape, there is comfort in knowing that they can do something to educate the public about the horrors of ISIS. The two, along with another girl who escaped the horrors of ISIS, have recently travelled to the UK with the AMAR foundation, where they have given lectures on the dangers of radicalization in an attempt to dissuade youth from travelling to Syria to join ISIS.

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