

# “The end of cash – the end of freedom of choice?”



ESTA Conference:  
A Bright Future for Cash

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In recent years there has been a development which is called:  
**„war on cash“**

**Kenneth Rogoff** (Harvard economics professor and former economist of the IMF):

**Prepare for negative interest rates in the next recession, says top economist**



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**Larry Summers** (Harvard economics professor and Secretary of Finance in Bill Clinton's administration)

argues in the same way as Kenneth Rogoff:

Negative interest rates might be necessary to push the economy.

The existence of cash limits the possibility to impose negative interest rates.

**Consequently cash has to be abolished?**



**Peter Bofinger** (German economist, University of Würzburg)

argues in the same direction as Rogoff and Summers.

Among German economists this is a minority opinion.





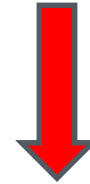
**John Cryan** (former CEO of Deutschen Bank) in January 2016:

„Cash I think in ten years time probably won't (exist). There is no need for it, it is terribly inefficient and expensive”

**Deutsche CEO predicts cash will be gone in a decade**



**Economic efficiency =  
lower transaction costs**



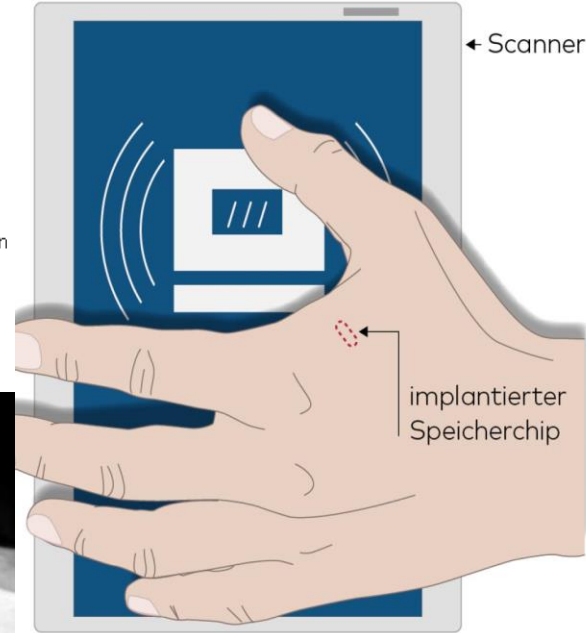
**War on Cash**



WEBWELT & TECHNIK SELBSTVERSUCH

## Darum habe ich mir einen Chip unter die Haut gespritzt

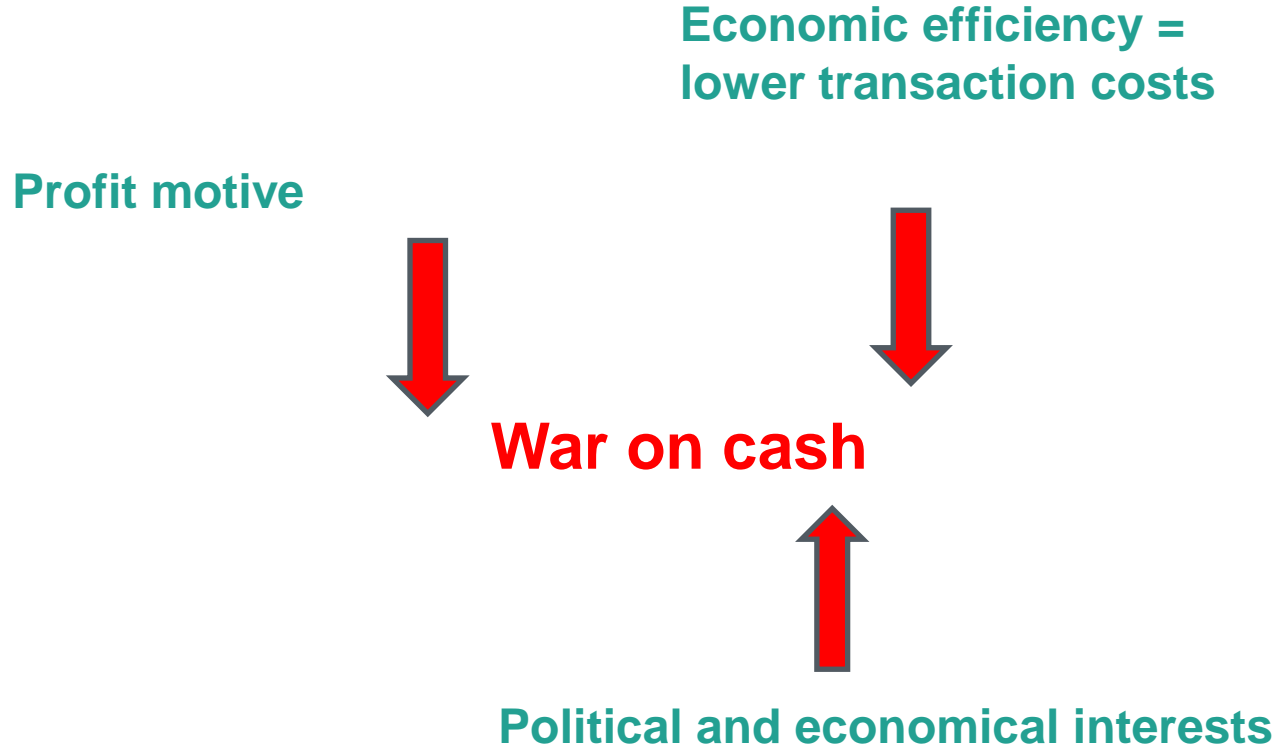
Von Stefan Mair, handelszeitung.ch | Veröffentlicht am 02.10.2015 | Lesedauer: 7 Minuten



Quelle: welt.de

# Three driving forces for the end of cash

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## Publicly used arguments for the end of cash:

- Depositors cannot escape negative interest rates (= „**Konsumverweigerungssteuer**“ = „**a tax on anti-consumerism**“).
- Fight against organised crime, terrorism, tax evasion, black labour and illegal employment.

## Other interests against cash:

- No more bankruns.
- Sovereign debt will be easier to manage for governments.

## Consequences of an end of cash:

- Loss of freedom and anonymity: George Orwell or the last book of the Bible (Revelation). Total control is possible. The Russian author Fyodor Mikhailovich Dostoyevsky (1821-1881) wrote: „Money is coined liberty“
- A dictatorship can become deeper and cheaper.
- An evasion of a capital levy will be more difficult.
- Vulnerability by cyberwar, cybercrime and blackouts!

## Revelation 13, 15-18:

**15 The second beast was given power to give breath to the image of the first beast, so that the image could speak and cause all who refused to worship the image to be killed.**

**16 It also forced all people, great and small, rich and poor, free and slave, to receive a mark on their right hands or on their foreheads,**

**17 so that they could not buy or sell unless they had the mark, which is the name of the beast or the number of its name.**

**18 This calls for wisdom. Let the person who has insight calculate the number of the beast, for it is the number of a man. That number is 666.**

(New International Version)

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To **Benjamin Franklin**, one of the founding fathers of the USA, this quotation is attributed:

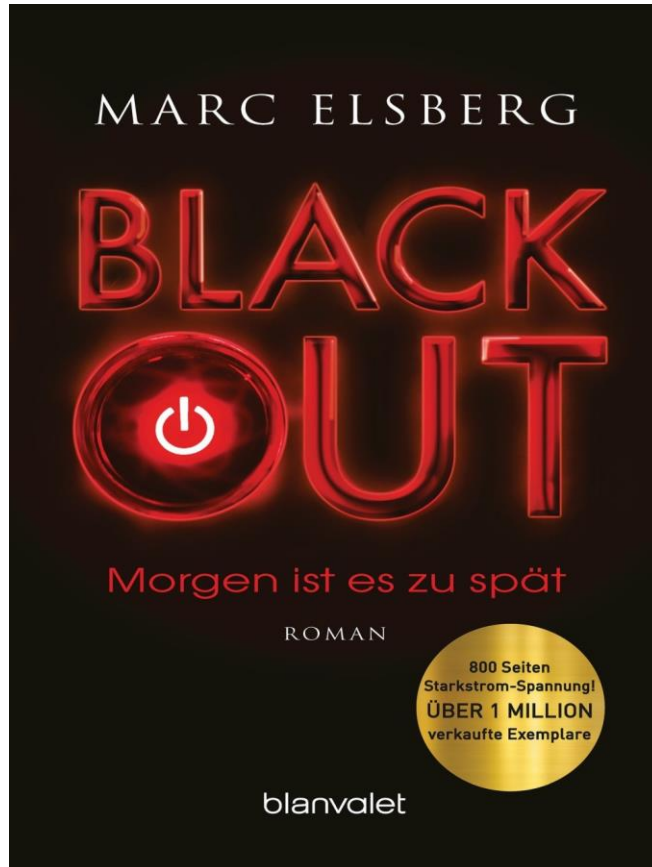
„If we restrict liberty to attain security we will lose them both.“





## Consequences of an end of cash:

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- The global debt crisis is an incentive for (central) bankers and politicians to make an end to cash.
- A cashless world is likely to make them more powerful.
- Resistance is very likely.
- A development like in Sweden is very likely: cashless payment is replacing cash payments more and more.
- Partly, cash might lose its status as legal tender.
- Future financial crisis, terrorism, organised crime, tax evasion and bacteria on coins and bills are used as arguments against cash.
- Opponents to the end of cash could be regarded as „supporters of terrorism / tax evasion...“

## Examples:

- Discussion of EU-limit of allowed cash payments of 5'000 Euros.
- ECB ends production and issuance of € 500 banknote
- India: In November 2016 banknotes of 500 and 1'000 Rupee are declared invalid overnight.

## Alternatives to cash:

- Cash of other countries
- Cryptocurrencies like Bitcoins
- Precious metals (in coins)
- Private currencies
- Barter clubs
- Self-sufficiency
- Vouchers

**However:** The government is very likely going to repress these alternatives.

p. 25: “In addition, when currency was introduced, keeping track of financial transactions and money flows was not an issue. One characteristic of cash, its largely untraceable nature, was largely irrelevant. Today, in a complex and largely global financial system, it is not. Governments and regulators have legitimate and compelling reasons, including taxation, law enforcement, and national security, to better understand money flows and financial transactions. It is no surprise that early adopters of bitcoin were those with a reason, or desire, not to have their financial dealings observed by governments.”

The Digital Revolution  
in Banking

Gail Kelly

GROUP OF THIRTY WASHINGTON, D.C.

<http://group30.org/publications/detail/164>

Occasional Paper 89



## Conclusion:

An end of cash has, directly and indirectly, negative consequences for freedom of choice.

Thank you!

Dr. Ulrich Horstmann  
Prof. Dr. Gerald Mann



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