

Digital cash is a political issue

In 2015, we suggested to the House of Representatives in the Netherlands that the government should issue [digital cash](#). Not to replace physical cash (coins and notes), but to replace bank money.

We were invited to explain our position in a public hearing. The national central bank was also invited, ridiculing us with disdain and naming us communists. Within a year they started a project on digital money themselves. Today, every self-respecting central bank is working on it.

Digital version of the euro coin

Digitization of money has become top priority for central banks. It compelled them to come up with a new '[taxonomy of money](#)' from their headquarters in Basel. In it, they describe the kinds of money that they distinguish. Pennies and bitcoins are all included in new categories. The overview seems complete and well thought out. Yet they have overlooked something: *debt-free digital money issued by the government*. Say, the digital version of the euro coin. That they have forgotten this is unlikely to be a coincidence. After all, public digital debt-free money makes central banks superfluous.

Debt-free money in the form of physical coins and banknotes is (still) offered to us by the banks. But digital fiat money seems threatening to them. And it is, because it provides a superior alternative for interest-bearing bank money. And they sure do not want that. It would mark the end of the commercial exploitation of our money system.

Abolition of the bank money system

That is exactly what matters to us. Commercial exploitation of our monetary system creates social inequality. It burdens society with unnecessary debts, driving people and countries apart. Bank money must yield a return. It extracts value even if it does not add any value itself. This undermines the fabric of society and the quality of life.

The bank money system has reached its limits. Today it does more harm than good. Moreover, it is outdated. Since the arrival of the internet, we no longer need bank money. We can base our monetary system entirely on cash, in physical and digital form.

Public debate

The Italian central bank has joined the debate on digital money. That yielded a remarkable statement. The Italians are not at the forefront in the analysis. The most interesting reports to date came from [London](#) and [Stockholm](#). But the Italians did add something very important.

That happened in a [speech](#) by the Italian central banker Fabio Panetta about "21st century cash: Central banking, technological innovation and digital currencies." What was his conclusion? That the digital money of the future is not a technical discussion, it is a political matter in which society must be involved.

"All in all, this is hardly going to be a purely technical decision. Society as a whole, through its political bodies, will need to be involved."

This is what the Ons Geld foundation was established for. To unleash that involvement, and to ensure that the debate is not dominated by private interests. The money system concerns us all. Public debate on money is now on.

Edgar Wortmann – Originally published in Dutch by [Ons Geld](#).