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Three forms of “money”

1. Money objects (*cash*)
2. Payment instruments (*deposits*)
3. Money market instruments (*MMFs, REPOs*)

Money objects

embody the general unit of value (*MONEY*)

“Instruments”

claims to money



Money objects

represent the currency (*inherent liquidity*)

“Instruments”

backed by (financial) assets (*underlying value*)

Money objects

legitimate unilateral act (*debt free*)

“Instruments”

contract (*debt*)

How to turn contracts into money?

Parity

1:1 exchangeability
of “instruments” and the currency

Banking privilege

application of nominalism to deposits

Funding a business



Assets	Liabilities
Assets	Shares
	Bonds

Funding a bank



Assets	Liabilities
Assets	Shares
	Bonds
	Deposits

Institutional order

- Blocks market processes
- Obscures credit risks
- State aid to MFIs

*Burdens society with private risk-taking
and unnecessary debt (“systemic debt”)*

Why?

- Flexibility (under metalism)
- Payment over distance

Why is this outdated?

- Abolition of metalism
- The internet

Cash-only

- physical
- digital

From debt based to cash-only

- ✓ No hoarding of financial assets
- ✓ No privileges for MFIs
- ✓ No systemic debt
- ✓ Safe and simple

Transition to Digital Cash

1. CBDC: a giant bad central bank
2. Decoupling the currency
3. Deleveraging the system

Blockchain

- Improved market liquidity of assets
- Store of value (*at fair value*)

Cash-only

- Zero-inflation
- **Not** a store of value
- Appropriate liquidity buffers

- ✓ **Cash-only money system**
- ✓ **Liberalisation of credit activities**
- ✓ **Decentralisation of credit decisions**

MONEY = a public concern

Credit = a private business

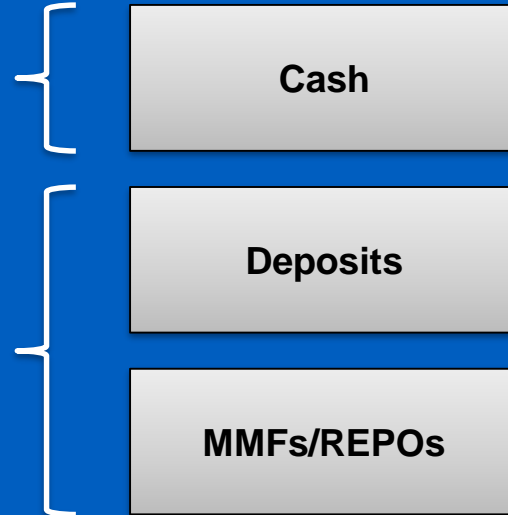
Monetary Authority (which is **not** a bank)

- Provide MONEY to society
- No assets to back up MONEY
- Transparency and democratic oversight

Inherent liquidity

Underlying value

- bank assets
- collateral

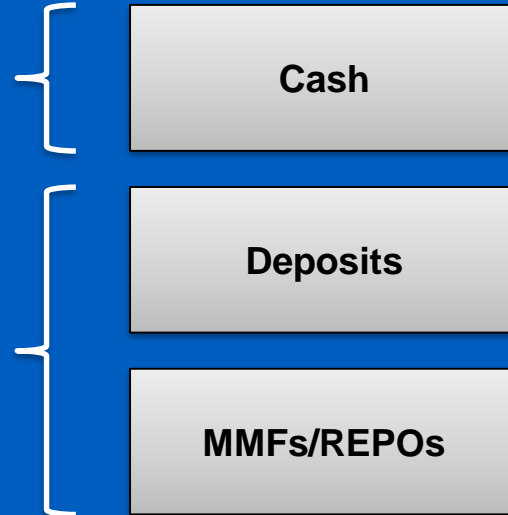


Recap



Nominalism
Physical

Parity (to apply nominalism)

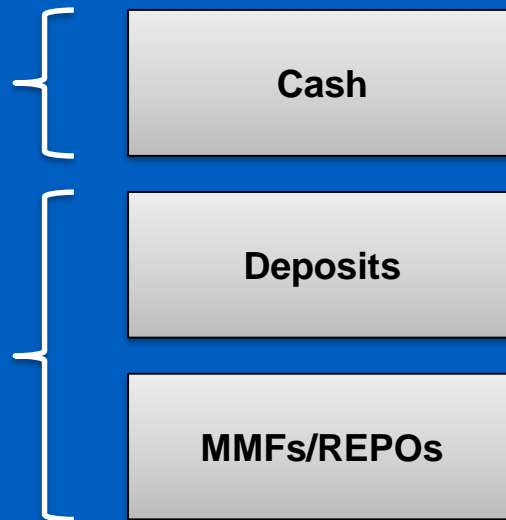


Money reform



Nominalism
Physical & digital

~~Parity~~

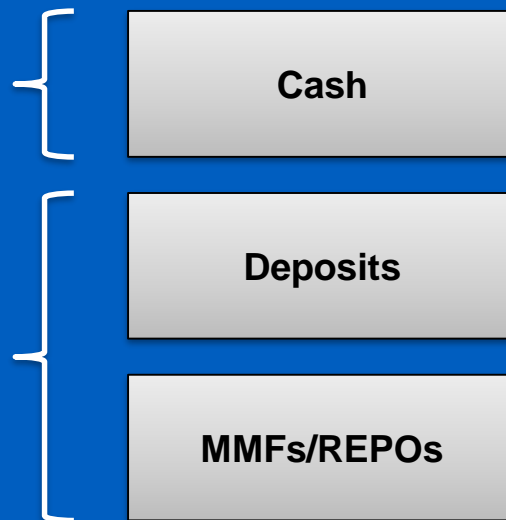


Nominalism

Physical & digital

Fair value

- Securities
- Level playing field
- Decentralisation of credit decisions



1. Implementation of Digital Cash

2. Cash-only money system (physical & digital)

3. Deposits/MMFs/REPOs treated as securities (fair value)

- ✓ MONEY not a store of value (*inherent liquidity*)
- ✓ Increased liquidity of value (*market liquidity*)

1. Government provides **Digital Cash**
2. Digital saves to store Digital Cash **safe and inactive**
3. **Cash-only** money system (physical and digital cash)
4. Deposits treated as securities (**fair value**)
5. **Decentralisation** of credit decisions
6. Direct control of **liquidity-buffers** in society at large
7. Zero inflation/deflation (*no inflation target*)



Questions?

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Further reading

- ✓ Deleverage without a crunch
- ✓ onsgeld.org/archief
- ✓ virtualeuro.eu

Parity accomplished by:

- Cash on demand
- Central bank credit
- Interbank settlement
- (...)

Parity accompanied by:

- grave complexity of financial law
- blocking of market processes
- recurring crises

Prohibition for both banks and non-banks

**to borrow money under the condition that
the loan can be reclaimed on demand.**