



Edgar Wortmann

e.w@onsgeld.nu

1. Van “debt based” naar “cash-only”
2. Ontkoppeling van geld en financiële activa
3. Vrijvallende activa gebruiken voor ontschuldiging

Twée vormen van “geld”

1. Geldsobjecten (*contant geld*)
2. Geldswaarden (*tegoeden, MMFs, REPOs, ...*)

Geldsobjecten

Belichamen de algemene waarde-eenheid (*GELD*)

Geldswaarden

Gemonetariseerde vorderingen



Geldsubjecten

'Geld-in-zichzelf'

Geldswaarden

Gedekt door (financiële) activa (*onderliggende waarde*)

Onderliggende waarde

Tegoeden -> Bank activa (concurrent)

MMFs, REPOs, ... -> Onderpand (preferent)

Geldsobjecten

Bevoegdheid (eenzijdige rechtshandeling / “schuldvrij”)

Geldswaarden

Overeenkomst (meerzijdige rechtshandeling / “schuld”)

Monetarisering

Hoe wordt een overeenkomst geld?

Pariteit

1:1 inwisselbaarheid van geldswaarden
met de algemene waarde-eenheid

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

Privileges voor banken

Toepassing van pariteit op tegoeden

= onttrekking van tegoeden aan vrije prijsvorming

we worden geacht ze 'at face value' (tegen nominale waarde) te nemen

Funding a business



Assets (activa)	Liabilities (passiva)
Assets (activa)	Shares (aandelen)
	Bonds (obligaties)

Funding a bank



Assets (activa)	Liabilities (passiva)
Assets (activa)	Shares (aandelen)
	Bonds (obligaties)
	Deposits (tegoeden)

Institutionele kader

- Blokkeert inprijzing van risico's
- Bevoordeelt banken (MFIs)
- Verstoort marktwerking

Belast de samenleving met particuliere risico's en onnodige schulden ("systeemschuld")

Waarom?

- Flexibiliteit (onder metalisme)
- Betaling over afstand

Waarom is dat achterhaald?

- Afschaffing van metalisme
- Het internet

Cash-only

- fysiek (munten en biljetten)
- digitaal (digitaal contant geld)

Homogeen chartaal geldstelsel

- uitsluitend gebaseerd op geldsobjecten
- demonetarisering van geldswaarden

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

Deleverage without a crunch!

- ✓ Public debts
- ✓ Private debts (citizens' dividend)
- ✓ Payment (not write-off) of debts

Cash-only

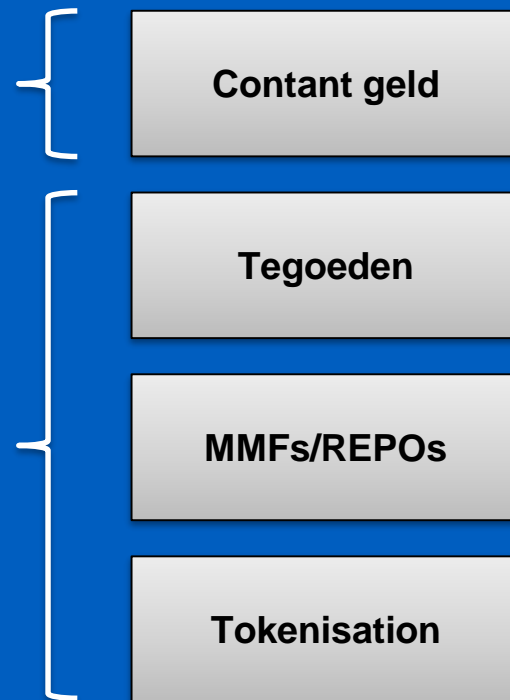
- Zero-inflation
- **Not** a store of value
- Appropriate liquidity buffers

Blockchain / tokenisation

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

Inherente liquiditeit
(geen store of value)

Contractuele/markt liquiditeit
(store of value at actual value)



- ✓ **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

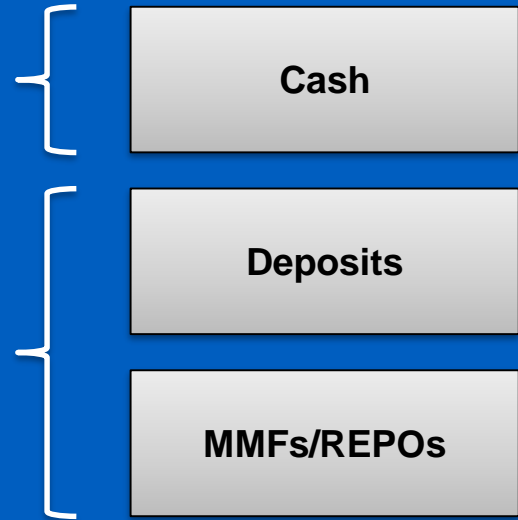
Monetary Authority (which is **not** a bank)

- No open market operations
- No 'risk free' interest rate
- **Direct monetary policy** (based on real-time insight in stocks and flows)
- Cash, not credit, as monetary policy instrument

Belichaming waarde-eenheid

Onderliggende waarde

- bank activa
- onderpand

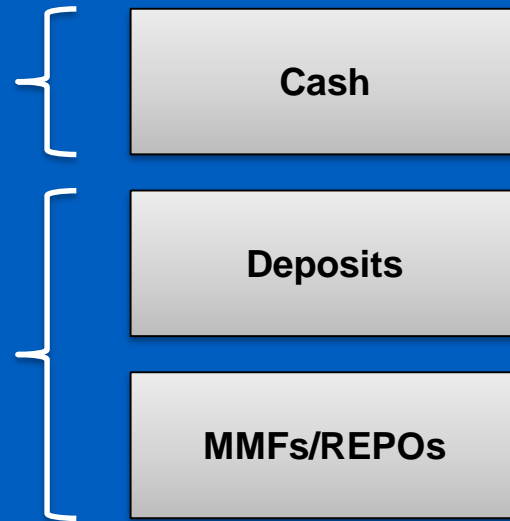


Recap



Belichaming waarde-eenheid
Fysiek

Pariteit

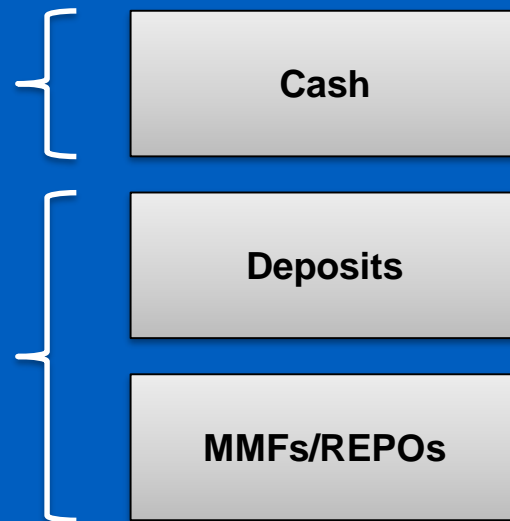


Monetaire hervorming



Belichaming waarde-eenheid
Fysiek en digitaal

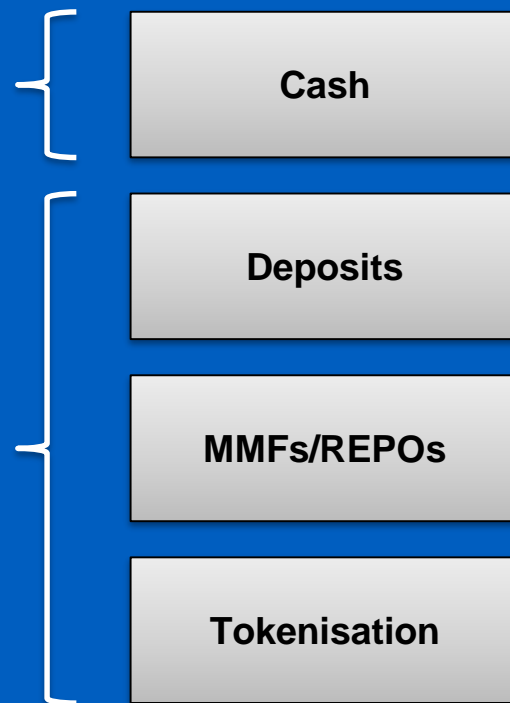
~~Pariteit~~



Belichaming waarde-eenheid Fysiek en digitaal

Reële waarde

- Effecten
- Level playing field
- Decentralisering van kredietbelissingen



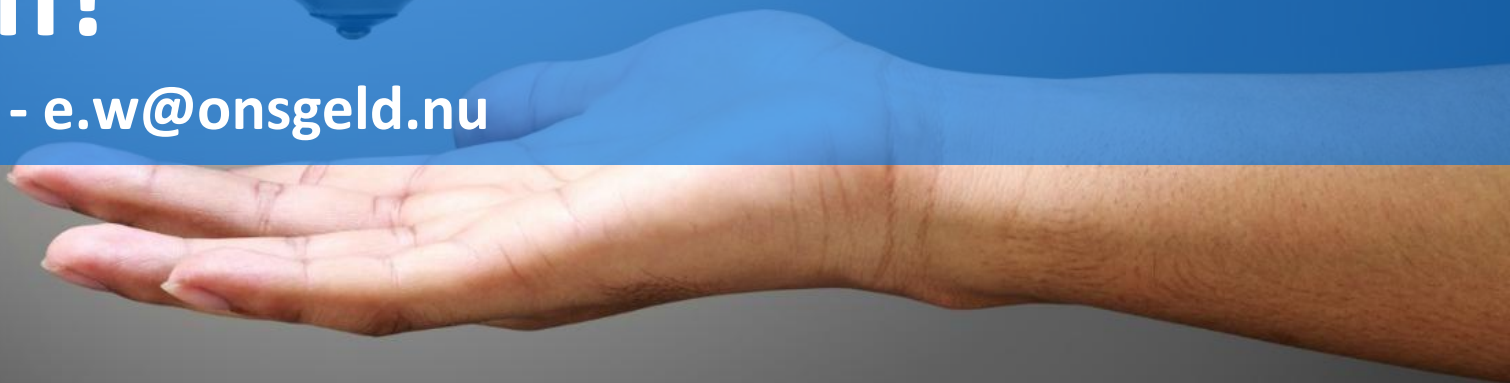
- 1. Invoering van digitaal contant geld**
 - 2. Cash-only geldstelsel (fysiek & digitaal)**
 - 3. Tegoeden/MMFs/REPOs behandelen als effecten**
(reële waarde / demonetarisering)
- ✓ GELD is geen “store of value”
 - ✓ Vergrote liquiditeit van reële waarden (stores of value)

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 (**actual value**)
5. **Decentralisation** of credit decisions
6. Direct control of **liquidity-buffers** in society at large
7. Zero inflation/deflation (*no inflation target*)



Vragen?

onsgeld.org - e.w@onsgeld.nu



Verder lezen

- ✓ Deleverage without a crunch
- ✓ onsgeld.org/archief
- ✓ blog.onsgeld.nu

Bank money creation = credit extension

C = bank credit

I = Investment

S = Savings

Monetary cycle: **C -> I -> S**

Commonly taught: **S -> I**

Jakab, Z., M. Kumhof (2015). Banks Are Not Intermediaries of Loanable Funds – And Why This Matters, Bank of England Staff Working Papers, No. 529.

Available at: <http://www.bankofengland.co.uk/research/Documents/workingpapers/2015/wp529.pdf>

The bank money supply is rather volatile and over-reacting.

“Systemic debt”

Systemic debt relates to the amount of bank money in the economy. Systemic debt is accompanied by a systemic debt burden, which consists of the net interest the banking system charges on the bank money in circulation.

Further reading: Wortmann, E., A proposal for radical monetary reform, Ons Geld, 2016
https://onsgeld.nu/onsgeld/2016/wortmann_radical_monetary_reform.pdf

Debt and debt burdens are a collective concern

“Indebtedness unduly limits our ability to prosper”

Bank money and economic stagnation

Current aggregate debt levels result in persistent stagnation.

Ways out of stagnation



Inflation (*bank money paradigm*)

- Reducing nominal debt burdens
- Lowering default risks in society
- Fighting debt with more debt

Debt write-off

- “Jubilee”
- Mandatory cancellation of debts
- Debtors win, creditors lose

Monetary reform (*“deleverage without a crunch”*)

- Replacing bank money with digital cash
- Repayment of bank loans (via citizens’ dividend)
- Monetarily-neutral operation (both debtors and creditors win)

Prohibition for both banks and non-banks

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