

Relentless Digitalization: Is a Cashless Economy a Real Threat to Privacy and Civil Liberties?

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Theme: [Global Economy](#), [Intelligence](#)

Global Research, June 17, 2021

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The relentless digitalisation of every day life since the advent of the Internet has led to many accepting as inevitable the eventual emergence of a cashless society. For the last few years, a fierce debate has taken place in the public sphere involving politicians, economists and sociologists alike, on the ethical boundaries of such a society and the threat it poses to individual freedom, privacy and civil liberties. There are logical fears that the eradication of cash would accelerate the already alarming disparities between rich and poor and leave citizens at the mercy of the international banking system, with little to zero control over their personal data.

Sky News Australia host Cory Bernardi [argues](#) that a cashless society would mark ‘the end of privacy’. Indeed, a move towards a wholly digital society would represent a global victory for big tech, big data and big government. It is [argued](#) that “the abolition of paper and metal currency is often presented as an improvement on the current way of doing business. It is indeed, but only for banks and governments, not so much for the citizens and customers which they are supposed to serve.” The worldwide COVID-19 pandemic has accelerated the process of a move towards a cashless global economy.

So what are we risking by removing cash completely from our economies? Would it represent the final nail in the coffin for personal privacy? Is it really worth giving up our civil liberties to pander to the minacious ambition of big tech and authoritarian governments?

Mass Surveillance and the Cashless Economy

A move towards a cashless economy has alarmed many who believe such a step would mean a drastic move towards a mass surveillance state. With every bank transaction able to be monitored by the banks and other financial intermediaries, and therefore by governments, only cryptocurrency transactions would remain private and hidden from third-party view. The [idea](#) that every purchase you make is “authorised and recorded by a privately run commercial bank, giving it a transaction-by-transaction history of your entire commercial life”, represents for many a somewhat dystopian future.

From [Sweden](#) to [China](#), serious moves are being made to completely remove physical cash transactions from the economy. China in particular has launched a country-wide experiment

to [introduce](#) a centralised ‘digital yuan’, with individuals’ funds being stored on a ‘digital wallet’, easily accessible to central government. This would in theory create the “world’s largest repository of financial transactions data, allowing the authoritarian CCP unprecedented access to ramp up surveillance of ordinary citizens.”

To opponents of cashless societies, handing over such control to either public or private organizations would represent another draconian shift towards authoritarianism. Laura Poitras highlighted in [Der Spiegel](#) how “the NSA monitors banks and credit card transactions — sometimes in apparent violation of national laws and global regulations. The European SWIFT financial transaction network is being tapped on different levels, internal documents from the US spy agency show.” Cashless economies would remove citizens ability to avoid such under-the-table practices.

The existence of these third-parties (banks or payment intermediaries like VISA or Mastercard) and the ever-growing power they wield facilitates this trend towards the expansion of surveillance states. They have unique access to every financial transaction in an economy, [described](#) by Brett Scott in the Guardian as “a big data economic macro-surveillance system.” Advocates for solid cash therefore extol the virtues of coins and notes as the most “flexible and anonymous medium for quick small transactions that don’t involve an intermediary.”

An Attack on Our Civil Liberties?

‘Cashless society’ is a euphemism for the “ask-your-banks-for-permission-to-pay society”, [asserted](#) Brett Scott in a 2016 article for the New Statesman. The level of subtle control exercised over one’s daily activities would be significant. Scott underlines how “you’d have no choice but to conform to the intermediaries’ automated bureaucracy, giving them a lot of power, and a lot of data about the microtexture of your economic life.” This phenomenon has already begun creeping into Western societies; London buses [stopped](#) accepting cash in 2014, [Norway](#) has become a ‘world leader’ in cashless transactions, with banknotes accounting for only 3-4% of transactions in the country.

Many [argue](#) that the anonymity of ‘classic’ payment processes is vital for our civil liberties and individual freedoms. Expanding the cashless economy would surely mean that non-adherents and opponents could easily be cut off from the system for refusing to comply. On a more human level, individuals must be protected from invisible power structures, third-party actors who could use their unfettered access to individuals’ data for nefarious reasons.

A 2019 [report](#) claimed that up to 8 million people in Great Britain would not be able to cope with the removal of cash from the economy. Would ostracising such a large section of society be worth it for convenience, cost, personal preference and the avoidance of tax evasion? As things stand, the arguments against continue to outweigh the arguments for.

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also a mother, and what she has seen of macroeconomic and macro-political developments motivates her to alert the younger generation to the dangers of a host of measures in the pipeline.

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