

Why the Powers That Be Are Pushing a Cashless Society

By [Washington's Blog](#)

Global Research, May 04, 2015

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Region: [USA](#)

Theme: [Global Economy](#)

We Can't Rein In the Banks If We Can't Pull Our Money Out of Them

Martin Armstrong summarizes the headway being made to ban cash, and [argues](#) that the goal of those pushing a cashless society is to prevent bank runs ... and increase their control:

The central banks are ... planning drastic restrictions on cash itself. They see moving to electronic money will first eliminate the underground economy, but secondly, they believe it will even prevent a banking crisis. This idea of eliminating cash was first floated as the normal trial balloon to see how the people take it. It was first launched by Kenneth Rogoff of Harvard University and Willem Buiter, the chief economist at Citigroup. Their claims have been widely hailed and their papers are now the foundation for the new age of Economic Totalitarianism that confronts us. Rogoff and Buiter have laid the ground work for the end of much of our freedom and will one day will be considered the new Marx with hindsight. They sit in their lofty offices but do not have real world practical experience beyond theory. Considerations of their arguments have shown how governments can seize all economic power are destroy cash in the process eliminating all rights. Physical paper money provides the check against negative interest rates for if they become too great, people will simply withdraw their funds and hoard cash. Furthermore, paper currency allows for bank runs. Eliminate paper currency and what you end up with is the elimination of the ability to demand to withdraw funds from a bank.

In many nations, specific measures have already been taken demonstrating that the Rogoff-Buiter world of Economic Totalitarianism is indeed upon us. This is the death of Capitalism. Of course the socialists hate Capitalism and see other people's money should be theirs. What they cannot see is that Capitalism is freedom from government totalitarianism. The freedom to pursue the field you desire without filling the state needs that supersede your own.

There have been test runs of this Rogoff-Buiter Economic Totalitarianism to see if the idea works. I reported on [June 21, 2014](#) that Britain was doing a test run. A shopping street in Manchester banned cash as part of an experiment to see if Brits would accept a cashless society. London buses ended accepting cash payments from July 2014. Meanwhile, Currency Exchange dealers began offering debt cards instead of cash that they market as being safer to travel with. The Chorlton, South Manchester experiment was touted to test customers and business reaction to the idea for physical currency will disappear inside 20 years.

France passed another Draconian new law that from the police parissummer of

2015 it will now impose cash requirements dramatically trying to eliminate cash by force. French citizens and tourists will then only be allowed a limited amount of physical money. They have financial police searching people on trains just passing through France to see if they are transporting cash, which they will now seize. Meanwhile, the new French Elite are moving in this very same direction. Piketty wants to just take everyone's money who has more than he does. Nobody stands on the side of freedom or on restraining the corruption within government. The problem always turns against the people for we are the cause of the fiscal mismanagement of government that never has enough for themselves.

In Greece a drastic reduction in cash is also being discussed in light of the economic crisis. Now any bill over €70 should be payable only by check or credit card - it will be illegal to pay in cash. The German [Baader Bank](#) founded in Munich expects formally to abolish the cash to enforce negative interest rates on accounts that is really taxation on whatever money you still have left after taxes.

Complete abolition of cash threatens our very freedom and rights of citizens in so many areas.

Paper currency is indeed the check against negative interest rates. We need only look to Switzerland to prove that theory. Any attempt to impose say a 5% negative interest rates (tax) would lead to an unimaginably massive flight into cash. This was already demonstrated recently by the example of Swiss pension funds, which withdrew their money from the bank in a big way and now store it in vaults in cash in order to escape the financial repression. People will act in their own self-interest and negative interest rates are likely to reduce the sales of government bonds and set off a bank run as long as paper money exists.

Obviously, government and bankers are not stupid. The only way to prevent such a global bank run would be the total prohibition of paper money. This is unlikely, both in Switzerland and in the United States because the economies are dominated there by a certain "liberalism" to some extent but also because their currencies also circulate outside their domestic economies. The fact that but the question of the cash ban in the context of a global conference with the participation of the major central banks of the US and the ECB will be discussed, demonstrates by itself that the problem is not a regional problem.

Nevertheless, there is a growing assumption that the negative interest rate world (tax on cash) is likely to increase dramatically in Europe in particular since it is socialism that is collapsing. Government in Brussels is unlikely to yield power and their line of thinking cannot lead to any solution. The negative interest rate concept is making its way into the United States at J.P. Morgan where they will charge a fee on excess cash on deposit starting May 1st, 2015. Asset holdings of cash with a tax or a fee in the amount of the negative interest rate seems to be underway even in Switzerland.

The movement toward electronic money is moving at high speed and this says a lot about the state of the financial system. The track record of the major financial institutions is nearly perfect - they are always caught on the wrong side when a crisis breaks, which requires their bailouts. The fact that we have already seen test runs with theory-balloons flying, the major financial institutions are in no shape to withstand another economic decline.

For depositors, this means they really need to grasp what is going on here for unless they are vigilant, there is a serious risk of losing everything. We must understand that these measures will be implemented overnight in the middle of a banking crisis after 2015.75. The balloons have taken off and the discussions are underway. The trend in taxation and reduction of cash seems to be unstoppable. Government is not prepared to reform for that would require a new way of thinking and a loss of power. That is not a consideration. They only see one direction and that is to take us into the new promised-land of economic totalitarianism.

People can't pull cash out of their bank accounts - [for political reasons](#), because they've lost confidence in the bank, or because ["bail-ins" are enacted](#) - if cash is banned.

The Financial Times [argued](#) last year that central banks would be the real winners from a cashless society:

Central bankers, after all, have had an explicit interest in introducing e-money from the moment the global financial crisis began...

The introduction of a cashless society empowers central banks greatly. A cashless society, after all, not only makes things like negative interest rates possible, it transfers absolute control of the money supply to the central bank, mostly by turning it into a universal banker that competes directly with private banks for public deposits. All digital deposits become base money.

The Government Can Manipulate Digital Accounts More Easily than Cash

Moreover, an official White House panel on spying has implied that the government is [manipulating the amount in people's financial accounts](#).

If all money becomes digital, it would be much easier for the government to manipulate our accounts.

Indeed, numerous high-level NSA whistleblowers say that NSA spying is about [crushing dissent](#) and [blackmailing opponents](#) ... [not stopping terrorism](#).

This may sound over-the-top ... but remember, the government sometimes [labels](#) its critics as "[terrorists](#)". If the government claims the power to [indefinitely detain - or even assassinate](#) - American citizens at the whim of the executive, don't you think that government people would be willing to shut down, or withdraw a stiff "penalty" from a dissenter's bank account?

If society becomes cashless, dissenters can't hide cash. All of their financial holdings would be vulnerable to an attack by the government.

This would be the ultimate form of control. Because - without access to money - people couldn't resist, couldn't hide and couldn't escape.

And see [this](#).

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