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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



<b>Assets</b>	<b>Liabilities</b>
Assets	Shares
	Bonds

# Funding a bank



<b>Assets</b>	<b>Liabilities</b>
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## Why is this outdated?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

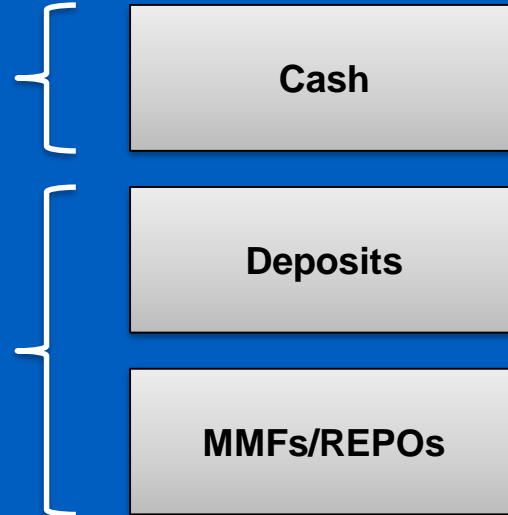
## **Monetary Authority** (which is **not** a bank)

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

## Inherent liquidity

## Underlying value

- bank assets
- collateral

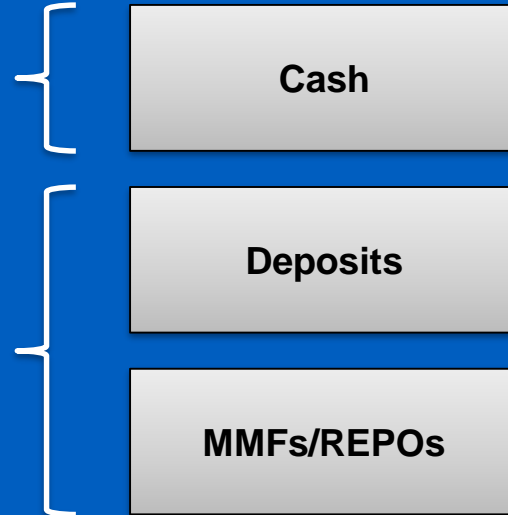


# Recap



**Nominalism**  
Physical

**Parity** (to apply nominalism)

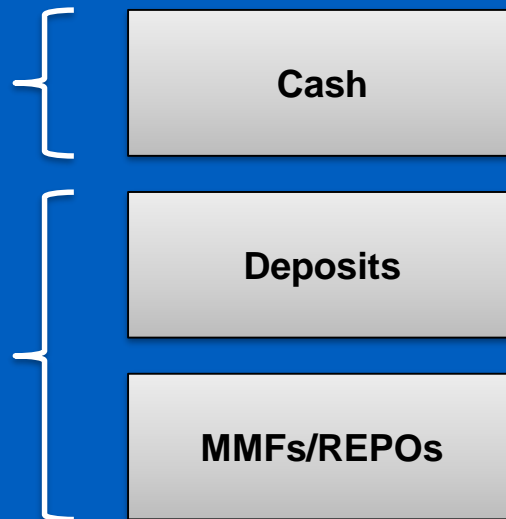


# Money reform



**Nominalism**  
Physical & digital

~~Parity~~

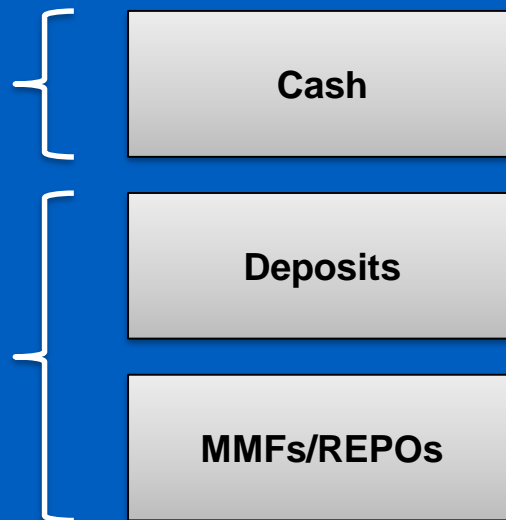


## Nominalism

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. Deposites 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?

[onsgeld.org](http://onsgeld.org) - [e.w@onsgeld.nu](mailto:e.w@onsgeld.nu)

## Further reading

- ✓ Deleverage without a crunch
- ✓ [onsgeld.org/archief](https://onsgeld.org/archief)
- ✓ [virtualeuro.eu](https://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.**