**From:** matt gaddes <mattgaddes1966@yahoo.com.au>   
**Sent:** Wednesday, 7 August 2019 1:25 PM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Exposure draft - currency (restrictions on the use of cash) Bill 2019

Submission

The Australian governments legislation to ban cash transactions over A$10,000 is a dangerous and appalling attack on the freedom of all Australians. It is without mandate or consultation. This would obviously facilitate the move to a cashless society. Once legislation is passed it would almost certainly lead to the following consequences:

1. The amount of A$10,000 would be lessened incrementally, without any supporting evidence, by unqualified politicians or treasury officials who do not understand the economic consequences and pay little heed to economic history.

2. If the above happened it would support the RBA taking interest rates negative. This would trap ordinary Australians into too big to fail and, as we have seen in the royal commission into banking, corrupt banking systems.

3. Negative interest rates penalize savers. Savers build capital and the building of capital facilitates entrepreneurs to employ that capital to build businesses that employ ordinary Australians. Without savings the allocation of productive capital can not happen.

4. Having negative interest rates penalizes all kinds of pensioners, both self managed with annuity payments and government subsidized.

5. Negative interest rates cause asset prices to increase. This is more than evidenced by asset classes rising parabolically, on a global scale, since the widespread use of synchronized quantitative easing by central banks globally.

6. Negative interest rates provide cheap liqudity to corporations which encourages them to buy back there own stocks. This practice inflates stock prices leading to the upper management of these corporations to demand bigger bonuses for better stock performance. In essence, however, this practice has only succeeded in thinning the stock market indices that support the trading of those stocks. The lack of depth created by these mass buy backs only weakens indices.

7. Negative interest rates cause trading partners to lose confidence in the country's currency. This means that there are a reduction in countries are willing to hold the currency as a part of trade deals.  
8. Negative interest rates mean that countries and hedgefund managers that would normally by Australian treasury bills (ie lend Australia money) are less likely to do so. This is evidenced by Japanese treasury notes, all of which are bought by the Japanese central bank 'The Bank of Japan'. Japanese interest rates have been negative since the 1990. They are as entering their third lost decade.

9. A cashless society gives the government the ability to turn off the accounts of those whom it finds disagreeable. This is a blatant attack on the freedom of everyday Australians and is clearly open to abuse.   
  
10. Negative interest rates have been a failed experiment that central banks have been running since the 1990's with Japan. They have produced nothing but results that have been counterproductive to the Japanese economy. Rather than trying to stop boom bust cycles that shake out misallocation of capital stops the creation of too big to fail entities and zombie companies that are propped up by cheap capital. If debt was allowed to be governed by market driven price discovery mechanisms and not by bureaucrats with Phd's at central banks gross misallocations of capital would be less likely to occur.

Yours sincerely

Matt Gaddes

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