A Government Rebuked
By Alex Martell (Private Citizen)
Sydney, 12 August, 2019

Dear Prime Minster,

I believe I am far from alone in perceiving a loudening undercurrent of exasperation, bordering on fury, amongst my fellow Australians at the thinly veiled contempt Parliament has shown over the last few years for the interests, the natural rights, and even the intelligence of hardworking Australian men and women.

Surveys like the one conducted by the Museum of Australian Democracy, showing a stunning collapse in Australians' satisfaction with their democracy from 86% in 2007 to 41% in 2018, provide an inkling of these hot sentiments that I am trying to allude to, and yet they are on the whole completely unsatisfactory in conveying them.

Hence it was with the beginning of a sigh of relief, cut short by a hollow grunt of incredulity, that after only a few hours of research and reading through of the associated materials, I finally grasped the core spirit of the *Currency Bill 2019* – a bill which you originally promoted during your time as Treasurer under the Turnbull government.

My sigh of relief, interrupted as it subsequently was, stemmed not from having understood the essence of the bill per se, but rather from having happened upon a palpable epitome of this sense of painful disenchantment with Australian democracy that I have wanted to articulate for quite some time.

My grunt of incredulity, on the other hand, was triggered by the brazen and imperious tenor that soaks through the entire bill and its supporting materials. By the puerility of argument and the careless conflation of fact and opinion. By the awkward concealment of duplicitous motive.

More befuddling than any of this, however, is the presumptuous sense of fait accompli that radiates from this entire initiative, which seems to have inspired the Government to deem it superfluous to make any attempt at establishing a sound base of reason for the true purpose of this bill which I will show extends far beyond a simple imposition of restrictions on the ability of citizens to freely transact in cash.

I would hardly find it necessary to level these animated criticisms were it not for a nagging sense that in this last respect you might be entirely justified in assuming this bill is in fact "a done deal".

But if that's the case, I would not want you, nor any other member of parliament from either party for that matter, to equate the ease with which this bill might pass to the indifference, gullibility or ignorance of your constituents, but rather to the formidable capacity that a generously funded Parliament and government

apparatus has developed for producing inscrutable legislation at a rate that vastly exceeds the capacity of time-constrained, enterprising Australians to unmask its true purpose, let alone properly vet it.

Hence, despite the possible futility of making this submission, if I am able to deliver the clear logic of my argument against the *Currency Bill 2019* to a single member of the public, a single member of parliament, a single Treasury bureaucrat, then the effort will have been well worth it.

And if even that effort fails, I will allow myself the small comfort of having recorded for posterity that we did not stand idly by while the Government demolished the hard-fought freedoms that those before us entrusted us to pass on to the generations that will follow us.

Having expressed these sentiments, let me assure you that while it was passion that prompted me to pen this submission, it is calm and irrefutable logic that gives me the confidence that any person who follows even just the first part of my argument, will not be able to support this bill without at least a perceptible increase in the weight of their conscience.

I'll now start this examination of the *Currency Bill 2019* by declaring what I hope is an uncontroversial core principle of civil society: that governments must not curtail the natural freedoms of its citizens without their express consent (that consent being obtained either directly or via elected representatives), and that in any case these curtailments of freedom should not extend beyond what is strictly necessary for the preservation and promotion of the common good.

This principle stretches at least as far back as the very early gestation period of modern democracies, and was perhaps best articulated by John Locke, the "Father of Liberalism", in the 17th century in his influential Two Treatises of Government (emphasis added):

*"**But though men when they enter into society give up the equality, liberty, and executive power they had in the state of Nature into the hands of the society**, to be so far disposed of by the legislative as the good of the society shall require, yet it being only with an intention in every one the better to preserve himself, his liberty and property (for no rational creature can be supposed to change his condition with an intention to be worse), **the power of the society or legislative constituted by them can never be supposed to extend farther than the common good . . .**"*

Lest I be questioned for selective quotation of old works, fundamental to modern democratic thought as I assume them to be, I will point out that so paramount is this principle I appeal to that its spirit is afforded the highest rank amongst the core beliefs espoused by the very party you lead.

From the LNP's website (liberal.org.au/our-beliefs):

"We believe . . . In the inalienable rights and freedoms of all peoples; and we work towards a lean government that minimises interference in our daily lives; and maximises individual and private sector initiative"

I build my entire argument against the *Currency Bill 2019* on this core belief that people's freedoms should only be curtailed to the extent necessary to promote the common good, with the hope that we can agree on the importance of this principle, given everything free modern nations have built upon it, and given the huge cost in blood and treasure that humanity has spent defending it.

It follows then that it is incumbent on whoever proposes legislation to provide the highest standard of evidence practicable that the new legislation is in fact necessary to promote the common good.

The comments you offered to explain the urgent motivation for the *Currency Bill 2019* in your 2018-2019 budget speech gave me some comfort that you understand this principle I'm appealing to very well:

"Honest and fair businesses and taxpayers are being ripped off by those who think they are above paying tax.

"In response we will be implementing the recommendations of our Black Economy Taskforce, targeting sectors where there is higher risk of under reporting of income.

"This is expected to bring in $5.3 billion over the next four years.

"These measures include outlawing large cash payments of greater than $10,000 in the Australian economy.

"This will be bad news for criminal gangs, terrorists and those who are just trying to cheat on their tax or get a discount for letting someone else cheat on their tax.

It's not clever. It's not OK. It's a crime."

One would have to hold a deeply lodged, cold-blooded enmity for the Commonwealth to not feel on hearing these words even the smallest flicker of a yearning to mobilise and do one's part as an Australian to defend the common good against these *"criminal gangs, terrorists"* and people who would *"cheat on their tax"* that you would have us believe are besieging our nation.

What patriotic citizen wouldn't joyfully relinquish the privilege of making cash payments greater than $10,000 for this noble aim? Haven't our forbearers made far more painful sacrifices for our benefit? And in any event, who even uses cash these days?

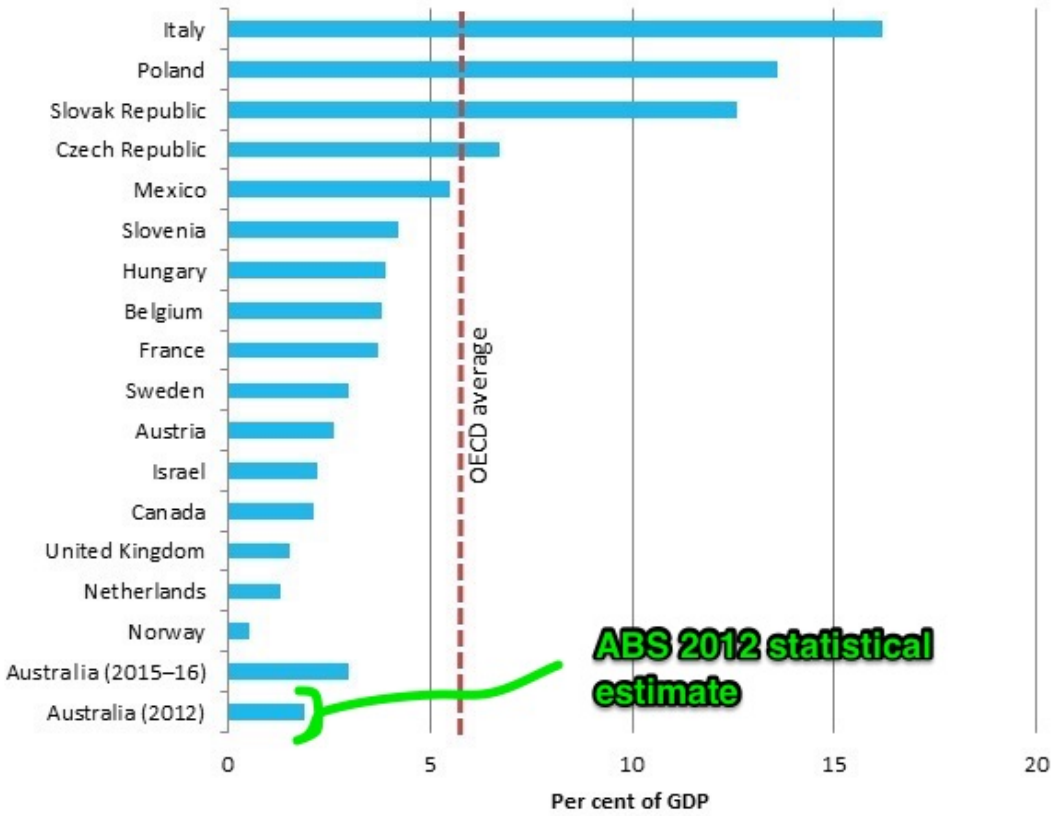
And yet, when it comes to entertaining the prospect of restricting freedoms hitherto enjoyed by Australians, hot rhetoric, however stirring, cannot in and of itself suffice. We must instead inspect the soundness of the evidence and

argument underpinning it, and in this case, more importantly, **we must have a solid grasp of the precise nature of the freedoms that we are being asked to relinquish.**

So let's start by examining the evidence that supports this claim that the "black economy", as the Taskforce's final report puts it, *"is an urgent, pervasive and damaging problem"*.

In the 300-odd page final report of the Taskforce, the strongest evidence for this claim was a 2012 ABS statistic that estimated Australia's *"underground production"* amounted to about $25 billion per year, or about 1.5% of GDP.

The inconvenience with this figure, imposing as it might at first sound, is that when we compare it to the black economies of our international peers, Australia ranks firmly in the bottom rung as shown in Figure 2 of Treasury's May 2018 release entitled *"Targeting the black economy"*.



In other words, despite having no restrictions on the use of cash, the statistics show that, rather than being overrun by gangs of tax-cheating terrorists on account of our laxness, we Australians by and large have a culture of doing the right thing by our country, and a distinguished track record of fighting crime while respecting modern democratic freedoms.

Such merry news however doesn't do much to help the Government's case, and unfortunately from here it seems the Taskforce decided to sacrifice rigour in pursuit of a more rousing statistic.

The next figure presented by the Taskforce, and joyfully repeated by Treasury in its press releases, is that the black economy is not $25 billion, as the ABS statistic suggests, but rather $50 billion.

But where did this figure come from?

In the words of the Taskforce itself, this number is, plainly, an opinion, and nothing more. From Page 11 of the Taskforce's final report:

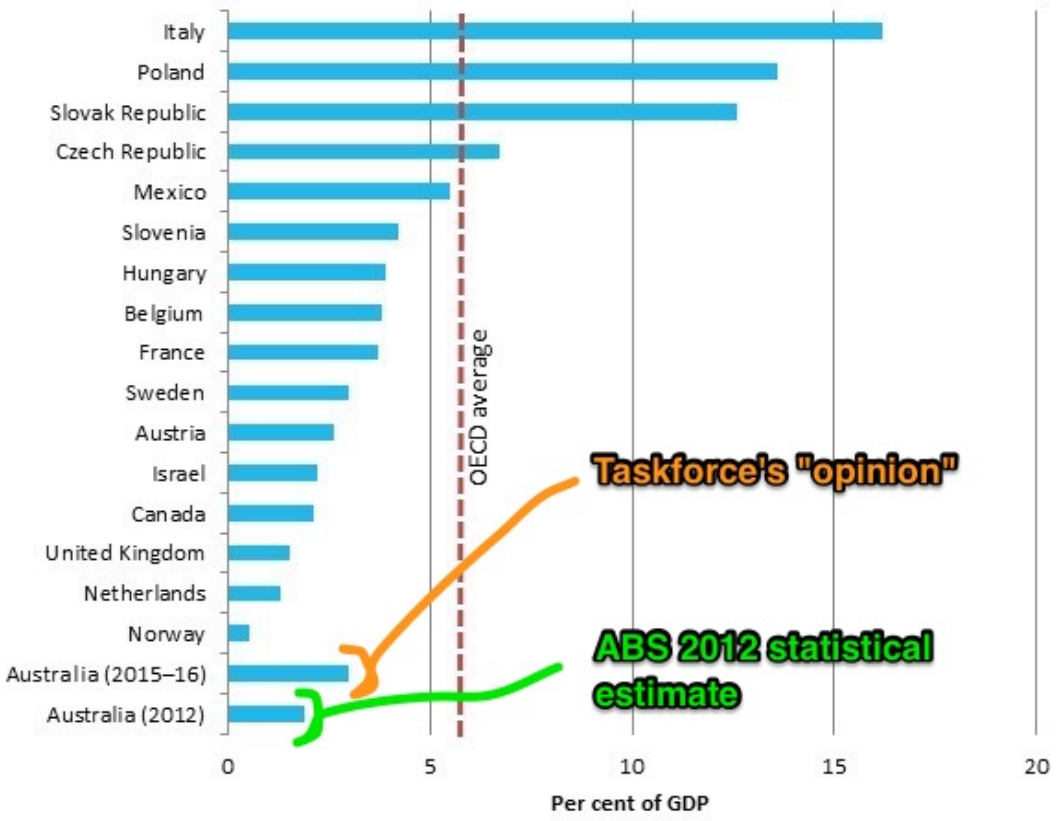
"In our opinion the black economy could be as large as 3 per cent of Gross Domestic Product (GDP) today, up to 50 per cent larger [sic, 3 per cent is actually 100% larger] *than the Australian Bureau of Statistics' (ABS) 2012 estimates."*

The Taskforce did offer some qualifications to its opinion, specifically that *"We acknowledge that this conclusion is a qualitative one"*; that *"The figures we present in this chapter should be taken as indicative only"*; and that *"they are based on extensive consultations and analysis of the pressures and incentives for black economy behaviour"*.

The Taskforce also noted that this opinion on the size of the black economy included *"both cash and criminal components"*, albeit the Taskforce provided no break down of the components, nor did it offer any numerical analysis of this figure for the public to vet.

Hence, despite the qualifications made by the Taskforce, it is plain to see upon inspection that this $50 billion figure cannot be taken as anything more than an opinion, handed down by the very people who are promoting the adoption of the *Currency Bill 2019*.

And to boot, even if we generously conflated the Taskforce's self-interested opinion with the disinterested statistics prepared by the ABS, as Treasury did in the figure below, the chart doesn't exactly scream *"urgent, pervasive, damaging problem"*.



At the risk of sounding like I'm nit-picking, a risk I'll take nonetheless to highlight Treasury's agonising efforts to squeeze blood out of this stone, Treasury have, in addition to conflating statistics with opinion, resorted to an even more blatant misrepresentation.

Namely, they have included a figure that contains cash and criminal components ($50 billion or 3% of GDP), alongside international statistics that *do not* contain cash and criminal components, in an awkward attempt to make Australia's black economy seem more problematic relative to other countries than the statistics would otherwise imply.

This hardly matters though, as despite the most violent efforts of Treasury and the Taskforce, even these distorted figures remain stubbornly uninspiring.

Let's move now to this assertion that the black economy is *"a growing problem which, if not dealt with, can develop a dangerous momentum of its own"*.

More than a little vexingly, the evidence the Taskforce presents for this claim gets not only more fanciful, but downright offensive.

Here I was expecting perhaps some time series analysis. Maybe some statistics on the growing number of convictions where perpetrators relied on cash to flout our laws for extended periods of time. Or years worth of data from the ATO showing a growing tax gap as a per cent of GDP. Or even some international

statistical evidence of the effectiveness of cash restrictions on curtailing the black economy.

Instead, the Taskforce offered nothing more than unsubstantiated and rancorous judgements against the character of hardworking Australians:

"Economic pressures, reflected in margin pressure and low wages growth, [are] even more important today than they were in 2012. In particular, Australia has experienced an extended period of low wages growth".

In other words, businesses are doing it tough, workers are doing it tough, hence the Taskforce would have us believe that Australians must all be more tempted to cheat. And yet, the Taskforce provides no evidence that this prejudice in any way reflects reality.

"Many in the community accept black economy behaviour. It is thought a 'victimless crime', 'everyone does it' and 'if multinationals do not pay tax, why should I'. In the context of competitive pressures, black economy behaviour might be thought necessary and these views can become self-perpetuating".

In other words, the Taskforce judges us Aussies to be so crooked in nature that, if things take a turn for the worse, we're likely to run amok.

And yet, not only does the Taskforce fail to provide any evidence for this, but the statistical evidence that there is from the ABS clearly shows that, on the whole, as well as relative to our international peers, we are a very good example of a people who, even when battling a tough economic environment, are naturally inclined to do the right thing by our country, despite perhaps (if I may be allowed to remark) culturally being guilty at times of being overly critical of ourselves.

The Taskforce also mentions that there are factors working in the *"opposite direction"*, in other words, working to reduce the size of the black economy, such as the introduction of the TPRS transparency initiative.

However these factors are deemed in the supreme judgement of the Taskforce, again without providing any evidence, to be *"not sufficient to offset the pressures that are contributing to its growth"*; that growth of course being driven by the supposed economic pressures that are luring our crooked natures into cheating more.

I hope Prime Minister that I needn't say more to convey how egregious it is to even allude to these statements as evidence, nor need I say more to explain why, especially given all the statistical evidence to the contrary, these baseless judgments against your own constituents are so injurious and completely inadmissible.

At this point I am anxious to move on to revealing and examining the pernicious core of this bill, which we have yet to even touch on. So much effort has it taken

to hack away the tangled vines of false statistics and fallacies that enshroud it. I suppose that's what those shrouds are there for.

But before I proceed to do that, let me remove one last shroud which is the fact that neither the Taskforce nor the Government have provided any evidence that the restriction on the use of cash will have any effect on the black economy.

As a physician might put it, what evidence is there that this medicine does more good than harm? Or at the very least, by what pathway can we suppose this remedy might help the patient?

For starters, money laundering, which the Taskforce estimates can be as large as $16 billion per year, occurs primarily through the formal banking sector.

Per AUSTRAC's website:

"Major channels for money laundering are the ***banking system and money transfer and alternative remittance services****. Other significant channels are the gaming sector and high-value goods."*

Hence, if the banking system and other formal systems are the *"major channels"* for money laundering, and cash is not, how exactly is a $10,000 cash limit supposed to help? Would this not be as futile as amputating a leg to save a hand?

AUSTRAC does mention that there exist *"Less visible channels or enablers,"* including *"professional advisers, legal entity structures, cash intensive businesses, electronic payment systems, cross-border movement of cash and bearer negotiable instruments, international trade and investment vehicles".*

So, while cash certainly features as one of these other non-banking enablers, what evidence is there that this activity is so pervasive that a blanket ban on large cash transactions is warranted? Or that such a ban would even have any effect? Do "cash intensive businesses", for instance, even transact in amounts greater than $10,000? On all this, the Taskforce is completely silent.

Similarly, with respect to the ABS's estimate of "underground production" of $25 billion per year, how much of that relates to transactions below $10,000? How would a blanket ban even work to reduce the size of this market? Again, here the Taskforce is silent.

Having now completely discredited the bulk of the fanciful "evidence" in support of the Currency Bill 2019, we would scarcely need to do anything more to be completely justified in scrapping the bill entirely.

And yet, I am not satisfied, because despite my belief in the need to provide sound evidence before curtailing freedom, I will admit that I would hardly be motivated to expend all this effort preparing a submission for the sake of defending the use of cash.

In fact, I don't defend the use of cash at all. As far as I'm concerned, it is an instrument issued by the Government, one that to boot I rarely use myself, and one for which I have no concerns if the Government chooses to regulate however it sees fit.

And here lies the audacious genius of this bill, which I would be remiss not to express some admiration for: the bill covers its true and insidious purpose under the cloak of a non-issue, namely the Government's right to do as it wishes with the cash that it issues for our use.

So, having spent all this effort removing layer after layer of shrouds, let's now examine the sharp dagger, so threatening to the freedom of every Australian, that lays sheathed beneath the headline-grabbing ostensible premise of this bill.

It is plain to see, for anyone who reads the text of the *Currency Bill 2019*, that the bill not only bans the use of cash for large transactions, but also bans the use of any other non-banking form of payment that exists today, that is being developed today, or that might be developed at some point in the future.

That is to say, in the job of facilitating the economic activity of Australian citizens and businesses, locally and globally, the Government with this bill seeks to grant banks a lifetime monopoly.

In addition, the bill criminalises, by default, under hefty prison penalties, any competing systems that might arise now or in the future.

This includes public distributed ledgers, or cryptocurrencies as they are more widely known, as well as any other competing systems that might arise at some point in the future.

Now here I must point out that, in what I think is fair to characterise as a cliched legerdemain, the Government seems to have tried to quell anxieties about a pre-emptive criminalisation of all competitive threats to the banking sector, by offering various exemptions including one for perhaps the most viable, if still nascent, emerging competitor, namely cryptocurrencies.

The obvious problem with these exemptions is that they are granted via legislative instrument, that is to say, these exemptions are not worth the paper they are written on.

Any Treasurer, now or in the future, LNP or Labor, whether acting in a well founded or misguided prosecution of the common good, can wake up one morning and with the stroke of a pen can withdraw any or all of these exemptions.

Current and future treasurers will be able to, by decree, subject Australians to the monopoly of banks in perpetuity.

They'll be able to command the obliteration of the life's work of any business that might attempt to build an enterprise, create jobs, and remain globally competitive, by adopting competing financial systems.

This conferral of a monopoly to banks, Prime Minister, is the subject that the architects of this bill, which you'll forgive me if I assume to include you, have shielding from open, transparent and vigorous discussion, by means of trying to distract the time-poor and uninformed with heated but trifling debates about black markets and the demonisation of cash.

So let's cast aside this petty debate of whether or not Australians can be trusted with the use cash anymore.

Let's focus on why, why after all the Royal Commission theatrics admonishing banks for their poor behaviour, why is it now necessary for the Government to shield banks from the piercing discipline of the free market? Why shelter them from the cleansing and crisp winds of competition?

Is it really that impossible to imagine any way to implement restrictions on the use of cash, however necessary you would have us think they might be, without conferring a monopoly on financial transactions to banks? Without criminalising competing financial systems by default?

The Government, thus far, has seemed loath to discuss this openly, let alone provide any evidence or argument as to why Australians should agree to this monopoly being created.

So, let me urge you, and any other senator or member of parliament who supports or opposes this measure, to engage openly and frankly on the core issue of this bill, which is whether or not to grant banks a monopoly on legitimate financial transactions, and whether or not we should shield them from competition by pre-emptively criminalising any current or future alternative financial systems.

Let me help kick off this debate by saying that I am generally circumspect about interfering with free market competition unless absolutely necessary, and I assume so is the Liberal party.

So what evidence is there that we should go against the core beliefs of your own party to even contemplate granting a monopoly to banks and criminalising emerging competitors?

About the closest thing you have provided for evidence are the remarks in your 2018-2019 speech where you said that *"implementing the recommendations of our Black Economy Taskforce . . . is expected to bring in $5.3 billion over the next four years"*.

If we take a yearly average, this equates to about $1.325 billion per year.

Let's once again be overly generous and assume this Government revenue uplift is fully attributable to the *Currency Bill 2019* (it clearly is not).

Given the enormous size of the financial sector, this relatively small figure does not provide an auspicious start to any argument in support of granting a monopoly to banks and criminalising competition.

But let's assume we proceed with this bill regardless, what might be the cost to the private sector economy?

Thankfully, the RBA does a fantastic job of tracking activity in the financial sector, so it's actually quite easy to get a sense of what is at stake.

Let's start with just one of the most obvious services provided by financial institutions, namely credit card transaction processing.

Australians use credit cards to purchase about $1 billion worth of goods and services per day. Per day.[1]

For each dollar transacted via credit card, Australians pay about 0.87 cents in merchant fees to financial institutions, assuming the cheapest form of payment is used (Mastercard or Visa)[2].

This means, per day, Australians are paying about $8.7 million in credit card transaction fees alone, or about $3.2 billion per year.

You can probably already see where I'm headed with this, but I will nevertheless finish spelling it out.

Given Australians spend $3.2 billion annually on credit card fees alone, it's not boding well for any argument that we should be granting banks monopoly protection for this revenue stream.

Competing financial systems, which the *Currency Bill 2019* would have us outlaw by default, could easily drive this $3.2 billion cost to the Australian economy to zero faster than 21st century telecommunication systems (namely, the internet) drove long distance call charges to zero.

And all for the sake of a $1.3 billion annual increase in the Government's tax take? Or even to try and swat at a non-existent black economy problem?

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[1] Table 3, https://www.rba.gov.au/publications/annual-reports/psb/2018/pdf/trends-in-payments-clearing-and-settlement-systems.pdf

[2] Master Card and Visa credit total merchant fees, https://www.rba.gov.au/statistics/tables/xls/c03hist.xlsx

But that $3.2 billion credit card fee cost per year isn't even scratching the surface of the scale of value that flows through the current financial system.

Let's now look at debit card transactions, which amount to another $1 billion per day.[3]

At average fees of about 0.26%[4], this would be another $949 million per year of cost that the *Currency Bill 2019* would have us shield from the threat of obliteration by advances in financial technology.

How about foreign exchange transactions? A mind bending $119 billion per day[5].

At an average bid-ask spread of 0.01%[6], that's yet another $4.3 billion per year of cost to Australians that the Government would have use protect from competition.

Hence, in a few short paragraphs of straightforward deduction we have described figures that easily dwarf the fanciful figures that took the Black Economy Taskforce 300-odd pages of painful contortions to conjure up.

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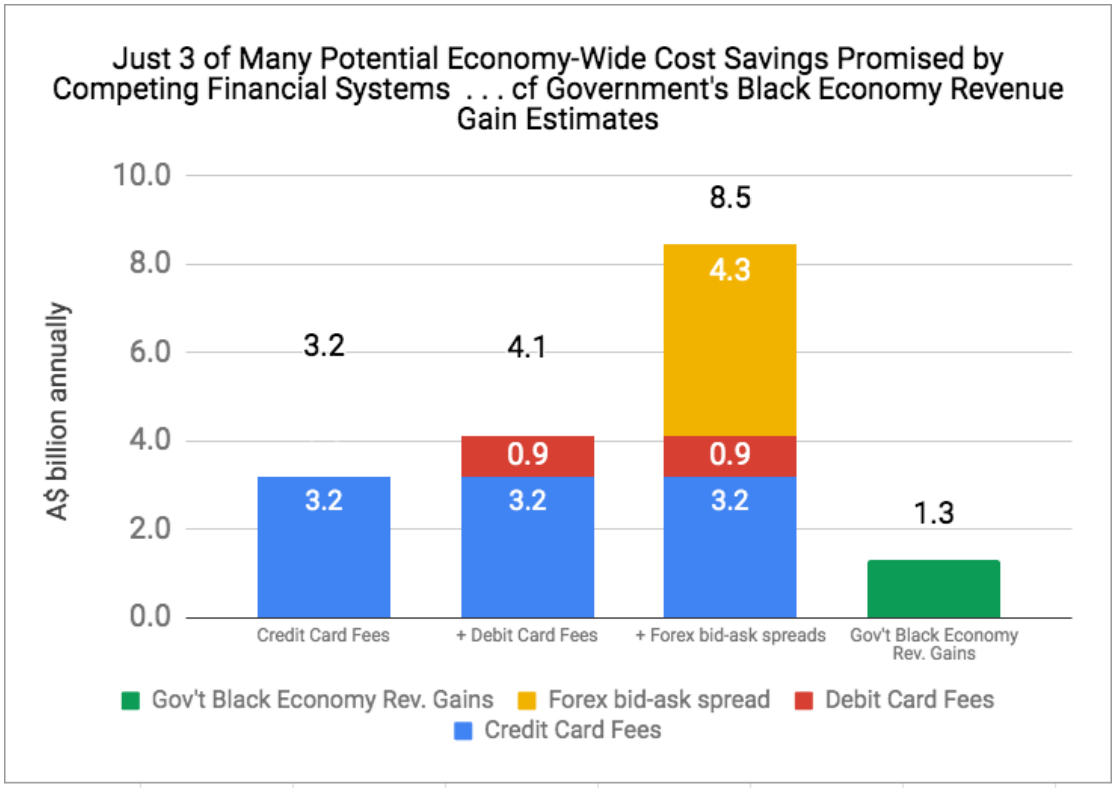
[3] Table 3, https://www.rba.gov.au/publications/annual-reports/psb/2018/pdf/trends-in-payments-clearing-and-settlement-systems.pdf

[4] EFTPOS total merchant fees, https://www.rba.gov.au/statistics/tables/xls/c03hist.xlsx

[5] https://afxc.rba.gov.au/statistics/fx-turnover-reports/2019/apr-2019/apr-2019.xls

[6] See Graph 2, https://www.rba.gov.au/publications/bulletin/2011/jun/6.html



And even with these massive figures we haven't even begun to describe the vast scale of value that flows through the existing financial system, nor begun to describe the large scale of associated savings that competing systems could put within our grasp.

Foreign remittances, derivatives, securities, loans, structured financial products – even these are just the tip of a gargantuan iceberg.

Now, it is one of the ambitions of cryptocurrencies, perhaps one of the most promising emerging competitive threats to financial institutions, to do to these costs and revenue streams what the internet did to long distance telephone charges, in other words, to drive them to near zero.

To be sure, cryptocurrencies are in their infancy and are nowhere near ready to handle the volume of transactions that the current financial system can handle.

But even today, it is already possible for a business to send and settle, for example 1 million DAI (a cryptocurrency pegged to the U.S. dollar) to anyone, anywhere on the planet, in under one minute, at any time 24/7, for as little as 20 cents. Just 20 cents.

Try doing that through even the most attentive business banking service on any given Saturday evening, and then demanding that you should pay only 20 cents for this service.

And, for all my misgivings about Facebook, if Facebook manages to launch the Libra currency as specified, we could soon very well see a widely used, transparent currency that cannot be corrupted by any one party (including

Facebook), that not only is stable but also reduces transaction costs to zero, whether you're a worker buying a $5 coffee or a business sending $10 million to a subsidiary overseas.

And these are just two examples of the thousands of products that are starting to emerge from the vast amount of research and development that is occurring in this space.

Many of the brightest minds, many of the savviest venture capital firms, and many of the boldest companies, here in Australia and overseas, are working tirelessly to make reality a future where anyone can safely send any amount of money anywhere in the world for the cost of sending an email.

For customers, this would mean no longer leaking 0.8% on domestic credit card transactions, no longer paying 3% for foreign credit card transactions plus foreign exchange costs, no longer paying up to 7% for remittances, plus the prospect of many new, better and more transparent financial services that we can only begin to imagine.

For businesses, even just eliminating merchant fees would result in massive profit increases. For a business that makes $70,000 net profit on a $1,000,000 revenue base (about 7%), eliminating merchant fees of 0.8% would increase profit by about $8,000, or about a 12% increase in profit.

If I were to venture a guess, if at least a few major governments embrace this future, we could very well see it in as little as 10 years. Even if today this seems as improbable as it would have seemed in 1997 to watch any of 1,000 programs on Netflix on a mobile device on a train ride home.

It is plain to see why banks and other financial institutions would love for the Government to shelter them from these relentless competitive forces, the same types of forces that have relegated fax machines and phone books to museum exhibits of life in the 20th century.

Why financial institutions would want to give the Treasurer the power to kill innovations with the snap of a finger the second they become imminent competitive threats.

But why would any Australian consumer ever agree to forego the chance to be able to transact for free?

And why would any Australian business agree to forego the chance to improve its profits by exposing the financial sector to competition and driving down or even eliminating financial transaction costs?

Especially without a thorough, open, rational and evidence-based discussion about the merits of regulating any specific current or future alternative financial system that might emerge.

I would think you and your team would find it very hard to put forward a convincing argument in favour of pre-emptively criminalising competitive threats to the banking sector, let alone finding an argument for this that in any way squares with the purported free market values of the Liberal party.

Which then begs the question, why are you and your team even promoting this bill?

Here I will defend you and your team against those who might make the obvious suggestion that your government has been captured by the interests of the financial sector.

What I think is happening is far simpler, and that is that there is a coincidence of interests, between the financial sector wanting to protect its revenue streams, and the Government wanting to corral the wealth of Australian citizens and businesses into pens where the Government can arbitrarily tax this wealth through inflation and negative interest rates.

I concede that this might sound cynical and even conspiratorial to some members of the public.

But, it is undeniable that this would be a clear consequence of criminalising any attempt by businesses or individuals to shelter their wealth from inflation and negative interest rates by, for example, hoarding cash or otherwise migrating to competing financial systems.

The taskforce's own final report alludes, somewhat disingenuously, to this benefit to the Government of forcing every Australian to use the current banking system under penalty of imprisonment.

On page 48 of its final report, the taskforce notes:

"Some economists, including Ken Rogoff (former Chief Economist of the International Monetary Fund (IMF), argue that financial stability and the effectiveness of monetary policy may also benefit"

This is a very flattering way of putting what Ken Rogoff actually said, which was:

"The growth of electronic payment systems and the increasing marginalization of cash in legal transactions creates a much smoother path to negative rate policy today than even two decades ago."[7]

That is to say, if we move everyone into payment systems that governments control, and criminalise alternative systems, governments will be better able to arbitrarily tax citizens through negative interest rates, without having to worry

[7] Page 48, https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.31.3.47

about citizens and businesses defecting to cash or other competing financial systems to shield their wealth.

This scenario is not as far away as it might seem to us here in Australia.

The Swiss National Bank rate on sight deposits is already -0.75%.

Italy has proposed a 15% tax on valuables stored in safety deposit boxes which Italians are increasingly relying on to preserve their wealth from the withering effects of negative interest rates.

Danish banks are offering 10-year fixed-rate mortgages at a negative 0.5% interest rate per year.

And in Australia, the RBA is running out of room to cut interest rates with the cash rate at 1% and inflation remaining stubbornly below the RBA's 2% - 3% target range, in an environment where every other major central bank it seems is in a race to cut rates to zero.

It would be hard enough for pensioners or young hardworking savers, who have been told all their lives to be financially frugal and prudent, to stomach the prospect of being asked to *pay* for the privilege of entrusting their wealth and savings to a bank, while borrowers, including the Government, in effect *get paid* for being profligate with other people's money.

And I find it hard to believe that Australians would not be incensed at being threatened with prison sentences for the heinous crime of seeking alternatives to the current financial system, whose masters increasingly seem to be losing control over.

I will close this submission by asking that you and your team find the courage to speak frankly and directly to Australians about the true nature and implications of the *Currency Bill 2019*, rather than trying to push it through Parliament behind the smoke screen of a demonstrably fanciful crusade against an imaginary black economy problem.

That you find the courage to directly ask Australian citizens and businesses, should we grant a monopoly to banks on financial transactions and use the power of the state to shelter banks from the forces of free market competition?

That you find the courage to ask whether we should prioritise giving the state the power to arbitrarily tax savers through inflation and negative interest rates by curtailing the freedom of Australians to choose where to use and store their hard-earned wealth?

And that you find the courage to listen to the frank feedback and trust the judgment of your constituents if the answer that you get back is a resounding no.

It might not be the answer you want to hear, but I fervently believe that this courageous, sincere and direct approach will go a long way to restoring the faith of Australians in their democracy, and I dare say it might even win you and your party a stronger base of support amongst Australians who value personal freedom and the spirit of free enterprise.

Sincerely,

Alex Martell