

Oops. It's NOT well understood :)

On Fri, Mar 3, 2023 at 8:02 AM Michael Haines wrote:
This email forms part of my submission.

It's well understood by many people that buying crypto that can be legally used as money in Australia presents a long term risk to the ability of the Reserve Bank to manage the money supply, and to the exchange rate.

When someone buys an investment or forex, the Australian dollars remain in circulation and can be used by the seller to buy Australian goods and services. However the buyer cannot use the investment certificate or forex to buy any Australian goods and services directly.

If we allow the proliferation of cryptocurrency and legalise its use as money in Australia, we potentially double the money supply as both the seller of the crypto and the buyer of the Australian dollars will have money to spend on Australian goods and services.

This will have a major impact on the foreign exchange rate and the ability of the Reserve Bank to manage the money supply, and also open the economy to the possibility of even more scams and less control over illicit trade.

By hard lessons we have learned that we really only need one standard set of measures for any quantity, which is why countries have adopted a single system of weights and measures, and even standardised them internationally. It is also why countries moved from having many different bank currencies to a national currency.

We only need one standard unit of account. In today's electronic world that should be in the form of retail Central Bank Digital Currency, which can come very close to the ideal:

The tokens representing our money should be a stable unit of account, cost nothing to create or transact, be instantly available anywhere, and be immune from counterfeiting, theft, and loss. While the system issuing and managing these tokens should also offer a high degree of privacy; yet be subject to the processes of the law.

A society needs to be able to trace illegal transactions and to legally freeze accounts and reverse payments after due process, and to collect taxes to meet the costs of government.

It is possible to implement a retail CBDC without disintermediating the banks as explained in my paper: [CBDC Next-Level: A New Architecture for Financial "Super-Stability"](#)

On this basis, we should simply outlaw all crypto for use as money in Australia.

The submission also explains why we should go further and make a blanket ban on certain crypto. T

Banning will not eliminate their use, but it will push the banned crypto to the margins, protecting most citizens and the financial system from crypto contagion.

Kind regards
Michael Haines

On Thu, Mar 2, 2023 at 9:48 PM Michael Haines wrote:

Thank you for the opportunity to contribute a submission to your evaluation of regulation of cryptocurrencies in Australia.

The attached submission has been prepared by myself based on a decade of studying cryptocurrencies and Central Bank Digital Currencies (CBDC).

As the submission notes, I have just completed a paper on CBDC with Biagio Bossone (author of several World Bank papers about CBDC).

Our paper has recently been published by the Levy Institute in the US:

[CBDC Next-Level: A New Architecture for Financial “Super-Stability”](#)

The submission summarizes what I have learned during my research and puts it in the context of the Token Mapping exercise.

I hope that you find at least some of it illuminating.

Kind regards

Michael Haines