

PART 4: A CBDC MEANS YOUR CASH WILL HAVE TO PAY HEAVY FEES OR GO AWAY ENTIRELY

From the Kansas City Fed in a now deleted 2015 paper

(Revised Sep-15-2015) THE CASE FOR UNENCUMBERING INTEREST RATE POLICY

AT THE ZERO BOUND - Designing Resilient Monetary Policy Frameworks for the Future

<https://web.archive.org/web/20170110214356/https://www.kansascityfed.org/~media/files/publicat/sympos/2016/econsymposium-goodfriend-paper.pdf?la=en>

Backup Link

<https://files.catbox.moe/ybxoiw.pdf>

PAGE 24 OF THE PDF - 1ST PARAGRAPH UNDER 6.A Abolish Paper Currency

"The most straightforward way to unencumber interest rate policy completely at the zero bound is to abolish paper currency."

(Feb-5-2019) IMF - Cashing In: How to Make Negative Interest Rates Work

<https://www.imf.org/en/Blogs/Articles/2019/02/05/blog-cashing-in-how-to-make-negative-interest-rates-work>

<https://archive.vn/T00x8>

"a recent IMF staff study shows how central banks can set up a system that would make deeply negative interest rates a feasible option."

(Aug-27-2018) IMF WORKING PAPERS - Monetary Policy with Negative Interest Rates: Decoupling Cash from Electronic Money

<https://www.imf.org/en/Publications/WP/Issues/2018/08/27/Monetary-Policy-with-Negative-Interest-Rates-Decoupling-Cash-from-Electronic-Money-46076>

<https://archive.vn/tszMK>

"The proposal is for a central bank to divide the monetary base into two separate local currencies—cash and electronic money (e-money). **E-money would be issued only electronically and would pay the policy rate of interest, and cash would have an exchange rate—the conversion rate—against e-money. This conversion rate is key to the proposal. When setting a negative interest rate on e-money, the central bank would let the conversion rate of cash in terms of e-money depreciate at the same rate as the negative interest rate on e-money. The value of cash would thereby fall in terms of e-money.**

To illustrate, suppose your bank announced a negative 3 percent interest rate on your bank deposit of 100 dollars today. Suppose also that the central bank announced that cash-dollars would now become a separate currency that would depreciate against e-dollars by 3 percent per year. The conversion rate of cash-dollars into e-dollars would hence change from 1 to 0.97 over the year. After a year, there would be 97 e-dollars left in your bank account. If you instead took out 100 cash-dollars today and kept it safe at home for a year, exchanging it into e-money after that year would also yield 97 e-dollars.

At the same time, shops would start advertising prices in e-money and cash separately, just as shops in some small open economies already advertise prices both in domestic and in bordering foreign currencies. Cash would thereby be losing value both in terms of goods and in terms of e-money, and there would be no benefit to holding cash relative to bank deposits.

This dual local currency system would allow the central bank to implement as negative an interest rate as necessary for countering a recession, without triggering any large-scale substitutions into cash."

(Aug-2022) EUROPEAN CENTRAL BANK EUROSISTEM - Working Paper Series - The economics of central bank digital currency

<https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2713~91ddff9e7c.en.pdf>

PAGE 32 OF PDF - 2ND PARAGRAPH UNDER 6.1 Regulatory Alternatives:

"There is no regulatory alternative that promises to eliminate the threat to the two-layer monetary system. Since cash is only available in physical form, it is by construction not "fit" for the digital age. Regulations that aim at maintaining its large-scale use are likely to imply large economic costs without clear benefits. Accordingly, the introduction of digital cash in the form of a CBDC appears to be the only solution to guarantee a smooth continuation of the current monetary system."

(Mar-20-2023) The Cost of Going Cashless at U.S. National Parks As Many Switch to Plastic-Only
<https://www.frommers.com/trip-ideas/national-park/the-cost-of-going-cashless-at-us-national-parks>
<https://archive.ph/9VhLB>

(Jan-4-2023) Sri Lanka allows foreign visitors to pay in USD to enter national parks
<https://www.orissapost.com/sri-lanka-allows-foreign-visitors-to-pay-in-usd-to-enter-national-parks/>
<https://archive.ph/wip/WNTuz>