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AW2

Essay #5

Response essay

Draft #2

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Cashless Society TV Report: Response and Evaluation

There is increasing talk in the media these days about a cashless society. Today, on national Japanese TV (Sougou), there was another report on this. The reporter's stance on this issue was wholly in support of going cashless. First, I will summarise the TV program's report. Then I will examine the meaning of cashless, where this idea came from and what it might really mean for consumers. Finally, I will give my evaluation of the TV report.

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statement - a map
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The TV program introduced the idea, which it called *kashuresu* a Japanese pronunciation of the English word "cashless" - by saying that, recently "there is a movement towards going cashless"¹. Then the report introduced the results of an informal poll taken of Japanese consumers, which showed that the majority preferred using cash. The presenters expressed some surprise at this result, but they did not explore possible reasons.. The report gave examples of a cashless system in use in some parts of China, with some Chinese consumers' and shopkeepers' responses. The report focused only on the positive aspects of going cashless, and the reporter repeated the word *kashuresu* many times during his report. There was no examination of where the

First body
paragraph:
summarising the
original report

¹ *kashuresu no ugoki ga aru*

idea originated, or of the actual meaning of the term; nor was there any serious effort to explain opposing views.

Before consumers can make up their minds on whether going cashless is a good idea or not, they need a definition of the term. They will also have to do their own research as the media seems reluctant to provide one. So, what does *kashuresu* mean? Does it mean, as the NHK report implied but never clearly stated, a convenient way to pay, a way to avoid carrying around lots of cash and being able to pay even if you are not carrying your wallet, for whatever reason? Or does it mean a situation where cash is forbidden (which was also hinted at in the report but, again, never clearly stated? Clearly, having the option to pay without cash is very different from not being allowed to use cash. In the former case, the consumer keeps his freedom to choose; in the latter case, he is deprived of it.

Second body paragraph: defining the term "cashless".

Where did this idea originate? Who is talking about going cashless and what reasons do they give for proposing it? Again, we need to do our own homework as the NHK report did not provide answers to these important questions. A search for the phrase "war on cash" at the educational and economics website Mises Institute² brings up 3over 500 results going back to 2012. Economics blogger and author Charles Hugh Smith explains what "war on cash" means: "It means governments are limiting the use of cash and a variety of official-mouthpiece economists are calling for the outright abolition of cash. Authorities are both restricting the amount of cash that can be withdrawn from banks, and limiting what can be purchased with cash."

Third body paragraph: who started this idea of cashless?

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² www.mises.org

(Smith) In addition, various governments around the world are also removing large denomination bills from circulation. These include the U.S.A., Sweden, India, France and Norway (Salerno). Statements, articles and books in favour of going cashless have been made or written by people such as Larry Summers (former vice president of the World Bank, Treasury Secretary under President Clinton and part of President Obama's economics team) (Summers), Kenneth Rogoff, former chief economist of the IMF and current Harvard University economist (Rogoff), and various influential journalists. This "movement" as the NHK program called it, was not started by ordinary consumers who merely wish for greater convenience. On the contrary, as can be seen by the example of India (which the NHK program also did not mention), the move towards a cashless society is being proposed by the elites, and in many cases against the wishes of ordinary citizens. (Dorobăţ): "the rupee ban has managed only to create chaos and desperation for millions of Indian citizens".

What reasons are given for these actions? According to Salerno, "The ostensible reason given by our rulers for suppressing cash is to keep society safe from terrorists, tax evaders, money launderers, drug cartels and sundry other villains, real or imagined. (Salerno). In the case of India, the action "was intended to flush out the cash hoardings of black market participants and stop the corruption currently permeating all levels of business and government in India. The two banknotes, rumoured to account for almost 80% of the cash in circulation, were used primarily to avoid paying taxes and to pay bribes" (Dorobăţ). Economist Joseph

In-text citation, using MLA style. Only one work by this author is cited so just the author's name appears here in parentheses.

In-text citation, but without quoting from the article. I summarised what Salerno wrote, and give the source of my information - Salerno.

Quotation marks " " show that this word is the word used by NHK, not by Sheffner (the author of this essay).

Fourth body paragraph: lists and examines the reasons given by supporters of going cashless.

Salerno writes, “Under cover of its multiplicity of fabricated wars on drugs, terror, tax evasion, and organized crime, the US government has long been waging a hidden war on cash.” (Salerno, *Laundered Money*) In an interview with Thomas Di Lorenzo (professor of economics at Loyola University Maryland) in 2016, Claudio Grass, Managing Director at Global Gold Switzerland, said, “The only way it seems feasible to move interest rates substantially into negative territory would be to either ban or at least massively restrict the use of cash.” (DiLorenzo) In other words, limiting or banning the use of cash is intended to help support the failed economic policies of governments.

In-text citation #2. In this essay, I cited 2 articles by Salerno, so this citation has the author's name AND the title of his article which I am citing here.

In addition, as Salerno suggests, the reasons given by governments and economists and journalists for going cashless may not be the real reasons. Matt McCaffrey, assistant professor of Enterprise at the University of Manchester in England, writes,

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Long quotation. Quotations of more than four lines is set off from the main text. Note the narrow margins and italic style.

“The war on cash is now a global phenomenon: under the pretext of tracing criminal activity, governments everywhere are cracking down on commerce that isn’t monitored or controlled. However, the results of this war reveal its true purpose: tracking citizens and their taxable income. The war on cash is actually a war on commerce, or rather, on any commerce that can’t be monitored and controlled by government.” (McCaffrey)

Author tag

Salerno writes,

*“the actual aim of the recent flood of laws rendering cash transactions less convenient or limiting or even prohibiting them is to force the public at large to make payments through the financial system in order to prop up the unstable fractional-reserve banks and, more importantly, to expand the ability of governments to spy on and keep track of their citizens’ most private financial dealings.” (Salerno, *The International War on Cash*).*

Fifth body paragraph: lists and examines the counter-arguments (the real reasons why some people support going cashless).

Many ordinary citizens, however, are not in favour of cash bans, despite the apparent convenience of digital payments. In article titled “Former IMF Economist Declares War on Cash”, the Mises Institute's social media marketing director Tho Bishop lists the reactions of ordinary consumers in various countries: “in England, where people have been hoarding cash as the Bank of England cuts interest rates to historical lows... in Germany, where the ECB’s negative interest rate policy has Germans putting their money in safety deposit boxes... in Japan, where their own negative interest rates has resulted in a boom in personal safes. Time and time again, the desires of central planners have been resisted by the market...” (Bishop)

Why do ordinary consumers like cash? This question was not asked by the NHK reporters, yet it is an important one. Firstly, cash is anonymous and hence protects individuals’ privacy. It is not just criminals who like privacy. Financial privacy is an important kind of privacy in a free society. Take away privacy and you are taking away people’s freedom. Secondly, cash is more difficult to tax than money in the bank. Cash provides security for consumers in the face of financial insecurity caused by ever-changing government regulations and policies: “hoarding cash is the only rational, prudent response in an era of financial repression and economic insecurity.” (Smith)

Historically, money has not been created by government: “As Carl Menger, the founder of the Austrian School of economics explained over 140 years ago, money

Sixth body paragraph: lists and examines the counter-arguments - why people might be against going cashless.

Seventh body paragraph: more counter-arguments - why cash might be popular with many people.

Eighth body paragraph: definition of money, historical context.

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emerges not by government decree but through a market process driven by the actions of individuals...”

None of the above was mentioned in the NHK report. Providing counter-claims is one of the most basic requirements of academic writing or reporting. NHK failed to provide any counter-arguments for its support of a cashless society. Some Japanese consumers were interviewed, but their preference for cash was only viewed with surprise by the program’s reporters, and no attempt was made to explore the reasons for this attachment to cash. Another basic requirement of academic writing is to define the terms. NHK failed to define the meaning of “cashless”. In fact, it used the Japanese version of the English word rather than providing a Japanese translation or equivalent, forcing the viewers to accept its own explanation for the word. A further failing was in not providing any historical background. or larger context. As McCaffrey notes, “This war on cash is attracting widespread attention. What people may not know, however, is that the current war is only the most recent version of government policies that have been around for a long time. Similar programs have appeared throughout history, some even dating to antiquity.” (McCaffrey). Charles Smith asks the question which all good investigative journalists ask: “cui bono?” or “who benefits?”: “What are the benefits of eliminating physical cash to banks and the government? The benefits to banks and governments by eliminating cash are self-evident:

- Every financial transaction can be taxed.

Ninth body paragraph: evaluation of the NHK program - what was missing in the report.

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- Every financial transaction can be charged a fee.
- Bank runs are eliminated.” (Smith)

Were NHK a student in my academic writing class, they would get a very low grade for this report, as it fails the standard for basic academic reporting: it provided no definition of the meaning of its key term “cashless”; it failed to provide any counter-claims; it failed to provide historical, legal and economic context and it failed to ask “cui bono”. Because it did not ask these essential question .nstead, it sounded like a piece of propaganda for the war on cash. By repeating the word *kashuresu* several times, the reporter sounded more like a salesman on the TV shopping channel.

Conclusion: restates the criticisms of the NHK report, repeats the topic sentences of the body paragraphs. Final wrap-up evaluation.

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List of works cited (引用文献) , using MLA sstyle (created with MSWord's bibliography tool - very useful!)