



Written by [Alex Newman](#) on April 16, 2012

Canada Moves Closer to Cashless Society With Digital MintChip Currency

The Royal Canadian Mint announced the controversial scheme [online](#) earlier this month. And it is even hosting a contest to get application developers — “North America’s best brain power,” it [said](#) in a video — on board in highlighting the supposed “potential benefits.” Winners in the competition will receive prizes from a stash of about \$50,000 in real money from the public’s gold holdings.



Essentially, the scheme will allow users to make small transactions using “digital currency” through cell phones and other mobile devices, supposedly anonymously — for now. It will start small, but proponents hope to eventually phase out coins and even small-denomination bills.

“MintChip can be characterized as an evolution of physical money, with the benefits of being electronic,” the Mint claimed on its website advertising the contest, touting the possibility of giving children their allowances electronically. Apparently it is “so simple” that even a child could use it.

“Money as we know it is fine for today, but tomorrow is a different story,” the [promotional video](#) claims. “Ever since the beginning of time, people have been buying and selling and using whatever currency was available. But today’s digital economy is changing faster than ever, and currency has to change, too. It is.”

Last month, Canada already took a baby step toward eradicating cash by killing the penny. Like in the U.S., the one-cent coin now costs more to produce than its face value. But instead of sparking a much-needed debate about why that is — [reckless inflation caused by central bankers](#) — Canadians were prodded into debating whether cash in any denomination should exist at all. Apparently more than half of the population [would not mind](#) switching over to digital currency instead.

Cashless Controversy:

Analysts of various persuasions have been celebrating the idea of killing cash, with allies in much of the establishment press heralding its supposed inevitability. Indeed, in recent years, physical currency — anonymous, untraceable, and simple — has come under a barrage of attacks by advocates of increased government control.

Supporters of a “cashless society” claim it would reduce robberies and make it harder for the “black market” to function. “Paper money is really the currency of crime: drugs, prostitution and the big kahuna of tax evasion,” [claimed](#) David Wolman, a proponent of a cashless society who recently published the book [The End of Money](#).



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Privacy and security activists, however, warned that the implications of the continued march toward a “cashless society” could be troubling — to say the least. Imagine a system that could track every transaction that takes place, for example. Or consider the wide range of issues already plaguing the world of digital cash: identity theft, hacking, cybercrime, credit card fraud, and much more.

Some Christians, citing a passage in the Book of Revelation, have expressed concerns about the accelerating trend as well. Scripture (Revelation 13:17) says: “And that no man might buy or sell, save he that had the mark, or the name of the beast, or the number of his name.” More than a few Bible scholars and theologians have found recent developments troubling in light of biblical prophecy.

Pragmatists, meanwhile, pointed to a wide array of non-ideological potential problems with abolishing cash. An [electromagnetic pulse](#) (EMP) attack, for instance, could shut down the entire electrical grid and the “cashless” system that depends on it. Solar events, problems in the power grid, and natural disasters like hurricanes, earthquakes, tsunamis, and more could also devastate the system, rendering commerce close to impossible. So could hackers or cyberwarriors working for a hostile power.

Cashless Society: Coming soon?

While Canada has dominated the “cashless” headlines in recent weeks, Sweden [has gone further down the road toward](#) abolishing cash than any other nation on earth. According to media reports citing the Bank for International Settlements, physical currency makes up just 3 percent of the nation’s total supply. By contrast, the average in the Eurozone is about 9 percent.

Italy, meanwhile, has banned large cash transactions. And if the new, unelected “Prime Minister” — a Bilderberg leader who [seized power last year](#) in what critics called a “coup d’état” orchestrated by bankers and the European Union — the limit on non-digital transactions could be reduced to less than \$1,500.

In the U.S., the increasingly paranoid federal government has been distributing propaganda leaflets teaching merchants and others that cash should be considered suspicious — possibly even an indication of terrorism. Critics ridiculed and attacked the fliers, distributed by various federal agencies, but the troubling trend toward official demonization of cash is only escalating.

“We’re evolving towards a cashless society but I do think cash will continue to play a role in society for a period of time yet. Patterns are changing substantially and people are increasingly using alternatives to cash,” [said](#) Royal Bank of Canada executive Vice President Wayne Bossert, noting that the role of cash would further diminish over time. “Alternate payment solutions are going to accelerate the movement towards a cashless society though I’m not convinced we’ll get there overnight.”

Much of the transition away from physical currency is actually happening voluntarily as banks and credit card companies expand the use of reward programs. “The big banks want a cashless society because it is much more profitable for them,” [noted](#) chief Lew Rockwell of the liberty-minded Mises Institute. And some consumers are buying into it.

Government, however, plays a key role, too. “Most of all, a cashless society would give governments more control,” Rockwell observed. “Governments would be able to track virtually all transactions and would also be able to monitor tax compliance much more closely.”

Ironically, the very fact that digital transactions are so unsecure will undoubtedly be seized upon in the future to argue for increasingly invasive “security” measures. The use of biometric information by companies and authorities, for example, is [already becoming far more widespread](#) due to well-founded



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security concerns.

“In the future, if you do not surrender your biometric identity information, you may be locked out of the entire financial system,” noted Rockwell, a long-time advocate of free markets and freedom. “Another method that can be used to make financial identification more secure is to use implantable RFID microchips. Yes, there is a lot of resistance to this idea, but the fact is that the use of RFID chips in animals and in humans is rapidly spreading.”

Alternative currencies:

Of course, as governments and central banks seek to [further consolidate control over populations](#), the market has [increasingly](#) developed [alternatives](#) to the [troubled fiat currencies](#) of the world. Some have been [community-based currencies](#) backed by time or the labor of participants in the system. Others involved trading physically and electronically in gold or silver, which historically have always been used as money - at least until recent decades.

And then there have been non-government-approved digital currencies, like the increasingly popular Bitcoin — widely believed to have been a catalyst for the Canadian Mint’s own emerging electronic system. But there are some key differences between Bitcoin and Canada’s new scheme: For one, Bitcoins are not issued as debt with interest. They are also not backed by the coercive power of a government. And, perhaps most importantly, the supply of Bitcoins is limited, unlike the amount of Canadian fiat dollars and other national currencies.

“There’s been a very huge growing digital economy that is really going to be fueled by smartphones and mobile being the next big thing,” claimed Royal Canadian Mint’s Chief Financial Officer Marc Brûlé. “The system we would bring in would be backed by a fund. Bitcoin may work for the small group of people that believe in its value, but that could change very suddenly.”

But market alternatives to monetary matters — not more government edicts and projects — are part of the attraction to the emerging world of non-government electronic currencies. “The point of digital currency, and especially free-market digital currency, is to broaden the avenues for issuance and adoption of alternative nonpolitical monetary units,” [noted](#) analyst Jon Matonis in a piece for *Forbes* about the Canadian Mint’s scheme. “My objection still lies with the fact that it is a non-free-market approach to the payments issue.”

In *Bitcoin Magazine*, Vitalik Buterin applauded the influence of the non-governmental online digital currency on Canada’s scheme, but pointed to more than a few problems with the Royal Mints’ plan. “The currency creation model is centralized: value is originally injected into the system by the Royal Canadian Mint and customers can purchase value to spend by going through trusted brokers,” he wrote. “The system is designed to be able to force upgrades, giving the Mint the power to introduce onerous tracking features over time if it so desires.” Analysts believe it undoubtedly will.

While objections continue to be raised, however, authorities around the world are not backing down. Whether market-based currencies will keep flourishing [at the expense of fiat debt-based currencies](#) backed by governments remains unclear. But according to analysts, the establishment will eventually seek to crack down on market money to ensure the perpetuation of its monopoly. And when that happens, physical cash may already be a thing of the past. Will you use the government’s chip?

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