

## **Genoemde aandachtspunten m.b.t. Vollgeld-initiative**

1. The proposal considers the payment system only. That leaves the current banking system unaffected. Banks continue to be able to issue deposits, and put them at risk. The risk that the government must bail out banks, to protect savings, is still present.
2. In your legal analysis, I read: “Der Finanzmarkt wird zu einem Service Public gemacht, soweit der Versorgungsauftrag des Bundes dies erfordert.” (info January 2016). That sounds too socialistic/communistic to me. I prefer to put it this way: taking care for the general money supply, is a public affair. Providing credit is a private business. Appropriate demarcation between public and private affairs is key, to a viable Vollgeld proposal. In my papers, you will see that this is the main theme in our Dutch proposals.
3. You are focused on demand deposits. I think you should explicitly include the money markets, and arrange something specific for it. Professional cash managers want a safe bank account as well. The reason we have a ‘shadow banking system’, can be explained because cash managers don’t trust banks, and demand collateral to secure their deposits. If you offer them a safe haven for cash, they are likely to make use of it. That would defuse the main cause of the 2007/2008 crisis. But it would hurt the banks too, since they would lose much of their funding. It would also lead to financial instability, if cash managers can move freely between de central bank en commercial (shadow) banks. For cash managers, you must make access to safe money accounts possible, but as ‘one-way’ traffic only.
4. In your proposal, money on account is still a money claim. It is still backed by assets on a banks balance sheet, albeit the central bank. This exposes the money, and the general currency, to market and counter party risks. In my opinion this is not Vollgeld. Vollgeld is not a money claim (financial asset). It is a liquid tangible (notes and coins) or intangible (digital cash) asset.
5. In your proposal, the central bank still provides short term credit to commercial banks; which exposes the central bank and the currency, directly to risks emanating from the commercial banks.
6. Your proposal seems to implement a separate governmental power. But this power is attributed to an undertaking that is actively involved in the business of banking, and trade in financial assets. That is not an independent governmental position. You can compare this with judges, that are not allowed to talk to politicians, but have day-to-day business with those they must try.
7. You emphasize the status of ‘legal tender’ to determine the scope of the public money monopoly. That is a formalist approach. I prefer a more pragmatic approach, that comes down to this principle: The state only backs the money it has issued itself. It abstains from backing private monies and its issuers.