



Book review

BRAVE NEW MONEY “SCHÖNES NEUES GELD”, BY NORBERT HÄRING

When I learned that AGORA's next edition would be about “work and digitalisation”, Norbert Häring's book “Schönes Neues Geld” immediately came to my mind. In August this year the book appeared in Germany, of course in German only, first. Yet, on Mr Häring's website, you can get an idea what it is all about also in English: www.norberthaering.de/en/32-english/news/1008-book-english. Under the heading “Brave New Money: PayPal, WeChat, Amazon Go - A Totalitarian World Currency in the Making” Häring offers a translation of key chapters into English on his blog.

What Häring writes about is an exemplary field of the application of Zuboff's laws. The US-American social psychologist Shoshana Zuboff formulated in the mid 1980s (see her article of 2013 (www.faz.net/aktuell/feuilleton/the-surveillance-paradigm-be-the-friction-our-response-to-the-new-lords-of-the-ring-12241996-p2.html) the following laws in the context of her research about the impact of IT on our work:

1. Everything that can be automated will be automated
2. Everything that can be informed will be informed
3. Every digital application that can be used for surveillance and control will be used for surveillance and control.

Häring's book is about the working of these laws in the field of “money”. Häring delivered a thorough research about the “war on cash” declared some years ago by the big credit card firms - now shrewdly carried out under the more appealing name of “alliance for financial inclusion”. Our monetary system in the widest sense is nothing else than a big book-keeping about claims and dues. Cash (banknotes and coins) are a “non-automated, non-informed” part of this system. A thing or process is “informed” if it is represented and processed by IT. The fact that cash is not “digital” makes cash difficult in terms of surveillance and control.

Moreover, “cash” is a public good and a network good par excellence. In contrast to money on a bank account, cash is “legal tender” and not subject to the risk of default of a private bank - only subject to the risk of complete failure of the functioning of the public monetary authority that issues the cash. By design, cash plays a crucial role in the current monetary system: it is what the banks are obliged to deliver to their customers for their positive balances on their deposit accounts. Thus, the threat of mass withdrawal of cash, also known as “bank run”, plays a pivotal role in taming, controlling and supervising the private banking sector.

Moreover, cash plays de facto a key role in the relation between the fiscal authorities of a state and its citizens. Cash enables citizens to boycott to a certain degree the

states' fiscal claims by simply avoiding the taxes - thanks to the anonymity of cash transactions. The state has to earn the trust of its citizens.

Häring's book is not about the benefits of cash. It is about the efforts to eliminate it. And these are well documented for many countries and with many instances. With an immense apparatus of references and quotes Häring shows the reader that a great number of concerted actions are on-going to foster the digitalisation of our payment. At the same time, Häring also traces the initiatives for a biometric identification of citizens. Biometric identification has become in many financial applications a required standard.

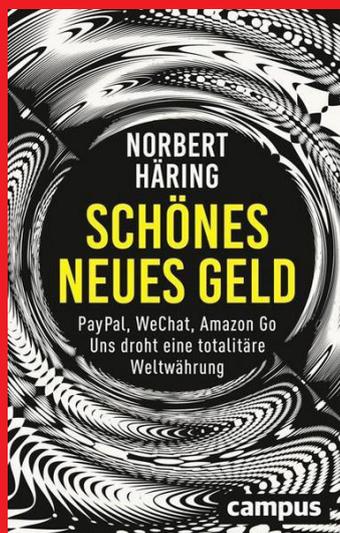
These two ingredients: a shift from the non-informed cash to the digital payment and the biometric identification of the citizen make the application of Zuboff's third law feasible: surveillance and control. In this field, Häring informs the reader not only about the Chinese variant of "social credit scoring" but also about the softer version of enticing customers away from cash. The Chinese social credit system (https://en.wikipedia.org/wiki/Social_Credit_System) is a straightforward measure to micro-manage and survey peoples' behaviour. Bad behaviour, as defined by the government is punished by a bad "social rating" which may allegedly even lead to a citizen's deprivation from the freedom of movement: if it is known that you are "bad" you may not be able to travel. The Western version of enticing and nudging is more subtle. The "owners" of big data about masses of consumers are enabled to manipulate buying decisions, target offers to specially identified customer segments etc. Access by intelligence services to sensitive data can in both variants not be excluded but must be expected as a fact if Zuboff were right...

Membership in a union and amount due: available anytime anywhere to any "bigger brother". Financial resources of a union: likewise available. Cui bono - who benefits?

In Häring's view, there are massive financial and also totalitarian interests at work, largely co-ordinated. For his view he offers proofs, quotes and references. His claim that we are at risk to slide into a totalitarian world currency is, however, founded on, in my view at least interesting assumptions and conclusions about the powers at work and their chances of succeeding with their plans. He identifies China's state-driven move towards digitalisation and surveillance and the US Silicon-Valley and State and secret service interests as the big powers in the game for global currency. Especially the giant Amazon is in scope since Amazon can link production, trade and consumption on one platform that may, in the end, take over all book-keeping - and control and surveillance.

Häring also provides evidence about the cooperation between private, semi-public and public initiatives and organisations in this process of implementing Zuboff's laws in the field of money. I found chapter 3 that sheds light on the alliance between private and public actors especially interesting. G20 and FATF were instrumental indeed in the combat of money laundering and the financing of terrorism. Yet, at the same time the standards and the peer pressure lead to pave the way for financial interests in the big business of payment services.

I think that Häring's meticulous investigation about the "war on cash" is worthwhile if not mandatory reading for all of us working in international and European public services, be it at the central bank whose core product is "cash" or at the EU Commission or Council or other bodies and agencies who drive and implement the international standards and policies that Häring identifies as instrumental in a shift to what he sees a totalitarian world currency. The book inspires thoughts and avenues of dealing with the impact of digitalisation on everyday lives and on labour markets. If I got it right, we face a tremendous challenge not only by the automation potential, but also by a complete restructuring of production and distribution markets. With big data, plutocrats got a powerful tool to increase pressure by poverty. Furthermore, the instrumentalisation of humans by humans is largely facilitated. Accordingly, Häring comes to the résumé: "we pay with our freedom." His recipe to avoid this dystopia is clear: use cash and I may add: use it for good purpose in solidarity. Time will tell whether Zuboff's law works in the field of money. Whatever the outcome: digitalisation of money already has and will have a big impact for sure - be it total or not.



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Schönes Neues Geld, Campus,
Frankfurt/New York,
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Norbert Häring has been working as an economic journalist since 1997. He holds a PhD degree in macro-economics and worked for a large German private bank. Within the World Economics Association (<https://www.worldeconomicsassociation.org/wea/general-information/>) he is active for a less biased, less dogmatic economic science. He received the Journalism Award of the Keynes-Society and the German economic book price by getAbstract (Ökonomie 2.0).

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