

The IMF Fears Cryptocurrency; It Should

The International Monetary Fund refers to cryptocurrency only once in its 215-page *World Economic Outlook* for October 2018, but that reference is telling: “Continued rapid growth of crypto assets could create new vulnerabilities in the international financial system.”

Ironically and counter-intuitively — but in my opinion not accidentally — that sentence is grouped in a paragraph with worries about the potential of cyber warfare to “undermine cross-border payment systems and disrupt the flow of goods and services.”

Cryptocurrency, of course, is the perfect solution to “cross-border payment systems.” In terms of both movement and accounting, it simply ignores borders. A Bitcoin is a Bitcoin — in Minneapolis, in Mumbai, in Moscow. And it can be moved between those three cities in a tiny fraction of the time and with a fraction of the effort it takes to set up wire transfers between bank accounts and to exchange dollars for rupees, or for rubles. All without government permission, too. A real time example is on <https://www.instacoins.com> where they monitor and compare in real time, such a transfer. It goes without saying which protocol was faster.

The “vulnerabilities” the IMF worries about are its own. Cryptocurrencies are, to varying degrees, resistant to supervision, surveillance, and regulation by entities like the IMF and its 189 member governments (the so-called “international financial system”).

Those governments (and their intermediary institutions like the IMF) fear money they can’t control. Who can blame them? The long history of central government banking is a history of money and markets easily subjected to taxation and political manipulation. Its purpose is to shear the sheep — that is, to clothe the ruling class at the expense of those who produce goods and services of actual value.

The brief history of cryptocurrency, on the other hand, is a history of emerging financial (and, ultimately, political) freedom for the productive class. That’s its philosophical genesis and its technical goal: Putting wealth beyond the reach of the thieves and extortionists who call themselves “governments.” Crypto is, as the anarcho-syndicalists like to put it, “building the new world in the shell of the old.”

Some players in the crypto sector seek co-option by the existing “international financial system” — for example, seeking regulation by the US Securities and Exchange Commission and its global equivalents. They’re backing the wrong horse. The old “international financial system” will be replaced, not reformed.

The IMF’s purpose is not to facilitate “cross-border payment systems and ... the flow of goods and services,” but to control them. Fortunately, the time when that was even

remotely possible is coming to an end.