

Real Democracy Requires a Separation of Money and State

As we enter a new year, the running battle between the world's governments and the world-changing technology known as "cryptocurrency" continues. As 2019 drew to an end, Swiss president Ueli Maurer asserted that Facebook's digital currency (not a real cryptocurrency), Libra, has failed "because central banks will not accept the basket of currencies underpinning it."

Politicians want to regulate — or, if possible, kill — cryptocurrency.

Large firms like Facebook want to capture cryptocurrency's potential without rocking those governments' boats.

Cryptocurrency advocates want democracy. Yes, democracy.

Of all the important words in the English language, "democracy" (from the Greek *demokratia*, "rule by the people") may be the most fuzzily defined. Some people define it in terms of raw majoritarianism, others as one of various forms of representative government.

I define "democracy" in words used by Thomas Jefferson in the Declaration of Independence. "Democracy," to my mind, is government that enjoys the "consent of the governed."

Not just the consent of 50% plus one of the governed, and certainly not just the consent of a few big players who can afford lobbyists and bribes to get their way, but the consent of ALL the governed.

One major hinge on which the door of democracy as I define it swings is control of money — who may create it, how it may be used, and what portion of it must be handed over to government for "public" uses those paying the bills may or may not approve of.

Involuntary taxation is the opposite of the consent of the governed. It's the opposite of democracy. We can have financial regulators and central banks, or we can have democracy. We can't have both.

Cryptocurrency threatens the reign of government over money. It bodes a future in which, as an old antiwar slogan puts it, the Air Force will have to hold a bake sale if it wants to buy a new bomber.

That's the future I want. It's also the future that politicians, regulators and central bankers

fear.

They don't want to have to ASK you to fund their schemes. They're not interested in requesting your consent. They prefer to simply demand your compliance.

The ability to anonymously handle our finances without reporting them to government or involuntarily giving it a cut is a revolutionary development. And it's here, now. More and more of us are using cryptocurrency, and the politicians are panicking.

While cryptocurrency won't entirely kill involuntary taxation — land can't be easily hidden, so we can expect property taxes to persist — it will make the global economy harder for governments to manipulate and milk.

The inevitable future of cryptocurrency, absent a new Dark Age in which we all go back to plowing with mules and reading rotting old books by candlelight, is a future without income and sales taxes (to name two of the biggest and most pernicious).

The ruling class will do everything it can to prevent the coming separation of money and state.

They'll fail. And democracy will flourish. See you at the bake sale.