

# The Washington Times

[www.washingtontimes.com](http://www.washingtontimes.com)

---

## Currency that Kills

By Richard W. Rahn

Published November 11, 2009

---

### *Converting to electronic money could prevent disease*

Can you imagine how many people have physically handled your money? Do you know who has previously touched it? Did they have a flu virus or some other communicable disease that is transmitted by physical contact with an infected object? Physical paper currency is often dirty - not so much to the sight, but it is a good home for dangerous microbes. It is often kept warm by our body heat and even absorbs some body moisture - a perfect breeding ground for bad stuff.

It has been well-known for decades that paper currency is a major source of disease transmission. During the life of the average dollar bill, it will be handled by hundreds, if not thousands, of people. It is hard to think of any physical object that is handled by more different people than paper currency. Millions become ill every year as a result of handling currency, and a not insignificant percentage of them die. The Centers for Disease Control and Prevention (CDC) estimates that 36,000 Americans die each year from flu-related causes. How many people received the flu from paper currency? The precise percentage is unknown, but if it is just 10 percent, that still translates into a couple of million needlessly ill people and thousands of deaths.

The good news is that it is no longer necessary to use paper currency in the digital age. Payments of all types can be made by electronic means - with electronic banking; credit, debit and smart cards; and cell phones - all of which help the user avoid physical contact with dirty paper money. (Note: Most paper currencies are made largely from cotton cloth, which makes them very absorbent.)

The bad news is that government policies are slowing down and, in many cases, preventing the movement to the use of digital currencies. Most electronic payment systems require the user to have a bank account. For decades, the percentage of the population having a bank account grew, but that growth stopped a couple of decades ago as the government started its war on money laundering - which, ironically, resulted in the unintended consequence of requiring more people to handle dirty paper money.

Physical money is expensive to produce. It is subject to counterfeiting, easily stolen and costly to handle. As noted, it is a major transmitter of disease. A rational and responsible government would be doing everything possible to eliminate physical currency. But no - legislators and policymakers have put destruction of the citizen's financial privacy and tax collection above reducing the costs and dangers of physical currency.

People will only move away from paper currency when they can easily use an "electronic wallet" and have the ability to make non-identifiable and non-traceable transactions. As noted above, an electronic wallet can be a credit, debit or smart card - a cell phone or a PC. The electronic money can be held in an electronic chip within the cell phone or other device or in a depository account that can be in a bank, telecom company or some other depository institution. Encryption software has become sufficiently robust to protect users of digital money and is far safer than holding or handling physical cash.

In many parts of the world, monetary transfers by cell phone are becoming the norm - they are particularly useful for small payments. The Philippines has become a world leader in cell-phone payment systems and use. Cell-phone use is expanding at a very high rate through the developing world - already, in Africa, a third of the people have cell-phone subscriptions, most of which can be used for electronic payments. The fact is that the spread of digital technologies will soon make it possible for all paper currency to become obsolete, but unfortunately, that is unlikely to happen because of the global political class.

The politicians and international bureaucrats are increasingly limiting the ability of people to use non-highly regulated bank institutions as the depositories and clearinghouses for electronic money. As the political class demands ever-more-stringent and costly "know your customer" and other anti-money-laundering regulations, fewer and fewer people can qualify for bank accounts. The young, who have no financial track record; the poor; and those in transient occupations are particularly discriminated against and thus are forced to use inefficient, costly and unhygienic paper currency.

The political class is also increasingly requiring banks and other depository institutions to spy on their customers and reveal all transactions to government officials - which gives individuals about as much privacy as having all their expenditures posted on a public Web site. Almost everyone occasionally wants to keep some expenditures private; for example, not wanting a spouse or loved one to know how much one spent on a gift; making an anonymous or confidential contribution to a church, charity or other nonprofit group; or even using the Internet for legal gambling, porn, cigarette or alcohol expenditures, etc.

Encryption technology has developed to the point where electronic expenditures can be kept private if governments would only allow it. The fact is, people will not give up the use of paper currency, for good or bad reasons, until they know they will have the same anonymity with electronic money as they do with paper currency. Meanwhile, each year, millions of people needlessly get sick and thousands die because the folks who run Washington and the other world capitals are too dimwitted to understand the unintended consequences of their financial regulations - or are just plain callous.

*Richard W. Rahn is a senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.*

<http://www.washingtontimes.com/news/2009/nov/11/currency-that-kills/>