

How Bitcoin could be a cure for money cancer.

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For those of us who have had to go through the difficult experience of such a harsh disease of a loved one such as cancer, its mere mention or reference generates complex feelings and reactions, especially when the feeling of emptiness emerges when remembering those who after strong fights departed to another dimension, from which I have no doubt they guide and protect us.

Here you are surely wondering, what does cancer have to do with money and Bitcoin as its cure? Allow me to explain:

It turns out that in those difficult moments during which one tries to understand something about this terrible disease to give oneself strength and somehow assimilate the treatments that the patient undergoes, whether one reads ten or a million publications, the most basic explanation of what cancer is, it is always the same, the disordered and uncontrolled multiplication of cells in our body breaking the balance that must exist among them, deteriorating our system until, in the most serious cases, if the appropriate treatments eliminating the cells affected are not applied, it ends up vanishing².

Once, I was explaining to a group of people interested in how Bitcoin appeared as a consequence of the 2008 financial crisis given the complexity for those who are unaware of the functioning of the banking system, fractional reserves, the creation of "bank money", or "internal money" as the laureates of the Nobel Prize in Economics refer to³, or how the Federal Reserve in the USA or the Central Banks create or "print" money and insert it into the system, it occurred to me to refer metaphorically to the case of cancer and its relationship with money, and how its disordered, uncontrolled multiplication and loss of balance could result in "sick money"

Just as our body is made up of multiple organs and systems, and these, in turn, are made up of billions of cells, there are also billions of monetary units that make up the financial and banking systems, which work according to the monetary policies of the issuing entities of the States, understood as the circulation of money created by the central banks, which

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² <https://www.cancerresearchuk.org/about-cancer/what-is-cancer>

³ Which is technically not called that but The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel <https://www.nobelprize.org/prizes/economic-sciences/2022/press-release/>

includes the aforementioned Federal Reserve, that is, "external" money, as well as "internal money". or "banking money", which are the result of the corresponding loans and deposits that occur at the level of general banking.

Continuing with the cancer metaphor, it will not be difficult for us to understand how an exaggerated, disorderly, and uncontrolled increase of money in a system in which there is no balance between money creation and economic activities can generate adverse effects ranging from the most predictable and less serious such as inflation to the most important such as the collapse of banking institutions, taking with it and depleting the assets of millions of people, a situation that, as also occurs with the disease, does not discriminate in affecting strong economies as well as those of poor countries, but in the latter, its effects are much more devastating because they lack other resources that make the panorama less burdensome.

That is also, as in the case of cancer, although appropriate treatments are of great importance, once detected and the sooner it occurs the better, but just as or even more important it is its prevention, which commits us to have full knowledge about carcinogenic products, all in order to avoid them and reduce risks, minimizing all related practices, as happened with the use of asbestos that after verifying its danger, its use has been prohibited.

Regarding the banking systems and the necessary health of the money that is in it, as well as with asbestos, there are indeed elements that can facilitate this uncontrolled and disorderly undue multiplication, and which is none other than the particular practice of banking through fractional reserves characterized by the "multiplication" of money resulting from the cyclical relationship between deposits and loans beyond simple bank intermediation and the risk involved in the massive withdrawal of deposits that are supposed to be on demand available for their withdrawal.

Diagnosis and treatment in the Bitcoin white paper.

We can talk a lot about the Bitcoin phenomenon, but let's only stick with what concerns, the prevention of the very harmful disorderly multiplication of money, and it is that of the many interesting aspects contained, it is those no more than 9 pages of the white paper⁴, the one that stands out the most for being an essential element of Bitcoin is one that had not been resolved before, the "double-spending", such an important issue, that throughout the paper, from the beginning in the summary, introduction, development and conclusions, it

⁴ White Paper Bitcoin English <https://bitcoin.org/bitcoin.pdf>

Voice paper English: <https://youtu.be/7jldYncbU6s>

White Paper Español: https://bitcoin.org/files/bitcoin-paper/bitcoin_es_latam.pdf

Voice Paper Español: <https://youtu.be/KaJPmcswjzI>

stands out as the one that truly constitutes the main of all the elements that make up this global phenomenon⁵.

The white paper does not refer at all to the exchange value, volatility, or expectations of Bitcoin, nor to exchanges, neither crypto mining farms, what is more, it doesn't even mention that it will only be 21 million Bitcoins⁶, none of that, as far as the paper insists over and over again is solving the "double-spending" problem, and doing it, regardless of any trusted third party, in a nutshell, bitcoin's main proposal is nothing other than preventing disorderly and uncontrolled multiplication from occurring under any circumstances, not only preventing the possibility of this "double spending" for usable purposes but also in its emission and the generation of a tumor that damages the system. This is the possibility of issuing an infinite amount of money.

Taking that same diagnosis and treatment to the level of banking systems supported by fractional reserves and the possibility of internal money creation in addition to the possibility that central banks can create infinite amounts of money, it is not surprising that so much has been generated sick money, since it is risky, is carcinogenic, would be in that possibility of multiplying money, that is, that internal or bank money can be created and used and that only a minimum reserve is maintained.

What has been said in no way should be understood that the creation and practice of banking is or has been harmful because the creation of this internal money is possible, on the contrary, humanity could never have progressed as it did without the creation and existence of banking as a social and economic institution that ultimately constitutes a more evolved stage of money itself, but we must be aware that, just as in multiple areas of human knowledge, current technologies have helped prevent ailments and diseases, one cannot help thinking that maybe it is time to think about new forms of money, "intelligent money", resistant to disorderly and uncontrolled multiplication, in a system in which the fractional reserve system may not be convenient, a topic that we can leave for another time.

"CBDCs", are potentially a new and worse type of cancer.

After the genesis block of Bitcoin in January 2009, which is one of the most exciting phenomena of humanity, a new dimension of the idea of decentralized money began. It was

⁵ We observe how the Bitcoin white paper formulates a proposal to solve the problem of double-spending, or what is the same, the issuance of money using fractional reserve practices. (We say that the white paper is a proposal because in effect it is, and although a document like this could have some normative legal value as a kind of adhesion contract, in any case, the normative value as such does not result from it but of the protocol, of the program, of the algorithm, once it is installed and running, "The code is Law")

⁶ <https://unchained.com/blog/bitcoin-source-code-21-million/>
<https://blog.lopp.net/how-is-the-21-million-bitcoin-cap-defined-and-enforced/>

not difficult to foresee the great resistance that traditional financial actors would make, both private economic actors and public institutions, mainly the States and their different authorities that through multiple measures such as those of assimilation to treatment as bonds or shares, commodities or even its absolute prohibition have tried to control the phenomenon.

One of the aspects that have attracted attention is that given the reality that the system of cryptographic digital assets is indeed viable and safe, it has recently been seen that now the States themselves are seeking the development of digital money based on similar technology to that of bitcoin and other digital assets, but not with the same purpose of being an alternative to State money, but with other intentions, some of them with consequences not very respectful of fundamental rights that States as the first potential violators must respect, which could face a new risk of a new and worse cancer of money, the CBDCs.

The Central Bank Digital Currencies (CBDC) have been the response by States to the phenomenon of cryptocurrencies in general and Bitcoin in particular, from those considered democratic, such as the United States and European countries, to those despotic such as China and others, but on the contrary to what Bitcoin philosophy promote, the CBDC does not share or promote its essential aspects such as limited emission and preventing the undue and uncontrolled multiplication of money, that is, preventing the cancer of money.⁷

And what systems and organs can be affected by this new kind of money cancer?

Many concerns and opinions have been generated at the insistence of official sectors of interest in the creation and implementation of this official digital money and among them are those closest sectors, the banking system itself, and even the International Monetary Fund has deployed a great dissemination campaign on this very important phenomenon⁸. Yes, since the issuer of money itself has the possibility of controlling and directing digital money directly to the "citizens", banks, as we know them today, would not be absolutely necessary, being their existence absolutely unjustified, occurring, just as with cancer, that being a system close to where the health condition of the money is verified, its integrity and even its existence are compromised.

⁷ Lysander Spooner ya en su obra de 1876 "Two Treatises on Competitive Currency and Banking" advertía que en 1870 la diferencia existente en los dólares garantizados en oro emitidos por el Estado, unos 200.000.000,00 frente a los existentes en el comercio, unos 30.000.000.000,00.

⁸ <https://bankingblog.accenture.com/why-cbdc-stands-to-benefit-not-harm-banks>
<https://www.ngrave.io/en/blog/what-is-a-cbdc-should-we-be-scared>
<https://beincrypto.com/cbdc-tied-to-digital-ids-the-latest-in-financial-repression/>
<https://www.imf.org/en/Blogs/Articles/2022/09/01/reimagining-money-in-the-age-of-crypto-and-central-bank-digital-currency>

What would the banking sector have thought about digital states' digital money being more dangerous than Bitcoin itself?

It is important to observe how in one of the interesting investigations carried out by the VISA Cryptocurrency and CBDC research area, highlighted in a recent report that in preliminary studies on digital currencies shows that in Argentina, Germany, Spain and the United States, they valued in a special way of these currencies its security, universal access, speed of transactions and “anonymity”⁹.

Another aspect to analyze of this digital money, that carries the germ capable of contaminating and generating metastasis, is that it has no limitation to multiply itself, on the contrary, it is promoted and favors the growth of sick money with the consequences that we already know, such as inflation.

And finally, but even more dangerous, this official digital money can be more lethal, since it can be programmable and traceable, it has the potential to invade and violate even the most intimate and private aspects of the citizens' lives, knowing what we do, when, how and with whom. Limiting where, how, and when to earn or spend money, something that only resembles the most absolute idea of slavery, being for this reason that important freedom activists from their spaces commit their efforts to prevent the public powers of the states, of any state, from affecting the fundamental rights of citizens by issuing currency.

An interesting fact to analyze is that the Senator from the state of Texas in the United States, Ted Cruz proposed a Bill to forbid the Federal Reserve any possibility of issuing digital money that can be directly addressed to citizens¹⁰.

Without a doubt, we can conclude that currently in the Digital Transformation era, we are going through interesting moments that force us to rethink many economic, social, legal, and political institutions besides many other fields. Moreover, we must bear in mind that we must do so considering the health of the institutions themselves and the systems they

⁹ Visa Cryptocurrency A&U Global Study: 3 focus groups with 47 individuals and 10 in-depth interviews in Argentina, Germany, and United States. July 14-26, 2021. Digital Currency Quantitative Research in UK, Germany and Spain. July 22, 2021 in “HOW CAN CBDC HELP DRIVE DIGITIZATION AND RESPONSIBLE INNOVATION? Catherine Gu, Vanessa Meyer, Amina Tirana, Adriana Bonifaz, Laura Diaz Milan y Stuart Smith. Available in:

<https://usa.visa.com/content/dam/VCOM/regional/na/us/Solutions/documents/visa-cbdc-payments-module-whitepaper.pdf>

¹⁰ <https://www.cruz.senate.gov/newsroom/press-releases/sen-cruz-introduces-legislation-prohibiting-unilateral-fed-control-of-a-us-digital-currency>
<https://emmer.house.gov/2022/3/sen-cruz-introduces-companion-legislation-to-rep-emmer-s-bill-prohibiting-unilateral-fed-control-of-a-u-s-digital-currency>

make up, avoiding at all times elements that far from generating disease, pressure and slavery, bring us freedom and prosperity.