

The Ban on "Bin Ladens" Is Only the Beginning

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"I sell here, Sir, what all the world desires to have – POWER."

Matthew Boulton

I'll buy it.

I found that quote on the back of the English £50 note.

With all the venom that's been directed at high denomination banknotes in recent times, I asked for some when withdrawing cash at the bank recently.

Cash is an enemy of the authoritarian elites. So it's always good to maintain a stash of it.

Hated for the privacy it provides, and labelled as a favourite of tax evaders and organised criminals, banknotes are firmly in the crosshairs of the deep state – but it's not dead yet. And before it dies, we may see money unlike we've seen in living memory... money of the kind Matthew Boulton would be familiar with.

So what was Boulton selling?

The power he was referring to was industrial. In partnership with James Watt, he made a fortune marketing steam engines to factories and mines throughout the mid to late 1770s, marketing steam power to a Britain hungry for industrial expansion.

But Boulton's power over steam gave him an even greater power in finance. At a time when two thirds of all the coins in Britain were fake (the Royal Mint itself shut down as a result), Boulton founded the Soho Mint, where he minted new coins with security features that made them hard to counterfeit.

His superior coinage granted him access to George III's Privy Council, and success minting cash for Russia, Sierra Leone and the British East India Company.

Known as "cartwheels", his one and two pennies had raised rims and sunken letters which were hard to forge at the time.

Security features on currency have come a long way. In fact, the only reason Boulton appears on the £50 note is to make the forging of the notes more difficult: figurative engraving is a very specialised art, and minor errors are very easy to spot. Boulton, a driver of security features on currency, has in a way become a security feature himself.

So why might we see his coins again? And who's the Scottish Bin Laden? Let me explain.

Laundry detergent

Kenneth Rogoff, chess grandmaster, former chief economist to the International Monetary Fund, and high inquisitor in the crusade against cash, has made his ambitions regarding physical cash quite clear in recent years (emphasis mine):

Cash plays a very, very big role in just a whole range of crime: drugs, bribes, extortion, human trafficking, money laundering.

... the specifics of my plan are to first phase out large notes over a fairly long period. We'd start with hundreds, then fifties, then twenties. Think of that taking place over 10 to 15 years. I would leave the smaller notes around just because we're still far from solving perfectly some of the problems about what to do in a storm, privacy, small transactions; you want to send Junior to the store for candy and don't want to give them a credit card. I would eventually also phase those out.

Rogoff's strategy can be observed in the eurozone, with the phasing out of the €500 "Bin Laden" banknote. Bin Ladens are very hard to get a hold of these days, having been totally banned from currency exchanges in the UK. The European [Central Bank](#) aims to completely end their issuance by 2018 as they are allegedly the preserve of money launderers, and – as their name suggests – terrorists.

A million pounds in Bin Laden bills would only weigh around 2.5kg and stack around 23cm high. Gold cannot come close to competing in terms of mobility (a million pounds' worth of gold would weigh around 32 kg in today's prices), and precious stones are less evenly valued, making the Bin Laden very convenient for discreetly transporting wealth around.

In the UK, things are a little harder; you can stuff a million quid's worth of £50s in a large rucksack (apparently – sadly I've no personal experience), but it would weigh almost ten times as much. But a million in a rucksack is still a nightmare for the taxman and elites like Rogoff, who want to imprison cash in the banking system to make deeply negative interest rates a plausible option.

And let's not forget the Scottish Bin Laden: the £100 note issued by Clydesdale, the Royal Bank of Scotland and the Bank of Scotland. These are only 7mm broader and 5mm taller than the £50 – a money launderer could almost double their backpack capacity with them.

There is also a Northern Irish Bin Laden, issued by Ulster Bank, First Trust Bank and the Bank of Ireland. Strictly speaking, these banknotes aren't actually "legal tender" *anywhere* – not even in Scotland or Northern Ireland. But this doesn't mean that merchants and banks throughout the UK will not accept them; they are legal currency, with the official title of promissory notes.

Despite hearing many stories to the contrary, I've yet to encounter any problems using Scottish notes in London. However, I've yet to start buying beers with Bin Ladens. I'm determined to try it out – I'll let you know how it goes.

But I digress. In the war on cash, the Bin Ladens will be targeted first. As few people use them, this should fly fairly low under the radar. I have a hunch that we will not see a polymer £50 – the £20 is only due to be released in 2020. This gives plenty of time for the £50 to be labelled as yet another tool of criminals and terrorists, and marked for the de-circulation bin.

For the same reasons, I have an even stronger hunch that we will not see a polymer £100 in Scotland or Northern Ireland.

Return of the cartwheel

But it's not just notes that are under fire in the war on cash. And this is where Matthew Boulton returns.

Here is another line from Rogoff (emphasis is mine):

*You know, **the whole idea is to make it hard to carry huge amounts around**; to have huge transactions...*

Cash must be made so inconvenient that people choose to not use it. Make it a nuisance, and half the war is won.

The coins Boulton minted were known as "cartwheels". This was partially due to their raised edges, but also due to their *size*. His two pence pieces were more than an inch and half in diameter, and weighed *two ounces*.

Loads of pennies rattling around in your pocket is already irritating. Now imagine if the Royal Mint decided to reintroduce cartwheels, multiplying the weight of coins several times over, so you often receive half a kilo in change when paying in cash.

Provided that the Royal Mint could source a cheap and heavy material to fill the coins, I think the strategy would be a roaring success. Who would pay in notes, if it meant filling your pockets with paperweights?

All the best,

Boaz Shoshan
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PS Tomorrow is the big day of our "The War on You" conference. If you're attending, or even if you're not, you can get an inside view on the important ideas we're discussing with the hashtag **#WarOnYou2017** on Twitter.

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