



# The Future of Money

## Private vs. Sovereign Currencies

March 21, 2020 | Copenhagen Business School, Denmark

# About the Conference

With the involvement of esteemed economists, the conference intends to cast light on the inherent shortcomings of the current monetary system and examine how monetary reforms and new forms of money can support a more stable and just economy. Pros and cons of sovereign and private currencies will be presented and it will be discussed whether the right to create money should be restricted to a public institution or whether money creation should be privatized. In this context, the conference will further assess the potential of new emerging digital money, namely Central Bank Digital Currencies (CBDC) and cryptocurrencies.

## 1

### Current Money System

How is money created in the digital age and what challenges does the current money system pose to the stability and well-being of the economy?

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## 2

### Private Currencies

What are the drawbacks and benefits of private currencies? Are they legitimate alternatives to sovereign currencies? And do they constitute a threat to the role of central banking?

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## 3

### Sovereign Currencies

What are the drawback and benefits of sovereign money and CBDC? And can a CBDC be used to effectively overcome some of the failures and impasses of the current monetary system?

# The Future of Money

## Private Currencies

- ⓑ Commercial bank money (account money) is created by private banks through lending. They are created in parity with central bank money. Profits from the money creation goes to the creator, namely the bank. Private account money creation is in most countries an oligopoly enjoyed by the commercial banks.
- ⓑ Private currencies (e.g cryptocurrencies and complementary currencies) are issued by private entities or non-profit organizations. Potential profits of these kind of money go to the issuer.
- ⓑ The supply of private money and currencies is usually increased when it is profitable/desirable for the issuer to create new money.
- ⓑ Private types of cash are illegal or highly regulated in most countries.

vs.

## Sovereign Currencies

- ⓔ Created by - or by request of - a state as means of payment between state and non-state actors. Profits of this money creation go to the state.
- ⓔ Typically the management of such a system is via a central bank that gets a political mandate to use money creation to pursue certain political goals such as secure payments and stable inflation.
- ⓔ In most countries sovereign money exists only as cash or on accounts directly in the central bank. Typical account holders at the central bank are the largest commercial banks and the state. Therefore it is impossible for citizens or companies to make payments in sovereign currencies except by using cash.

# Why Do We Need a Conference About the Future of Money?

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The advent of the financial crises caused economists, politicians and laypeople to question the legitimacy of a debt-based money system and highlighted the need to reassess our beliefs about the nature of money and the workings of the banking sector. Today, with a new financial crises on the horizon, the need to understand and rethink money and banking seems more important than ever. In line with an increasing number of politicians and economists, we acknowledge the urgency of understanding the deficiencies of the current money system and the need to examine monetary reforms and alternative forms of money as means to create a more stable and sustainable future. On this basis, IMMR and Gode Penge will gather international experts to assess and discuss advantages and disadvantages of monetary reforms and new forms of money, with the further aim of examining how a sustainable money system could be designed in today's digitized and globalized world

## **The financial crises functioned as an impetus to:**

start critically engaging with monetary policies

develop new forms of money to negate the shortcomings of the current financial system

include public sentiment to achieve a just, accountable and transparent system.

## **Cryptocurrencies and their underlying technological structure introduced:**

improved effectiveness of payments via swift and cheap transactions

transparency and decentralization, which supersede accountability and make legitimacy issues irrelevant.

## **The challenge now is to:**

develop a coherent monetary system that can ensure a stable, just, and efficient economy.

ensure that the monetary system is legitimate in the eyes of the public

profit from emerging technologies and knowledge in a way that ensures the general health and sustainability of our economic system

# First Confirmed Speakers



**Prof. Dr. Thomas Mayer**



**Miguel Fernández Ordóñez**

Formerly



**Assoc. Prof. Dr. Ole Bjerg**



**Prof. Dr. Joseph Huber**





# Agenda of the Conference

A preliminary and rudimentary schedule of the day

| Time          | Topic  | Speaker                                     |
|---------------|--|---|
| 10:00 - 12:00 | <b>Money creation in the current financial system</b><br>How is money created in the digital age, and which challenges does the money creation of private banks pose to monetary policy and economic stability?  | <b>Multiple Speakers</b><br>To be announced |
| 12:00 - 13:00 | <b>Lunch Break</b>   |   |
| 13:00 - 15:00 | <b>Non-state currencies as alternatives to the current money system</b><br>What are the drawbacks and benefits of Local currencies, Crypto currencies and Libra? And which implications would these currencies have for monetary policy and the central bank's ability to control the economy? | <b>Multiple Speakers</b><br>To be announced |
| 15:00 - 15:30 | <b>Break</b>   |   |
| 15:30 - 19:00 | <b>State currencies as alternatives to the current money system</b><br>What are the drawbacks and benefits of Sovereign Money and CBDC? Which consequences would a CBDC have for monetary policy, housing markets, inequality and central bank's possibilities to handle financial crises?     | <b>Multiple Speakers</b><br>To be announced |

# Initiators of the Conference



Gode Penge is a non-profit organization located in Denmark. The organization was founded in 2014 with the aim of informing laypeople, academics and politicians about the workings and shortcomings of the current monetary system. In continuation, it aims at reforming the monetary system, thus paving the way for a more stable and just economy.

The organization has close to 1200 members and its chairboard consists - amongst others - of academic profiles from Copenhagen Business School and University of Aarhus.

Gode Penge is part of a global movement (IMMR) which has been successful in impacting parliaments around the world - including the American, the British, the Dutch, and the Icelandic. The movement has further influenced Central banks in Germany, Great Britain, Sweden, Iceland, USA, Switzerland and has brought public attention to the topic of money creation and made it a commonly treated subject in mainstream media and central bank publications.

**[www.godepenge.dk](http://www.godepenge.dk) | Copenhagen, Denmark**

# Initiators of the Conference



**International Movement  
for Monetary Reform**

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The International Movement for Monetary Reform (IMMR) is an international coalition of nonprofit organisations from across the world, campaigning for a monetary system that serves society.

The IMMR maintains a very clear and specific aim, namely to change the way money is created and allocated, without being dogmatic about the way the proposal is implemented as the details will vary from country to country.

To serve this goal, the IMMR supports and connects various national member organizations to share ideas, discuss research and exchange best practices.

**[www.internationalmoneyreform.org](http://www.internationalmoneyreform.org) | Global Alliance**



# About Copenhagen Business School



With approx. 23,000 full and part-time students, 670 full-time faculty members, 220 PhD students and 650 administrative staff, Copenhagen Business School is a unique business-oriented university with a full portfolio of Bachelor, Master's, MBA/EMBA, PhD and Executive programmes delivered in English and Danish.

Each year, Eduniversal, which is part of the French consultancy SMBG, ranks the world's 1,000 best business schools. In 2011, for the 6th time, CBS got an excellent ranking – number one in the world followed by Harvard and London Business School. The focus of this ranking is on the institutions' international significance and prestige.

CBS enjoys the advantages of an architecturally attractive university campus primarily located at Frederiksberg, close to the heart of Copenhagen, the capital of Denmark.

**[www.cbs.dk](http://www.cbs.dk) | Copenhagen, Denmark**

# We are happy to welcome you in Copenhagen on the 21st of March 2020

## Organizer

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