

Submission No 2

Subject: CRIME INQUIRY SUBMISSION

**Attached is a short submission to the Inquiry into crime
in the community.
It is a synopsis of an element of a much wider topic that
can be accessed if
the committee is interested in pursuing the matter.**

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CRIME-FIGHTING MONEY

Introduction

While it is human nature to be unconcerned about the provenance of a bargain, theft will be with us. The only antidote is a high probability of detection and punishment or preferably the elimination of the ability to commit theft.

Our two previous houses were both broken into despite being locked up. Entry was effected by breaking a window. While we suffered a financial loss, both through goods lost and property damage, we have suffered more through our lost peace of mind. One never knows when one will be a victim again or whether one will be at home and injured next time. As we grow older, I am sure this will prey on our minds more.

To perform such acts, one must be motivated, have an opportunity and have a market. While motivating factors such as human desire for power, wealth or drugs cannot be assuaged, both opportunity and markets can be greatly diminished and in quite a few cases eliminated.

This submission addresses how to reduce opportunities for both criminal economic acts and trade in illegally obtained goods and services. It is only a synopsis of the subject and the ancillary issues that arise from this proposal are beyond the terms of reference for this submission and therefore not dealt with – though answers do exist.

Some facts

It is a simple fact that our society's ability to detect and punish crime is falling behind, even though statistics would seem to indicate that the level of crime is not increasing particularly. What these yardsticks fail to highlight though, is that the absolute incidence of crime is increasing as our population increases and that required exponential increases in crime management capability are not forthcoming, as they are increasingly unaffordable. Australia's crime management system is not keeping up in manpower, training, facilities or law. Police only have time for serious or publicised cases. Courts and gaols are overburdened. Laws are not keeping pace with technology. So, as in America, Australian criminals can expect a decreasing rate of detection and detention in future.

It is another simple fact that most economic crime is possible only because of the anonymity of cash money. It is also the case that apart from some murders, manslaughters and assaults, criminal activity has an economic base or aspect to it that involves the anonymity of cash money.

In spite of the fact that cash forms a small fraction of economic transactions in Australia, Governments have been unwilling to remove cash transactions altogether. Why? Crime is an industry that employs a large number of people who would lose their jobs if the anonymity of cash were removed. Much better to create a new crime management program to win yet more dollars for the industry.

Nevertheless, cash is progressively disappearing from our economy. Private industry is driving rapidly forward with smart card technology and other forms of digital currency. This however is only going to lead to different forms of crime, as well as a total loss of control of our money by the Government -- arguably a criminal act in itself, which is being committed out of ignorance by our politicians.

The point is that digital money is the key to curbing crime, but only if Government owns the digital money management system, as a replacement for its minting function. A basic architecture for such a system is available that is impossible to forge or subvert without an improbable degree of collusion between personnel in different Government departments and industry.

How does digital money fight crime?

For a start, there are no bank notes to steal. Therefore, there can be no bank robbery, no ATM robberies, no robberies of businesses, and no robberies of people in the street, etc.

Next, digital money is not anonymous. Therefore, illegal transactions can be detected, offenders traced, evidence obtained, and offenders punished, quite rapidly and with great certainty. This significantly increases the risk to prospective offenders and tends to militate against the commission of crime. It would virtually eliminate drug related crime and destroy the drug trade, extortion, blackmail, kidnapping (for ransom), corrupt commission payments, etc.

Then too, digital money misappropriation has greater barriers to commission. Such crimes require more ingenuity and knowledge, greater resources (money and equipment), collusion between multiple parties, etc. This significantly diminishes the pool of potential criminals. Various forms of financial fraud would diminish.

It incorporates biometrics security and superior privacy protection.

With digital money in place, it matters little why people want to commit crimes, as in large part they are precluded from doing so.

Is it feasible?

A conversion to digital currency has only become possible in the past couple of years with the advent of sufficiently powerful computers and the rollout of a ubiquitous communications network.

Australia is probably one of only a handful of countries where digital money could be introduced in less than ten years. It probably would not take that long to deploy the technology, but it would take at least that long to deal with some of the social effects of job dislocation, education and business reorientation, etc.

Australia has the technological wherewithal, infrastructure and limited population attributes necessary for a rapid introduction. The system can be made available over mobile phones, the Internet and ATMs using much existing hardware. In the interests of security the design is deliberately kept simple, which makes it easily developed and maintained and relatively cheap.

Can we afford it?

Since we believe we can afford the dollars it takes to run our present crime management system and the losses and medical and social costs resulting from criminal activity, year in, year out, then we can certainly afford the establishment cost of digital money. Digital money would pay for itself in annual savings running into tens of billions of dollars. Moreover, the money would be injected into productive activities instead of unedifying unsuccessful attempts to maintain a status quo. We have a large educated segment of the workforce tied up in unproductive endeavours when we could be employing them in new businesses producing saleable goods and services that expand the economy.

Should we do it?

I think anyone who has ever been a victim of a crime would wish that this had existed before they fell victim. I think that anyone who pays for insurance against criminal acts would appreciate being able to spend that money elsewhere. I think that anyone who pays taxes that are appropriated to finance the criminal management system would appreciate that money coming back as better roads and health services or reduced taxation. I think that anyone who has been imprisoned for an economic crime would wish that they had been prevented from the activity by the barrier of digital money.

There is no other crime management tool that can perform as pervasively and successfully as a properly constituted and managed digital currency system. I therefore recommend ardent study of this crime-fighting tool with a view to its implementation, soon.