

**Demonetization and Fake News** (インドでの 通貨の廃止及び偽ニュース)**India**

On 8 Nov. 2016 the words “demonetize,” and “demonetization” suddenly appeared in the headlines.

The Government of India suddenly declared that the 500 and 1000 rupee (Rs) notes would be invalid after 31 December 2016. Up to a Rs50,000 limit the demonetized banknotes could be exchanged for new ones without any questions being asked (about how the money was obtained), but the any excess amount would have to be deposited in a bank account.

The purpose of this exercise, the Government declared, was to eliminate “black money.” Indeed huge amounts of cash in the form of the soon to be demonetized notes were used to pay taxes. Tax offices were suddenly flooded with cash and real estate prices fell (many people were using cash to buy property). Thus to some extent demonetization succeeded.

On the other hand, suddenly shops and business long accustomed to doing business in cash had to stop accepting the Rs500 and Rs1000 notes. Needless to say many people, who do not have credit cards or bank accounts were inconvenienced. Many small businesses do not have the capability to handle credit or debit cards, and lost business.

While many educated people with good jobs in the large cities already have bank accounts, many rural villages – even just 30 or 40 km from a large city – do not even have a bank. Because of the sudden announcement the banks were overwhelmed with work, and there was not enough of the new cash to replace the demonetized notes. Many poor people who saved their money as cash could not reach a bank in time to change the old notes, and were forced to sell at a deep discount to private money changers.

Before demonetization when I traveled to India I carried an international bank card which I used to draw money as needed from almost any ATM machine in India at any time of the day or night. This time all the ATM machines were either closed or out of cash. I had no choice but to use a credit card to buy small items such as cup of coffee.

**Electronic Money**

Actually demonetization is not new, nor is it taking place just in India. In most developed countries salaries are deposited directly into bank accounts, and large sums are seldom if ever payed in cash. In the US cash payments of more than \$50 are rather unusual. Some countries such as Sweden have gone much further: many shops no longer accept cash.

Electronic money may seem convenient, but at the same time it raises issues of safety and security. I seldom use cash to pay a bus or train fare, and as a result I don't pay attention to the fare. I periodically put money into my fare card, but it is troublesome and time-consuming to keep track of how the money was used. Even if double the fare were charged, I might not notice it. In India, where I had no choice but to use my credit card for many small purchases, I lost track of how much I spent and for what. If more than the proper amount were charged I would probably not know it.

Using a credit card it, is easy to spend money that you don't have and buy more things than your income permits. The interest rate on unpaid credit card debt is very high and many people do not even know how to calculate how much they are paying.

Electronic money can be traced. Of course this is why governments like it. If your salary is in cash you can easily hide it from the tax collector, but when your salary is paid electronically the taxes can be automatically deducted. If the government is just and fair, this is no problem, but suppose the government decrees that Islamic people or Black people must to pay twice as much tax?

Whenever you use a credit card, where, when, the purpose and the amount you paid are recorded. Suppose that you are a political refugee trying to escape from an oppressive country. You can be tracked wherever you go. Japan and a few other countries have negative interest rates. This, in principle, means that the government can take money out of your bank account.

Cash gives you privacy and freedom of movement. It is true that criminals prefer because they can hide it, but there are also many good reasons why we do not want a record of how much we pay and to whom. I have a friend who secretly gives his elderly mother some extra money – in the form of cash – without the knowledge of his wife.

### **Fake News**

During our trip to India, we had a few days for sightseeing in the Kaziranga National Park, in (the state of) Assam. Despite its large human population, India is home to a remarkable variety of wild animals. The world's largest single population of one-horned rhinoceroses ("rhinos" for short) lives in Kaziranga. It is native to the Indian subcontinent.



From the Wiki Commons, courtesy of [Yathin S Krishnappa](#).

Unfortunately the one-horned rhino is an endangered specie because many people falsely believe that “medicines” made rhino horns can cure diseases. These are called “Chinese medicines,” but in fact they are not.

Fake news has been in the headlines lately, especially related to the US presidential campaign. But it is not new and as the quotation below illustrates, fake news is quite common.

Edited quotation from [https://en.wikipedia.org/wiki/Rhinoceros#Horn\\_trade\\_and\\_use](https://en.wikipedia.org/wiki/Rhinoceros#Horn_trade_and_use):

Rhinoceros horns, unlike those of other horned mammals (which have a bony core), only consist of keratin, similar to human hair and nails. Rhinoceros horns are used in traditional medicines in parts of Asia, and for dagger handles in Yemen and Oman. In Europe, it was historically believed that rhino horns could purify water and could detect poisoned liquids, and likely as an aphrodisiac and an antidote to poison.

Contrary to popular belief, the market for rhino horn is not largely driven by Chinese. Rather, Vietnamese are currently the biggest consumers of rhino horn and Vietnamese demand drives most of the poaching which has shot up to record levels. In Vietnam, the powdered horn is inhaled by some of the wealthy as a status symbol, where rhino horn is believed by some to have aphrodisiac properties.

It is a common misconception that rhinoceros horn in powdered form is used as an aphrodisiac or a cure for cancer in Traditional Chinese Medicine as *Cornu Rhinoceri Asiatici* (犀角, *xījiǎo*, "rhinoceros horn"); no TCM text in history has ever mentioned such prescriptions. Western media has falsely propagated this idea for a long time and the Vietnamese received the idea that rhino horn was an aphrodisiac from the western media's false reporting. In Traditional Chinese Medicine (TCM), rhino horn is considered an effective medicine sometimes prescribed for fevers and convulsions, a treatment not supported by evidence-based medicine and has been compared to consuming fingernail clippings in water. In 1993, China signed the CITES treaty and removed rhinoceros horn from the Chinese medicine pharmacopeia, administered by the Ministry of Health. In 2011, the Register of Chinese Herbal Medicine in the United Kingdom issued a formal statement condemning the use of rhinoceros horn. A growing number of TCM educators is also speaking out against the practice. Discussions with TCM practitioners to reduce the use of rhino horn, has met with mixed results, because some still consider it a life-saving medicine of a better quality than its substitutes.



A wild elephant crossing the road in Kaziranga National Park, Assam India. Photo by Saswatee Banerjee.

Fake information can now spread far more easily than in the past. Lately the Central Bank in Bangladesh was hacked and millions of dollars were transferred out of the country to unknown beneficiaries. Accounts at large British and American banks have been similarly penetrated.

Indeed a cashless society could be crippled by saturating it with fake news and misinformation.