SSET 14 – **FORCED Currency**

The essential **characteristic** of **forced currency** is that: **it requires of the state monopoly power**. Its extreme representation is the current Currency-Credit-Irregular (CCI): [1] *paper currency* (PC).

The **instrumentation** of the forced currency is made through the legal imposition that assigns it cancellation power, that imply: *"Cancel debts"* and *"cash exchanges"*.

Canceling debts: within the framework of our *Theory of Currency*, the PC is a State *debt* (debtor of first instance) and double irregular in nature, that is, we are facing a doubly irregular-credit-currency: *indetermination of final materialization and expiration date*.

In economic terms no debt is canceled with the delivery of forced currency, it is simply endorsed-transfer State debt.

Cash exchange: understanding the exchange o present economic goods, without pending future commitments of any agent —with explicit or tacit presence. It is evident that the exchange of any economic good present by forced currency does not participate in this type of exchange. This while we are in the presence of a credit, which implies the commitment to deliver wealth present in the future (whose responsible is the State), independent of that it is credit-debt at "in sight". [2]

However, the individual who delivers the *currency of forced* course, for present wealth that receives, does not assume any debt, which *"symbolizes"* having performed an operation similar to cash, the subject does not find any difference. This circumstance is feasible to "assimilate" for the laymen layman in economics, not for an economist, and even less for a theorist of the economy. However, the theories of the currency in which we have been instructed, were constructed in terms of that "sensation" of cash exchange experienced by the agent that exchanges with *forced currency*.

SYNTHESIS: the **forced currency implies these consequences**:

1) The economy suffers more debt than it estimates, while the forced currency is current debt, [3,4] from the issuing State.
2) The currency character comes from an order imposed by the State.
3) The relative value of all wealth is determined by market. BUT, the forced faculty to put into action the *factual relation of the price → value exchange*, to detriment of the *causal correlation of the value → price exchange*. [5]

Carlos A. Bondone

[1] Categorization of our *Theory of Currency*, credit that does not specify the present economic good in which it will be canceled, and/or indefinite expiration date.

[2] That is so as it may lose value until it is exchanged again, which implies the loss due to uncollectibility of a loan. This circumstance goes against the main characteristic that Menger assigned to the currency: the similar value-price of its purchase and sale, that is, there is no loss between its purchase and sale.

[3] The claim period depends on the confidence; that the creditor market offers.

[4] The double irregularity of the credit-currency (PM) generates the so-called currency-financial-change crises, which the natural economic organism (the two marginal utility laws) repeatedly needs to expel the foreign bodies.

[5] See Works: SSET 08 y SSET 07.