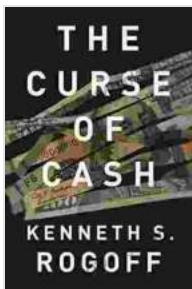


Large Denomination Bills: Aiding Crime, Tax Evasion, and Constraining Monetary Policy

By [Author's Name]

Large denomination bills, such as \$100 and \$500 notes, have long been a subject of debate. Proponents argue that they are convenient for large transactions and provide anonymity, while opponents contend that they facilitate criminal activities and tax evasion, and constrain monetary policy. This article examines the evidence for and against these arguments and concludes that the costs of large denomination bills outweigh their benefits.



The Curse of Cash: How Large-Denomination Bills Aid Crime and Tax Evasion and Constrain Monetary Policy

by Kenneth S. Rogoff

★★★★☆ 4.3 out of 5

Language : English
File size : 3298 KB
Text-to-Speech : Enabled
Enhanced typesetting : Enabled
X-Ray : Enabled
Word Wise : Enabled
Print length : 318 pages
Screen Reader : Supported
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Crime and Tax Evasion

Large denomination bills are often used in criminal activities because they are easy to conceal and transport. They are also difficult to trace, making them ideal for money laundering and other illicit transactions. A study by the Financial Action Task Force (FATF) found that large denomination bills are used in over 50% of money laundering cases.

Large denomination bills are also used to evade taxes. Individuals and businesses can use these bills to hide income from the government. A study by the Internal Revenue Service (IRS) found that large denomination bills are used in over 25% of tax evasion cases.

Monetary Policy

Large denomination bills can also constrain monetary policy. When the Federal Reserve wants to raise interest rates, it can sell Treasury bonds. This reduces the supply of money in the economy and raises interest rates. However, if there is a large amount of large denomination bills in circulation, the Federal Reserve's actions may be less effective.

This is because large denomination bills can be used to avoid interest rate increases. Individuals and businesses can simply hold onto their large denomination bills and wait for interest rates to fall. This can make it difficult for the Federal Reserve to achieve its monetary policy goals.

Benefits of Large Denomination Bills

Proponents of large denomination bills argue that they are convenient for large transactions. They also argue that they provide anonymity, which can be important for privacy and security reasons.

However, there are other ways to conduct large transactions that do not involve large denomination bills. For example, individuals and businesses can use wire transfers or electronic payments. These methods are more secure and transparent than large denomination bills.

Additionally, there are other ways to protect privacy and security without using large denomination bills. For example, individuals and businesses can use prepaid debit cards or other anonymous payment methods.

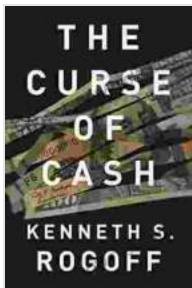
The evidence suggests that the costs of large denomination bills outweigh their benefits. Large denomination bills are used in a significant amount of criminal activity and tax evasion. They can also constrain monetary policy. While large denomination bills may be convenient for some large transactions, there are other more secure and transparent methods available. Additionally, there are other ways to protect privacy and security without using large denomination bills.

For these reasons, the author believes that large denomination bills should be eliminated. Doing so would make it more difficult for criminals and tax evaders to operate. It would also give the Federal Reserve more control over monetary policy.

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