Debating Current Issues with

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Unit 4 Debate: The Future of Money

In this excerpt of an article from the November 16, 1998, Wall Street Journal, “expert” observers were asked to project out 10 years and predict the future of money. Use “Corporate Seers,” by Wall Street Journal Staff Reporter William M. Bulkeley, to explore the different forms that currency could take.

Before reading the article below, you may want to look up the following terms: *ascribe, attributes, commodities, cul de sac, de facto, denominated, ebb, entities, [currency] floats, fluctuation, hedged, inequities, prevalent, and speculation.*

They get paid to think about the future. While most corporate workers are lucky if they can think about next week, there are others whose job is to keep an eye on where technology is taking the world. Their views vary widely, as do their responsibilities, but their roles are the same: to open minds.

To see what these thinkers are thinking, The Wall Street Journal put together an e-mail panel discussion of some designated future watchers from a number of different industries. Here are their observations about common currency.

*WSJ:* What will the form of money be?

Bud Mathaisel (Ford Motor Company’s chief information officer): I don’t anticipate any major new currencies or an elimination of any of the current forms. It will take a major cost advantage for debit to take over from credit.

Denis O’Leary (executive vice president, Chase Manhattan Corporation): Cash and traditional ATM networks will ebb in importance. Network-based value downloads, to virtual or smart-card purses, will gain. Every phone or PC or point-of-sale device will de facto become an ATM.

Passive-payment technologies will rapidly extend beyond the EZ Pass tollbooths. At the same time, currency and checks will outlast the cockroach on this planet.

Mark Mooney (chief technology officer at publisher Houghton Mifflin Company): In 2008 most funds and transactions will be electronic-based. Business enterprises and governments are requiring electronic funding to save money and time. College tuition is paid for with credit cards so that parents can get credit for frequent-flier miles.

As electronic commerce continues to expand, students and professors will pay for “chunks” of information through the use of accounts on the Web. Paper money will not move from one party to another.

Marian Salzman (a futurist at advertising agency Young & Rubicam and co-author of “Next: The Flow of the Future”): A cashless society is coming, and fast. In fact, I would argue that the global currency is the ATM.

The gap between the first and third worlds on this matter means further inequities. Yankees can play with global currency floats on their credit cards,
while the poorest in the United States and around the world have no sense of how to navigate such financial waters.

Jim Taylor (marketing vice president at Iomega Corporation, a Roy, Utah, maker of computer data-storage devices, and co-author of “The 500-Year Delta”): Currency and checks will still dominate in the year 2008.

I foresee the day when countries will begin to brand their currency, advertise its utility, and “manage” speculation accordingly. In other words, money will be the product of a brand called country.

We will add transaction cards, which will be dollar—or Euro—or “Asio”-denominated but hedged against currency fluctuation. You will plug into a securities-transaction device and buy yourself stocks, securities, commodities, or products on a “best price” basis from anywhere in the world at any time of the night or day.

Thornton May (corporate futurist at Cambridge Technology Partners, a fast-growing computer services firm): Paper checks exist in a unique evolutionary cul de sac. They and lawyers are the most survivable entities in the universe. In 2008 we will still be paying lawyers with checks.

The rest of the planet will evolve. Time is the key driver of the economy in 2008. ATM cards—which people love—and payment kiosks such as the gas pump that accepts credit cards will become prevalent.

The Dutch—historically the world’s greatest traders—will end up controlling American Express/Mastercard/Visa. Chase Manhattan Bank will emerge as the most profitable applied-software company in the world.

Ms. Salzman: I noted with interest Mr. Thornton’s comment about the Dutch. The last bad biz deal the Dutch did was the selection of Surinam over an undeveloped island later known as Manhattan. In this era of small being more flexible, the Dutch are poised to buy back whatever they want, at a price that’s five guilders less than the seller hoped to gain.

Mr. Mathaisel: Surprising that the Dutch, who led the Reformation and Renaissance and liberal movements, seem to have the attributes today you ascribe to them.

Ms. Salzman: We’ve allowed European banks to eclipse us in consumer-friendly technologies. My bank in Holland lets me pay using a smart chip—Chipknip—on an ATM card.

Paying by an ATM-style card means you run up lower finance charges. But it also means Big Brother knows all, so forget the off-the-books babysitter or dog walker. . . . Cash may become king because with cash, there can be secrets.

QUESTIONS FOR DISCUSSION

1. What forms of money does Denis O’Leary believe will “outlast the cockroach”?

2. Drawing Inferences Why do you think Thornton May believes that paper checks will survive?

3. Recognizing Cause and Effect What does Marian Salzman believe could be the cause of cash becoming “king” in some countries?
Debate Activity Worksheet:
Evaluating Advantages and Disadvantages

Debates are often won by the team that does the better job of showing the advantages of its position—or the disadvantages of its opponent’s position. Review the excerpts from “Future Shop” in the text and “Corporate Seers” (on the previous two pages of this booklet). Then use this activity sheet to list the advantages and disadvantages of smart cards for consumers, businesses, and banks. You can use these advantages and disadvantages to support your argument. We’ve given you a start with one advantage.

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