From Public to Private: The Plan to Replace Federal CBDCs with Corporate Surveillance

A Deeper Dive into Trump's Anti-CBDC Stance and the Disturbing Private Sector Control He Proposes As Alternative

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CBDCs, the so-called “financial revolution”, have been peddled as the next big leap for humanity, but now we are, watching Canada and Australia hit the pause button on their retail CBDC fantasies, while the U.S. considers not just pausing but completely pulling the plug on the idea.

Money, in its programmable form, isn't a step towards freedom or efficiency; it's a direct ticket to a surveillance state's wet dream. CBDCs, if left unchecked, could turn into the most powerful tool for totalitarian control ever conceived. We're talking about a world where your financial autonomy could be as controlled as your internet search history.

The numbers are telling: nearly every significant economy has been seduced by the idea of digital currencies. Why? Because it's not about improving financial ecosystems or empowering the underbanked. No, it's about the intoxicating allure of power. Governments and central banks see CBDCs as their chance to peer into every wallet, to dictate not just how money is spent but when and where it can be spent.

The U.S. might just be the first to say “enough” and ban CBDCs outright. This is a direct confrontation with the global trend towards financial overreach. Think tanks and the usual suspects in economic circles are likely having a conniption, decrying this as backward thinking. Yet, one must ask, backward to what? To a time when financial privacy wasn't just a luxury but a norm? The horror!

In a move that could be seen as prescient, back in May, the US House of Representatives gave a green light to HR 5403, dubbed the “CBDC Anti-Surveillance State Act.” Sponsored by the ever-controversial Senator Ted Cruz, this bill is a full-throated declaration of war on the digital dollar. This legislation aims to slam the door shut on any possibility of the Federal Reserve issuing CBDCs, arguing it's all about safeguarding financial privacy against what it perceives as an overreaching government.

Here's the breakdown of what HR 5403 aims to block:

Now, this bill needs Senate approval, which isn't a done deal by any stretch. But let's play the political game here: with Donald Trump winning back the presidency, HR 5403 might just get the boost it needs. Trump's already made it clear in New Hampshire, to an audience eating out of his hand, that under his watch, CBDCs would never see the light of day because they'd give the government “absolute control over your money.”

And even if Kamala Harris had ended up in the Oval Office, I wouldn’t have held my breath for a digital dollar. The political climate in the U.S., especially among Republican voters, is becoming increasingly hostile to the idea of CBDCs. Their reaction to Trump's statements is loud and clear: they're not just skeptical; they're outright alarmed. This is about control, privacy, and freedom, and it shows how platforms outside the mainstream media are shaping public opinion. It's no wonder then that governments are scrambling to silence these voices, fearful of the grassroots movements they could ignite.

The notion of the United States stepping out of the CBDC race is causing quite the uproar among the think tank elite. Back in March, the Brookings Institute, with their usual flair for dire predictions, cautioned that while the US dollar might still wear the crown, its reign could be in jeopardy if America doesn't embrace the digital future. They argue that the failure to innovate in this digital financial landscape could strip the US of the geopolitical and economic leverage it enjoys due to the dollar's global dominance.

Then we have the Atlantic Council, our new, old best friends within the globalist establishment now that the WEF has gone into hibernation. In their melodramatic piece, "Don't Let the US Become the Only Country to Ban CBDCs," Josh Lipsky and Ananya Kumar suggest that HR 5403 isn't just a policy misstep but a potential catastrophe for the dollar's future and a chokehold on innovation. Their argument? That by banning CBDCs, the US would not only be stepping out of line with global trends but could also be seen as a Luddite nation, hampering both public and private sector advancements in financial technology. Of course, this all assumes that CBDCs are the pinnacle of innovation and not just another tool for centralized control, an assumption many would contest.

> *"The United States trails all of its Group of Seven (G7) peers when it comes to researching and developing*

> *a CBDC. Outside the G7, the gap is even wider. Eleven Group of Twenty (G20) countries are in the pilot stage, including Brazil, India, Australia, South Korea, and Turkey. China, too, is on the list and already has 250 million users.*
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> *In the absence of US-led models and regulatory roadmaps, there is a growing risk of a fragmented payment system emerging in which different models proliferate and make the international financial architecture more expensive and less efficient. This is the exact opposite of what banks are trying to achieve with these new technologies.*
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> *Critics of CBDCs rightly raise concerns about citizens' privacy. If the Federal Reserve issues a digital form of cash, couldn't the government then "surveil" the population and see how citizens spend their money? The solution, however, is not to remove the United States from the playing field, which would allow countries such as China, which will not prioritize privacy, to set standards for the rest*

> *of the world. Instead, the United States should work with partners and allies to develop digital assets with democratic values—ones that protect privacy, ensure cybersecurity, and foster a healthier global financial system.*
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> *In fact, if this bill ever became law, the United States would be the only country in the world to have banned CBDCs. It would be a self-defeating move in the race for the future of money. It would undercut the national security role of the dollar as the decision would only accelerate other countries' development of alternative payment systems that look to bypass the dollar in cross-border transactions. This would make US sanctions less effective.*
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> *It is one thing to decide not to issue a CBDC—and several countries are debating that precise issue right now. But it is an unnecessary and harmful step to preemptively ban the Federal Reserve from even exploring the idea."—Atlantic Council*

Among nations that have either decided or loudly proclaimed their decision not to push forward with a “retail” CBDC, we find two key players from the Five Eyes intelligence alliance: Canada and Australia.

The Bank of Canada, in particular, had been an early adopter in the West, flirting with the concept of issuing a digital currency for a good seven years. It was all steam ahead until just recently when they hit the brakes with the subtlety of a sledgehammer.

Previously, the bank was all about how Canada needed its own digital currency to cling to its monetary sovereignty and ensure financial stability, especially with the public's dwindling love affair with physical cash. But then they've apparently had a change of heart. CBC noted this sudden pivot, highlighting the central bank's cooling enthusiasm for a digital currency.

> *"The Bank has undertaken significant research towards understanding the implications of a retail central bank digital currency, including exploring the implications of a digital dollar on*

> *the economy and financial system, and the technological approaches to providing a digital form of public money that is secure and accessible."—CBC*

The Bank of Canada's decision to step back from the digital currency precipice came after a public consultation that laid bare the Canadian populace's deep-seated skepticism and outright hostility towards the idea of a CBDC. Eighty-five percent of those polled made it abundantly clear they'd avoid using a digital currency unless coerced, while a staggering ninety-two percent preferred any other form of payment over a digital Canadian dollar.

The populace didn't just stop at expressing their distaste; they waved red flags about trust and security. A whopping eighty-seven percent doubted the Bank of Canada's capability to craft a cyberattack-resistant CBDC. Furthermore, sixty-three percent were already wary of the security in existing digital payment systems, highlighting a broader distrust in digital financial infrastructure.

The survey respondents were vocally concerned about privacy invasions by various entities: the federal government, tech firms, financial institutions, and even the Bank of Canada itself, showing a distrust that spanned across sectors.

Governor Tiff Macklem, in September, admitted what was already apparent: "there is not currently a compelling case" for a CBDC in Canada. Yet, the central bank, perhaps not ready to admit total defeat, keeps a foot in the door, promising to watch global trends and suggesting that the groundwork laid could be useful should the political winds change.

But if public sentiment is the compass, the chances of sailing into CBDC territory look bleak. Across the Pacific, the Reserve Bank of Australia seems to share this reluctance towards retail CBDCs, choosing instead to explore a wholesale version, which speaks volumes about the global hesitancy towards thrusting retail CBDCs onto the public.

A retail CBDC is pitched as the currency for everyday Joe and Jane, along with small businesses and large corporations alike, while a wholesale CBDC is the currency of the elite financial world, designed for interbank and cross-border financial gymnastics. At the Intersekt Conference in Melbourne, the RBA's assistant governor Brad Jones didn't mince words about where the bank's interests lie:

> "I can confirm that the RBA is making a strategic commitment to prioritize its work agenda on wholesale digital money and infrastructure – including wholesale CBDC – rather than retail CBDC."

Jones made it clear that a retail CBDC is viewed by the RBA as a Pandora's Box of financial instability with little to offer the broader economy. On the other hand, a wholesale CBDC is seen as a natural progression, a manageable evolution that won't leave commercial banks and payment firms scrambling to adapt.

This pivot away from retail CBDCs by both Canada and Australia isn't an isolated incident; it's symptomatic of a global retreat. Central banks in Switzerland and Taiwan have similarly prioritized wholesale over retail CBDC experiments. The BIS report underscores this trend, highlighting an uptick in wholesale CBDC initiatives, especially in economies that like to think of themselves as advanced.

Yet, not everyone's on board this train. The BRICS countries, along with the EU (no surprise there), Turkey, and Iran, are barreling ahead with their retail CBDC pilots. They're seemingly undeterred by the privacy concerns and potential for increased governmental control that critics highlight.

In contrast, within the Five Eyes, the UK and New Zealand are still pushing forward with their retail CBDC agendas, albeit with considerable caution. Both face pushback from their domestic banking sectors. New Zealand's banking association has raised alarms about the potential for digital dollar runs, while in the UK, London's former Mayor Michael Mainelli has openly acknowledged the privacy implications, warning that while CBDCs might help curb financial crime due to their traceability, they come with a hefty price tag of personal freedom.

Dollar-backed stablecoins **are being pushed** as the new cavalry to maintain U.S. financial hegemony in the global financial arena. Trump, in his uninspired speech, at the Bitcoin Conference 2024, pledged to “create a framework to enable the safe, responsible expansion of stablecoins [...] allowing us to extend the dominance of the US dollar to new frontiers all around the world.”

But let's not be fooled by the shiny veneer of 'private' stablecoins. The dark side of this vision isn't just about extending dollar dominance; it's about a surveillance state masquerading as financial innovation. The likes of Tether, Circle, Stripe, and PayPal are crafting stablecoins that are every bit as programmable and surveillable as the feared CBDCs.

The surveillance implications here are starkly similar to those surrounding CBDCs. With these companies already deeply embedded with a government notorious for its surveillance activities, the privacy issues remain virtually identical. Stablecoins, with their programmability, can and likely will be used for the same Orwellian purposes that have critics decrying CBDCs.

Trump's endorsement of stablecoins while rejecting CBDCs reveals a nuanced hypocrisy. It's not about rejecting digital surveillance or programmable money; it's about who gets to implement it. The public sector might face legal barriers in controlling usage, but the private sector? They're the new frontier for government surveillance, albeit through a different gatekeeper.

So why not a retail CBDC from the U.S. government? It's not just about limitations. The real kicker is economic: the U.S. needs to keep selling its debt. Stablecoins, backed by dollars, help feed into this system by ensuring that dollar-denominated assets continue to circulate globally, underpinning the U.S. Treasury's continuous need to finance its debt through foreign holdings.

In the financial landscape of recent years, stablecoin operators have emerged as voracious consumers of U.S. Treasuries, amassing a staggering $150 billion in securities to underpin their dollar-pegged tokens with a dollar-denominated asset. This has elevated these issuers to the status of the 18th largest holder of U.S. debt. These companies aren't just passive holders; they're actively collaborating with U.S. authorities in the financial witch hunt, freezing assets of those deemed undesirable by the state.

Take Tether (USDT) for example; Howard Lutnick, the CEO of Cantor Fitzgerald, which manages Tether's Treasury assets, has publicly celebrated their cooperation with the U.S. Department of Justice. Lutnick boasted, "With Tether, you can call Tether, and they'll freeze it." Trump, in his speech, didn't just acknowledge Lutnick's role; he practically canonized him, referring to Lutnick as "incredible" and "one of the truly brilliant men of Wall Street."

Tether's compliance has been evident in actions like freezing 32 wallets linked to alleged terrorism activities in Ukraine and Israel last October, and subsequently, $225 million in November following a DOJ investigation into human trafficking. By December 2023, over 40 wallets on the OFAC's SDN List were similarly immobilized by Tether, showcasing their readiness to act as a financial arm of U.S. policy enforcement.

Trump's vision for stablecoins isn't novel; it's a repackaged idea from 2019 when IMF economists labeled it “synthetic” CBDC or sCBDC. The IMF, a leading cheerleader for CBDCs, has provided a manual for central banks on how to implement these digital currencies. Their involvement in Nigeria's eNaira project, which alongside a calamitous demonetization policy, has plunged the nation into one of its worst economic crises, serves as a cautionary tale of what happens when financial innovation meets governmental overreach.

Back in 2019, Tobias Adrian penned an article on the IMF's blog extolling the “advantages” of synthetic CBDCs over their government-issued counterparts:

The allure of CBDCs lies in their ability to delegate the heavy lifting to private entities: from choosing tech platforms to managing clients, from screening and monitoring (under the guise of KYC and AML/CFT) to regulatory compliance and data handling. This model alleviates the central bank from the burden of direct consumer interaction, focusing instead on regulating and supervising the settlement of accounts and ensuring eMoney issuers' liabilities are snugly backed by reserves.

This arrangement, in theory, promotes a dynamic where private firms compete to provide eMoney services, supposedly leveraging their strengths in innovation and customer service, while the central bank maintains the system's stability.

But let's not be naïve about this “partnership.” The world doesn't need another financial Frankenstein where private companies, under the wing of government oversight, gain unprecedented power to surveil and control. The rhetoric from Trump and his peers might suggest a resistance to full-fledged CBDCs, but it's crucial to scrutinize their alternative: a system where private companies could wield similar, if not greater, control over our financial lives.

While the alarm bells are ringing loudly for traditional CBDCs due to their potential for surveillance and asset seizure, the focus must also shift to synthetic CBDCs. The privatization of such control mechanisms could lead to an even more insidious form of financial oversight, where private entities, under government influence, could dictate the terms of financial privacy and autonomy. The road to financial freedom might just be paved with the good intentions of a public-private partnership that, in reality, could serve as a covert extension of state control.