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Marjorie Taylor Greene Is Right—And Wrong

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The future of cash is digital. The digital revolution will be built on an expansive foundation of data. To amass such data, greater levels of surveillance will be required. Of all the digital currencies that will eventually populate this planet, the digital dollar will be the most influential—and potentially, the most dangerous.

The Biden administration appears eager to unleash a digital dollar in the not so distant future. This has got many Republicans worried, most notably Marjorie Taylor Greene. Greene’s concerns about a digital dollar are entirely warranted. In truth, we should all be concerned. However, her solution to the problem is entirely misplaced.

In recent times, the Biden administration has gone to great lengths to assure the people of America that a digital dollar will “advance democracies to lift people up, not to hold them down.” In truth, there are plenty of reasons to think otherwise.

A few months from now, the Biden administration will roll out FedNow, a central bank digital currency (CBDC) payment system. For the uninitiated, CBDCs are government-backed digital currencies. They are tightly controlled and closely monitored by government officials and central banks. It’s best to think of FedNow as the foundation on which the digital dollar will most certainly be built upon. CBDCs give those in charge even more control. Some have argued, rather persuasively, that the switch to digital, government-backed currencies will let government officials dictate how, when, and where people spend their money. CBDCs are programmable; any payment system that relies on programmability is a dangerous one.

The idea of “turning off” a person’s ability to either receive or spend their money isn’t as far-fetched as it sounds. We already live in a time where PayPal, the most powerful digital payments platform system in the world, actively freezes the accounts and funds of individuals, many of whom tend to lean right politically. Coincidence? Most definitely not. With CBDCs, PayPal won’t be in charge, the

U.S. government will. Things are bad now, but a digital dollar will make things considerably worse. Although physical cash has its drawbacks, you can at least touch it. You have greater control over physical cash—how you use it, where you store it, etc. With a digital dollar, all that control will disappear.

As the Cato Institute has warned, unlike physical cash, a digital dollar “would offer neither the privacy protections nor the finality that cash provides.” Moreover, stress the researchers, a digital dollar would offer absolutely zero benefits to Americans compared to existing technologies (like decentralized digital currencies, for example); instead, it would pose “SERIOUS RISKS,” spelling doom “for what little financial privacy protections remain.” A digital dollar would likely be tied to a digital ID. With a digital ID comes the very real possibility of a social credit score—yes, just like in China.

This fact isn't lost on Marjorie Taylor Greene, more commonly known as MTG. On April 5, the outspoken representative for Georgia's 14th congressional district suggested that the only way to avoid a digital dollar and its accompanying threats is if the U.S. returns to the gold standard. In 1971, then-President Richard Nixon ended this particular monetary system, which saw the dollar's value directly linked to a fixed quantity of gold. Greene is certainly right to raise the alarm on a digital dollar, but her suggestion to return to the gold standard is, at best, flawed.

On a practical level, as the finance writer John Waggoner has noted, the idea of returning to the gold standard is littered with “myriad problems.” First off, according to Waggoner, “There's not enough gold in the world to return to a gold standard.” He's right; there's not. Currently, all the gold in the world has a combined value of \$12.25 trillion. At the same time, U.S. gross domestic product is worth about \$23 trillion. One needn't hold a doctorate in economics to see the first problem. Second off, no other country in the world is currently on the gold standard. I could go on, but these two points should really put an end to any gold standard discussions.

Obviously, in a perfect world, a decentralized currency, the very opposite of a digital dollar, would offer citizens a greater degree of privacy and a greater degree of financial freedom. Sadly, we don't live in a perfect world. We live in an increasingly tyrannical one. Discussions involving alternatives to the digital dollar are somewhat futile. That's because, when it comes to the future of money, central banks will always call the shots. To think otherwise requires a complete suspension of belief.

A digital dollar is bad news for the tens of millions of Americans who value the idea of privacy. To make the bad news even worse, a digital dollar is most definitely coming. It's a matter of when, not if.

Don't shoot the messenger.