



## **JOSSEY: The Fed's Latest 'Upgrade' Will Have Law-Abiding Citizens Saying 'Yikes!'**

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Payments infrastructure usually doesn't compete with "trans" controversies or mass shootings for public attention, but FedNow has achieved cultural-flashpoint status. Although popular rhetoric about the program is misleading, the dangers are real and align with a broader corporatist push by government and major corporations to control Americans' financial lives. Democratic presidential candidate Robert Kennedy Jr. stoked the FedNow fire by tweeting it was a Central Bank Digital Currency (CBDC), which, when tied to a digital ID system and social credit score "will allow the government to freeze your assets or limit your spending to approved vendors if you fail to comply with arbitrary diktats, i.e. vaccine mandates."

FedNow is not a CBDC. It is a government-run payments system that will operate continuously and compete with existing private options. CBDCs are a dystopian form of currency that are liabilities of and controlled through central banks. The distinction, however, does not mean FedNow lacks risks to privacy and industry consolidation that augurs an Orwellian financial future.

The Federal Reserve greenlit FedNow in 2019; it will launch this year. Fed board members justified it by citing days-long wait times for checks and other transactions to clear or "settle." This especially harms the poor who lost over \$100 billion via payday loans and overdraft fees in the 2010s. FedNow allows people to bypass these noxious maladies via instant settlement. So far so good.

Yet the government could have achieved similar results years ago by upgrading the existing Fed-run final-stage settlement systems—Fedwire and National Settlement Service—to operate 24/7/365. This fix would have been relatively easy and importantly would not have introduced a government competitor to the existing system. Instead, the Fed chose its own ground-up

solution. FedNow will enjoy comparative advantages over existing private solutions including exemption from antitrust laws, indifference to losses, and the power to regulate competitors.

But as Mr. Kennedy suggests, bigger issues also loom. In congressional testimony Cato Institute's George Selgin opines FedNow could price out smaller banks. This could accelerate the already rapid consolidation of the banking industry into a cohort of too-big-to-fail mega banks. These big banks are highly integrated with the US government and are official partners of the corporatist World Economic Forum (WEF). Corporatism is a malleable term but is broadly a governance system where the most powerful public and private interests join to dictate societal norms and rules.

Further, as Competitive Enterprise Institute's John Berlau writes, FedNow would give the government unprecedented, warrantless, and likely irreversible, access to our financial data. Drew Johnson, senior fellow at the National Center for Public Policy Research adds, "the federal government could learn how much a mother paid for her son's piano lesson, how friends chose to split a dinner bill, where an individual traveled using a rideshare app, how much a couple spent on concert tickets for their anniversary, and billions of other nuggets of information the government, frankly, has no right to know." Yikes! says the law-abiding citizen.

This financial snooping would cause alarm at any time but is particularly menacing in an era where federal law enforcement sees "extremists" around every corner including Red-Pilled "Chads," observant Catholics, and concerned parents.

Of course, FedNow is irrelevant in a world where people transact peer-to-peer, via digital wallets, and decentralized finance (DeFi) protocols. The Fed's nightmare is a world where they cannot control our financial lives.

In his seminal book, *Amusing Ourselves to Death*, Neil Postman explains how new tools open our thinking in unexpected and unpredictable ways. "[I]n every tool we create, an idea is embedded that goes beyond the function of the thing itself." Thus, the twelfth-century invention of eyeglasses gave forth the idea that we didn't have to accept nature's course, that "anatomy is not destiny." Genetic therapies that will someday cure cancer began with the first spectacles.

Crypto—the exchange of irreplicable bits of code settled simultaneously by geographically disbursed and unknown validators—presents another idea: those who demand access into our financial lives, track us online, debase our currency, and manipulate the inflation rate aren't doing it to protect us, make our lives easier, or in the name of some enlightened progress, but to keep us from thinking a different path is possible. Yikes! Says the federal bureaucrat, and here comes FedNow.