

Fed Prepares to Launch “Review” of Central Bank Digital Currency that Could Render Cash, Privacy Obsolete

By [Zero Hedge](#)

Global Research, October 06, 2021
[Zero Hedge](#) 4 October 2021

Region: [USA](#)

Theme: [Global Economy](#)

All Global Research articles can be read in 51 languages by activating the “Translate Website” drop down menu on the top banner of our home page (Desktop version).

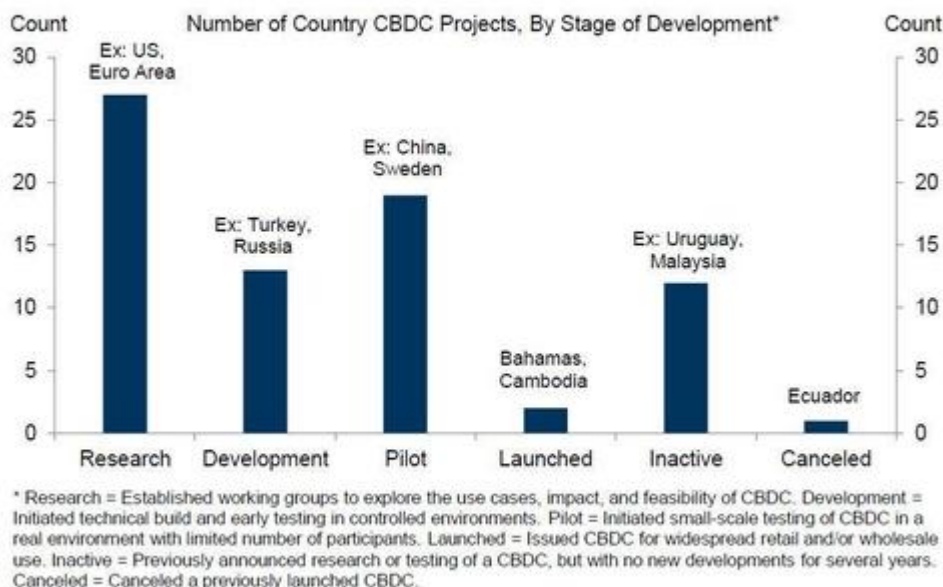
Visit and follow us on Instagram at [@crg_globalresearch](#).

For years now, and in response to similar projects at central banks in Europe and – more importantly – China with the PBOC, the Fed has been hemming and hawing about whether to take the possibility of creating a “FedCoin” more seriously.

Senior officials have been pretty tetchy about carefully weighing the “pros and cons” of a system that would, in theory, enable the Fed to deposit money directly into the ‘digital wallets’ of regular Americans, a power that could ultimately render the entire private banking system obsolete.

And so, as we wait for the Fed to take the next tenuous steps toward developing a CBDC, [WSJ](#) has offered yet another leak confirming that [the Fed is finally ready to release its official ‘report’ on CBDCs](#), which will serve as the start of a long-promised “review” of the pros and cons of CBDCs that’s supposed to allow for public feedback. The report could drop “as early as this week”.

Exhibit 1: Many Countries Have Active CBDC Pilot Projects and a Couple Have Launched CBDCs for Public Use



Source: Bank for International Settlements, Goldman Sachs Global Investment Research

Some more compassionate proponents of a FedCoin argue it could create a kind of “parallel” system where the Fed would be able to directly and easily dispense FedCoins to the public (the ideal of “helicopter money”, finally achieved), without relying on banks or the IRS as intermediaries, which could make delivering this type of aid faster and cheaper. It could also offer a more “efficient” avenue for distributing welfare or financial aid (that is, unless the Fed chose to distribute FedCoin through financial intermediaries instead of sending them directly from the Fed to the American people.

It could also be the greatest weapon in [the war to make cash obsolete](#).

But within the Fed, the drive to create a “FedCoin” is primarily rooted in the fear that not having a central bank digital currency could potentially threaten the dollar’s dominance in the global financial system. In that respect, it’s like any other technological arms race.

Here’s more on that from Fed Governor Lael Brainard:

“It’s just very hard for me to imagine that the US, given the status of the dollar as a dominant currency in international payments, wouldn’t come to the table in that circumstance with a similar kind of an offering,” she said.

Chairman Powell has done his best to push for caution, arguing that it’s more important to “get it right” than be “first to market”. Put another way: who cares if the PBOC roles out the “e-RMB” first? The dollar’s role in the global financial system is much greater, which means the US is obligated to proceed with more trepidation.

Powell and others have said repeatedly that the Fed’s research so far has been early and exploratory. Powell has also pointed to the fact that many Americans still use and prefer cash. Most importantly, Powell has addressed concerns that a CBDC would effectively allow the Fed to monitor the finances of every American.

“It’s our obligation to do the work both on technology and on public policy to form a basis for making an informed decision,” he said last month.

Others on the Fed, including Randy Quarles, the Fed’s financial regulation guy, has slammed CBDCs as a fad, noting that the US dollar is already “highly digitized”. A report from the Philly Fed recently warned that a CBDC could also destabilize the financial system if everybody were to pull their digital dollars from markets, mutual funds and banks.

But enough of what senior Fed officials are saying: pretty soon, it will be the “public’s” turn, as the Fed has promised to solicit public comment during its review.

*

Note to readers: Please click the share buttons above or below. Follow us on Instagram, @crg_globalresearch. Forward this article to your email lists. Crosspost on your blog site, internet forums. etc.

Featured image is from Zero Hedge

The original source of this article is [Zero Hedge](#)

Copyright © [Zero Hedge](#), [Zero Hedge](#), 2021

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Zero Hedge](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca