CBDCs

By

Drew Redifer

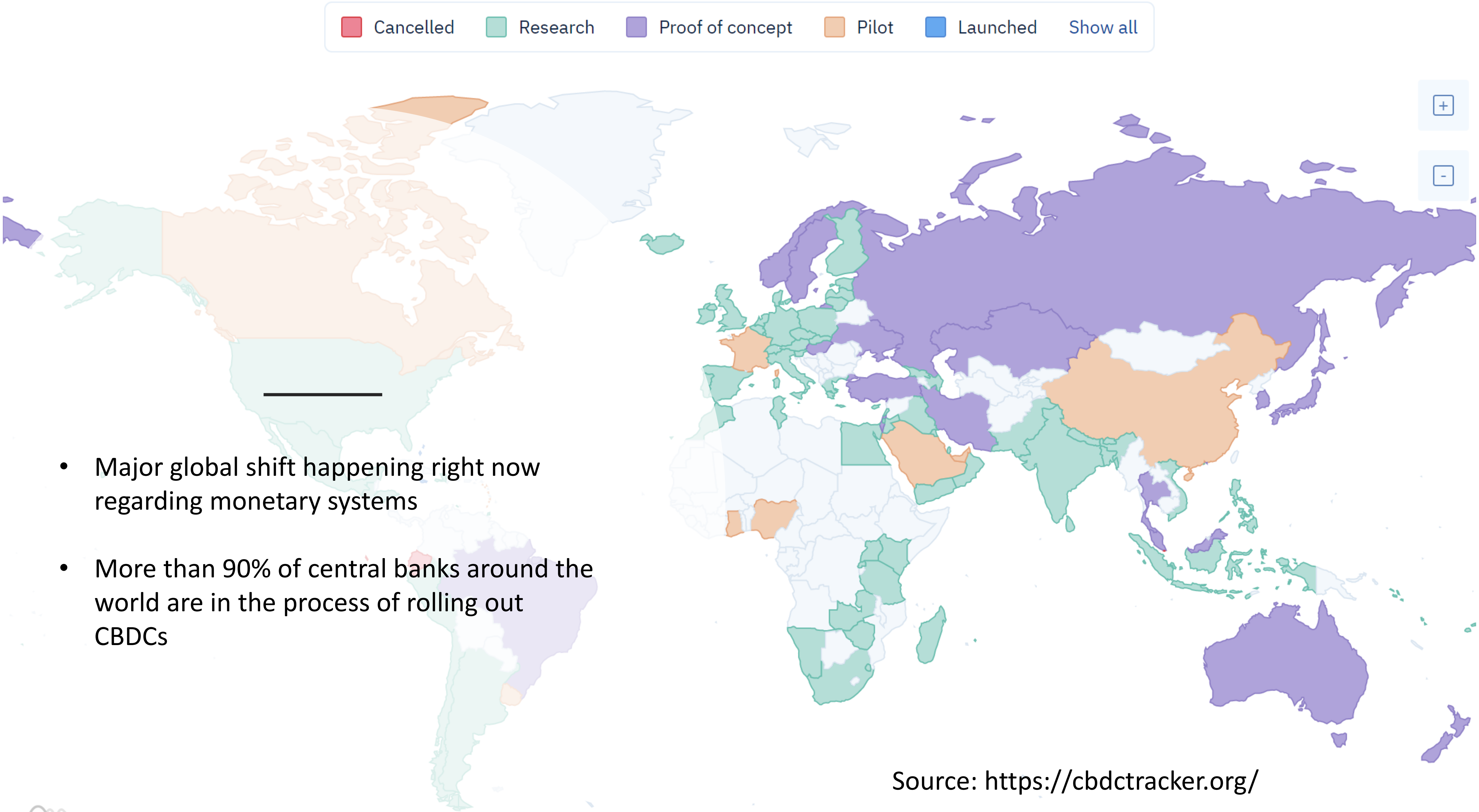
Topics To Cover

- Central Bank Digital Currencies (CBDCs)
  - what they are and what they are not
  - What they mean from a global perspective
  - What they mean for us here in the US
- Structure of our Monetary System
  - The types of money within each system
  - How it was designed into two separate Monetary Circuits with a breaker in between to prevent an authoritarian take over
  - A forensic analysis of the balance sheets of our Monetary System to show:
    - How it historically functioned
    - How it functioned after 2008
    - How it was strategically broken on September 11, 2019
    - How a financial coup d'état occurred under the crisis of "Pandemic"
- Who was responsible and what did they gain?
  - How the very fact that they got away with this all but ensures the roll out of CBDCs
- Some action items

Does everyone here know what CBDCs are?

- Its CBD oil, right?
- Is it like Bitcoin?

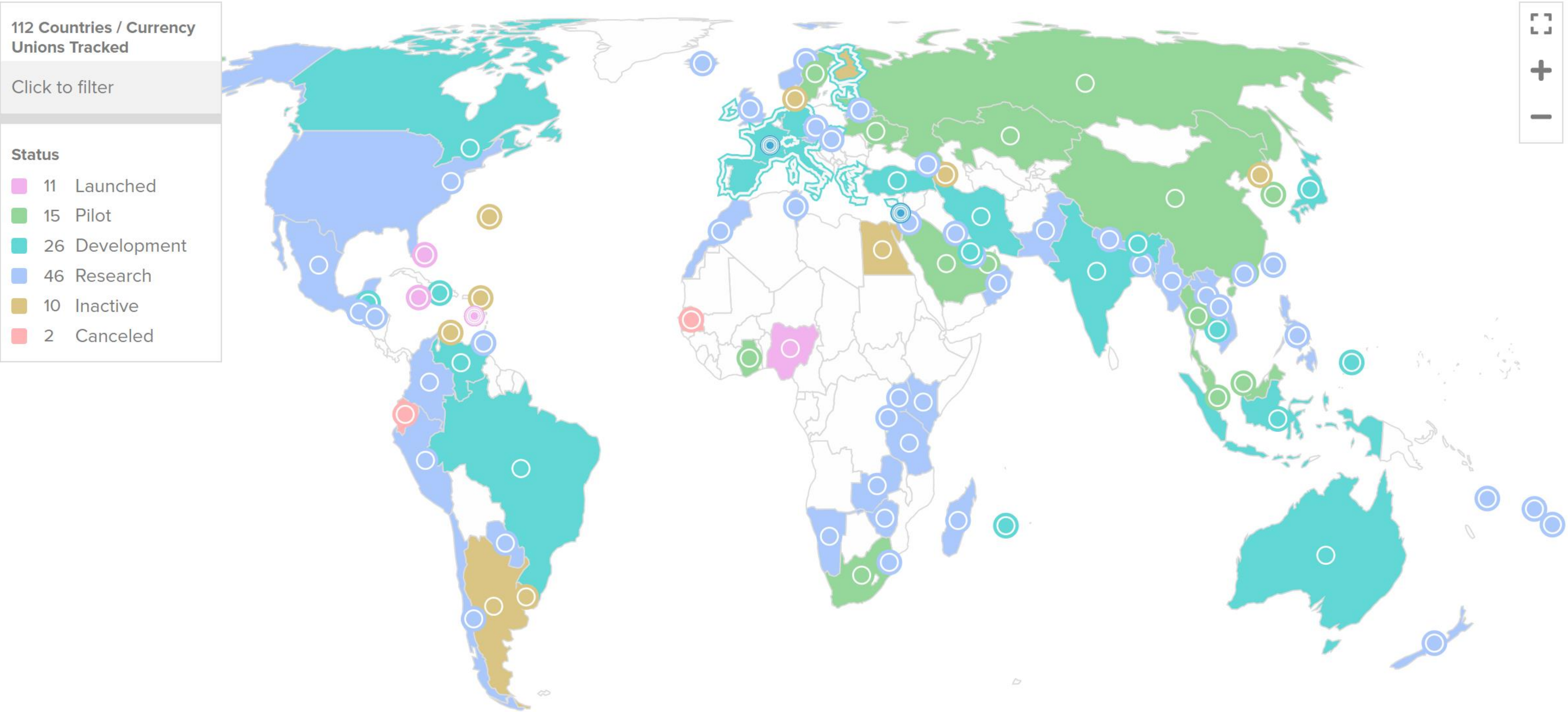
None of These



- Major global shift happening right now regarding monetary systems

- More than 90% of central banks around the world are in the process of rolling out CBDCs

Source: https://cbdctracker.org/



Source: https://www.atlanticcouncil.org/cbdctracker/

105 countries, representing over 95 percent of global GDP, are exploring a CBDC. In May 2020, only 35 countries were considering a CBDC. A new high of 50 countries are in an advanced phase of exploration (development, pilot, or launch).

Source: https://www.atlanticcouncil.org/cbdctracker/

What is a CBDC?

A Central Bank Digital Currency (CBDC) is the digital form of a country's fiat currency that is also a claim on the central bank. Instead of printing money, the central bank issues electronic coins or accounts backed by the full faith and credit of the government.

But don't digital currencies already exist?

There are already thousands of digital currencies, commonly called cryptocurrencies. Bitcoin is the most well-known fully decentralized cryptocurrency. Another type of cryptocurrency are stablecoins, whose value is pegged to an asset or a fiat currency like the dollar. Cryptocurrencies run on distributed-ledger technology, meaning that multiple devices all over the world, not one central hub, are constantly verifying the accuracy of the transaction. But this is different from a central bank issuing a digital currency.

Source: https://www.atlanticcouncil.org/cbdctracker/

So why would a government get into digital currencies?

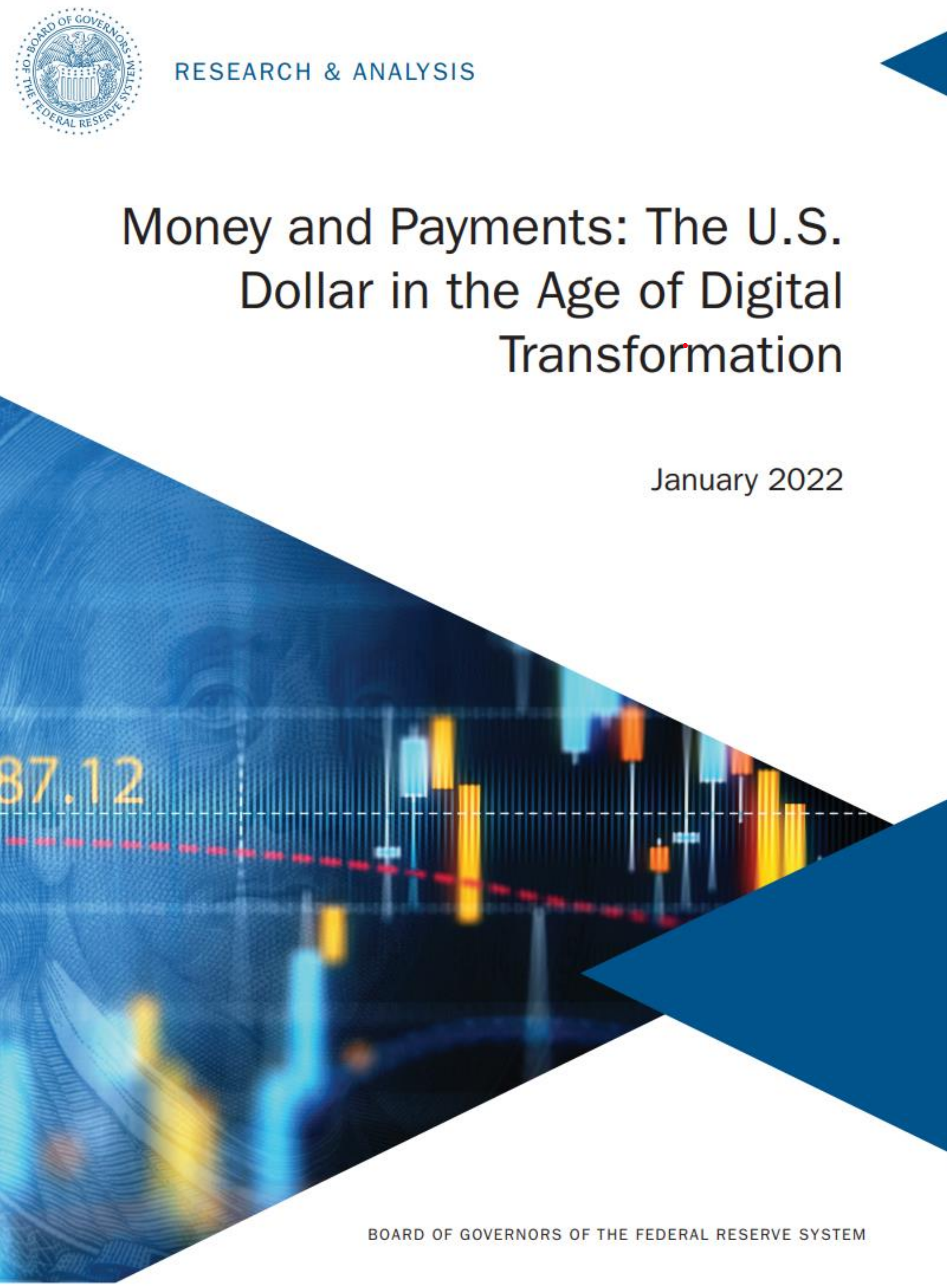
There are many reasons to explore digital currencies, and the motivation of different countries for issuing CBDCs depends on their economic situation. Some common motivations are: promoting financial inclusion by providing easy and safer access to money for unbanked and underbanked populations; introducing competition and resilience in the domestic payments market, which might need incentives to provide cheaper and better access to money; increasing efficiency in payments and lowering transaction costs; creating programmable money and improving transparency in money flows; and providing for the seamless and easy flow of monetary and fiscal policy.

Source: https://www.atlanticcouncil.org/cbdctracker/

Short Video Clip

So how does this affect us here in the United States?

- Biden administration gave the go ahead in **Executive Order 14067 - Ensuring Responsible Development of Digital Assets** this past March (March of 2022)
- Federal Reserve has actively been exploring CBDCs for awhile now:
  - Started researching instant payment systems in 2013
  - Established the **Faster Payments Task Force** in 2015
  - Boston Fed has been working with Massachusetts Institute of Technology (MIT) on **Project Hamilton**, a multiyear research project on Retail CBDCs – since the summer of 2020
  - New York Fed concluded a Phase 1 Report of **Project Cedar** for Wholesale CBDCs Fall of 2022
  - New York Fed launched a **12-week CBDC pilot program** in November of 2022
  - **FedNow Instant Payment System** to launch in July of 2023. **This will be the US CBDC**



CBDCs as Defined by the Federal Reserve

- A digital liability of the Federal Reserve that is widely available to the general public
- Both individuals and businesses will have an account directly with the Federal Reserve
  - However, unless legislation is changed accounts would need to be held by intermediaries to manage holdings and payments
- Real Time Payments 24/7/365
- Allow for Online Micropayments
- Real Time Tax Collection, Tax Returns, & Federal Payments
- Improved Cross Boarder Transactions
- Prevent Illicit Transactions
  - Legal government surveillance of all U.S. citizens via transaction history
- **Programmable Money**
- Ability to go direct with fiscal and monetary policy

Source: https://www.federalreserve.gov/publications/files/money-and-payments-20220120.pdf

Federal Reserve Anticipates Cashless Society

Similarly, an increase in CBDC that pushed reserves lower would also have little effect on the federal funds rate if the initial supply of reserves were large enough to provide an adequate buffer. Over the long term, the Federal Reserve might have to increase the size of its balance sheet to accommodate CBDC growth, similar to the balance-sheet impact of issuing increasing amounts of physical currency. This need would be mitigated to the extent that demand for the CBDC represented a shift, directly or indirectly, away from the Federal Reserve's nonreserve liabilities, including physical currency. Additionally, the Federal Reserve would likely need to increase the level of reserves on average, in order to provide an adequate buffer against unanticipated increases in CBDC. Such surges could otherwise push the aggregate quantity of reserves in the banking system below the "ample" level and put upward pressure on the federal funds rate.

Source: https://www.federalreserve.gov/publications/files/money-and-payments-20220120.pdf

Introduction

The Federal Reserve is exploring the implications of, and options for, issuing a CBDC. For the purpose of this paper, a CBDC is defined as a digital liability of the Federal Reserve that is widely available to the general public. While Americans have long held money predominantly in digital form—for example in bank accounts recorded as computer entries on commercial bank ledgers—a CBDC would differ from existing digital money available to the general public because a CBDC would be a liability of the Federal Reserve, not of a commercial bank.[1]

A CBDC could potentially offer a range of benefits. For example, it could provide households and businesses a convenient, electronic form of central bank money, with the safety and liquidity that would entail; give entrepreneurs a platform on which to create new financial products and services; support faster and cheaper payments (including cross-border payments); and expand consumer access to the financial system. A CBDC could also pose certain risks and would raise a variety of important policy questions, including how it might affect financial-sector market structure, the cost and availability of credit, the safety and stability of the financial system, and the efficacy of monetary policy.

The introduction of a CBDC would represent a highly significant innovation in American money. Accordingly, broad consultation with the general public and key stakeholders is essential. This paper is the first step in such a conversation. It describes the economic context for a CBDC, key policy considerations, and the potential risks and benefits of a U.S. CBDC. It also solicits feedback from all interested parties.

The Federal Reserve does not intend to proceed with issuance of a CBDC without clear support from the executive branch and from Congress, ideally in the form of a specific authorizing law.

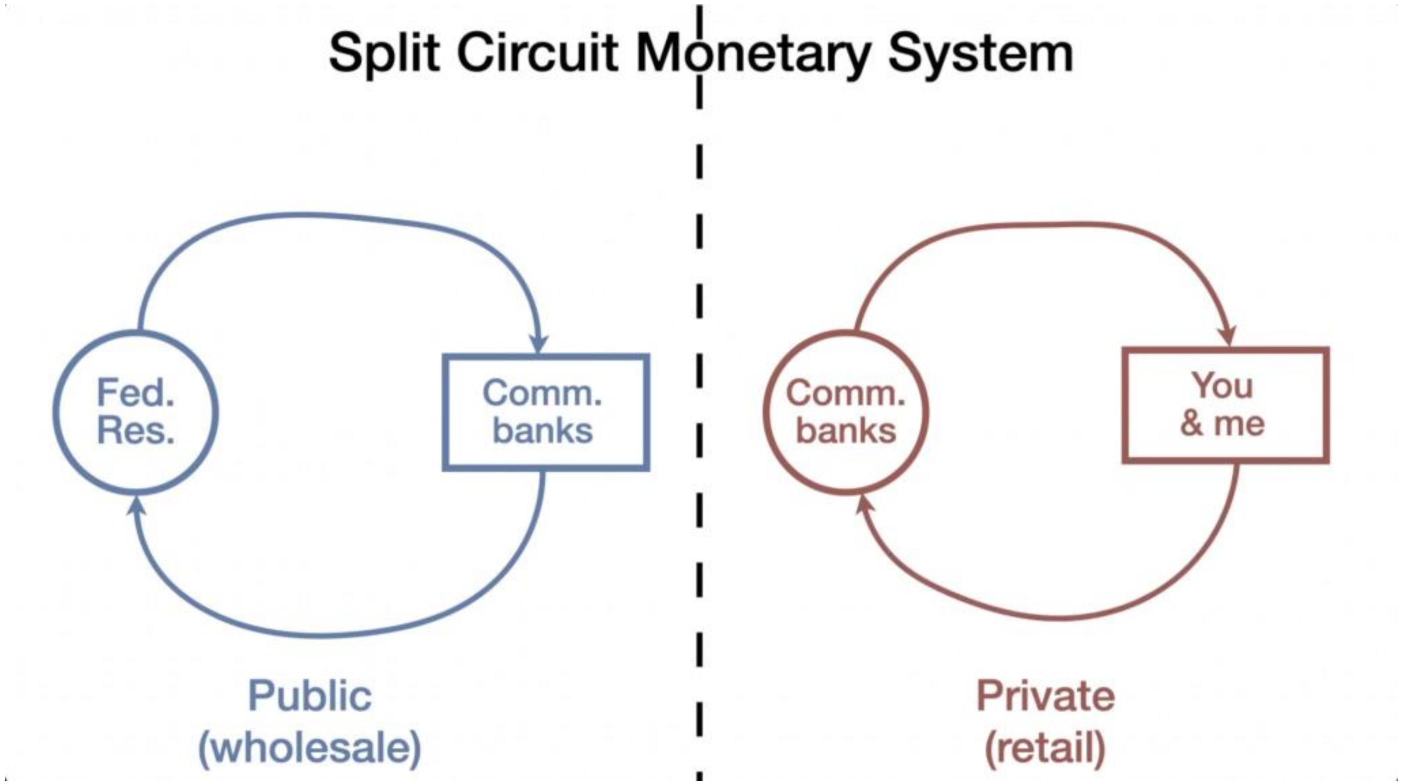
The Federal Reserve needs clear support from both the Executive Branch, and from Congress

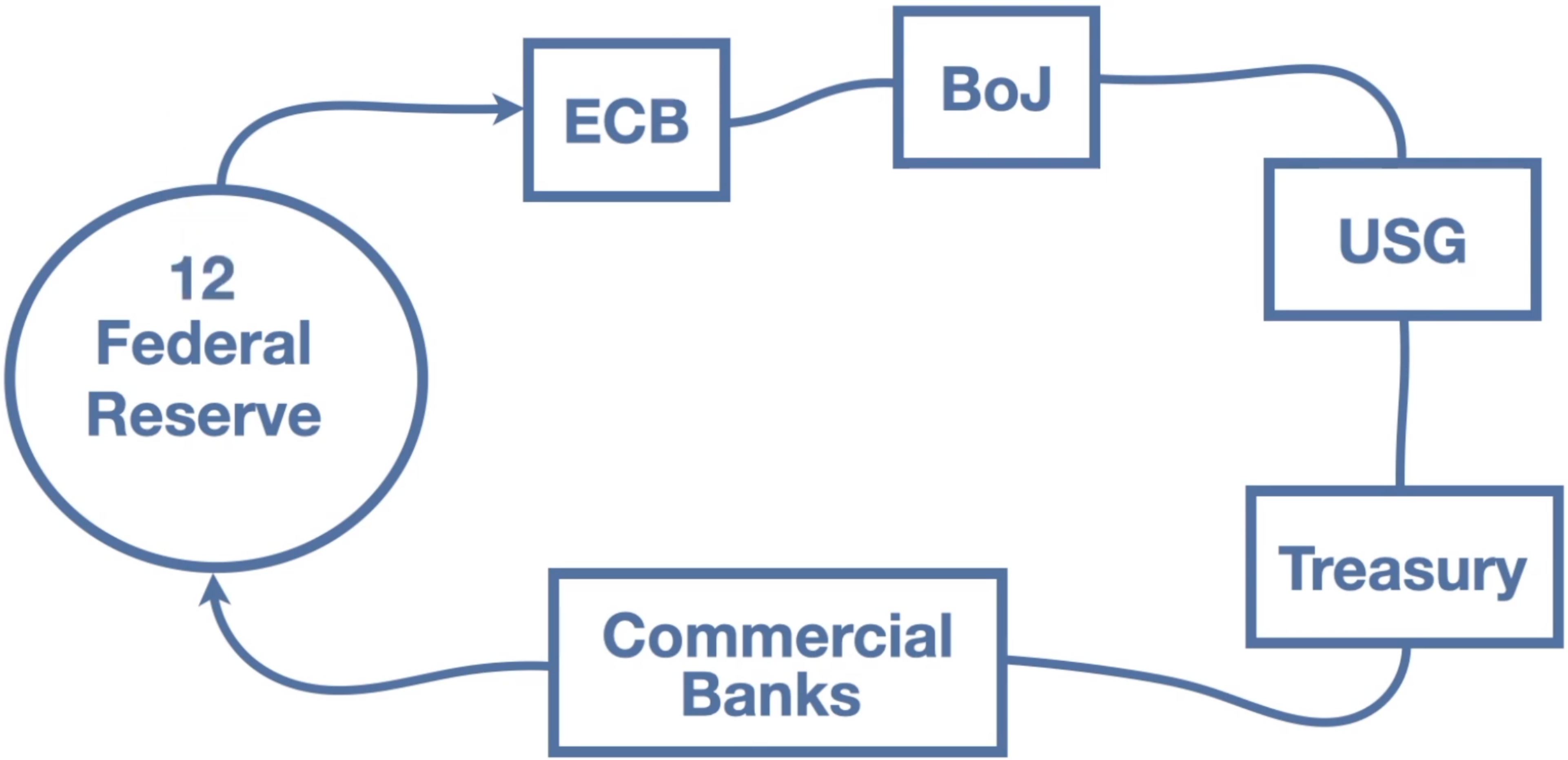
- Executive Branch gave support in the form of Executive Order 14067
- **Still needs support from Congress**

Source: https://www.federalreserve.gov/publications/files/money-and-payments-20220120.pdf

To understand where we are going, we must first understand where we are presently

Structure of US Monetary System

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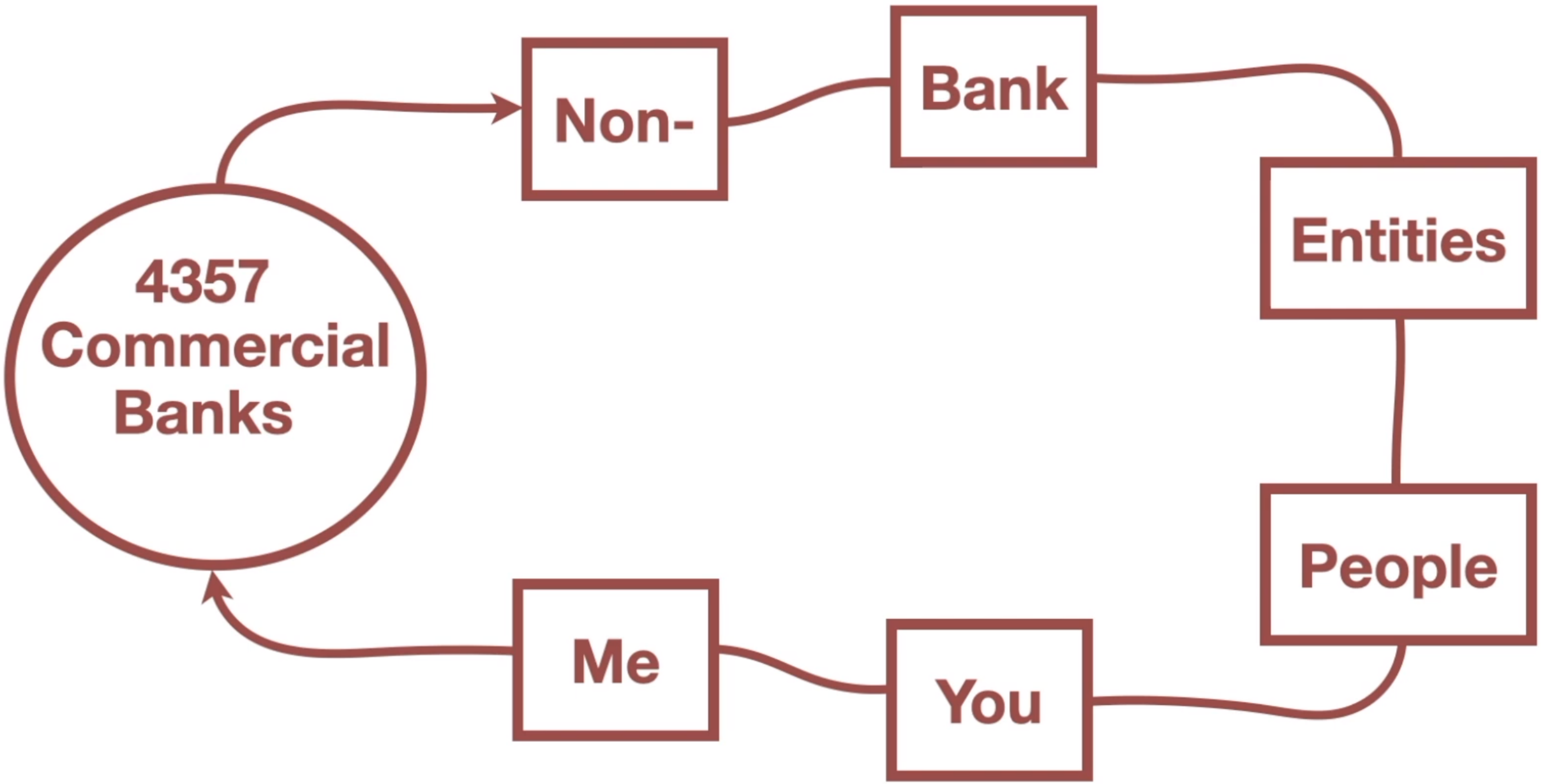
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Commercial
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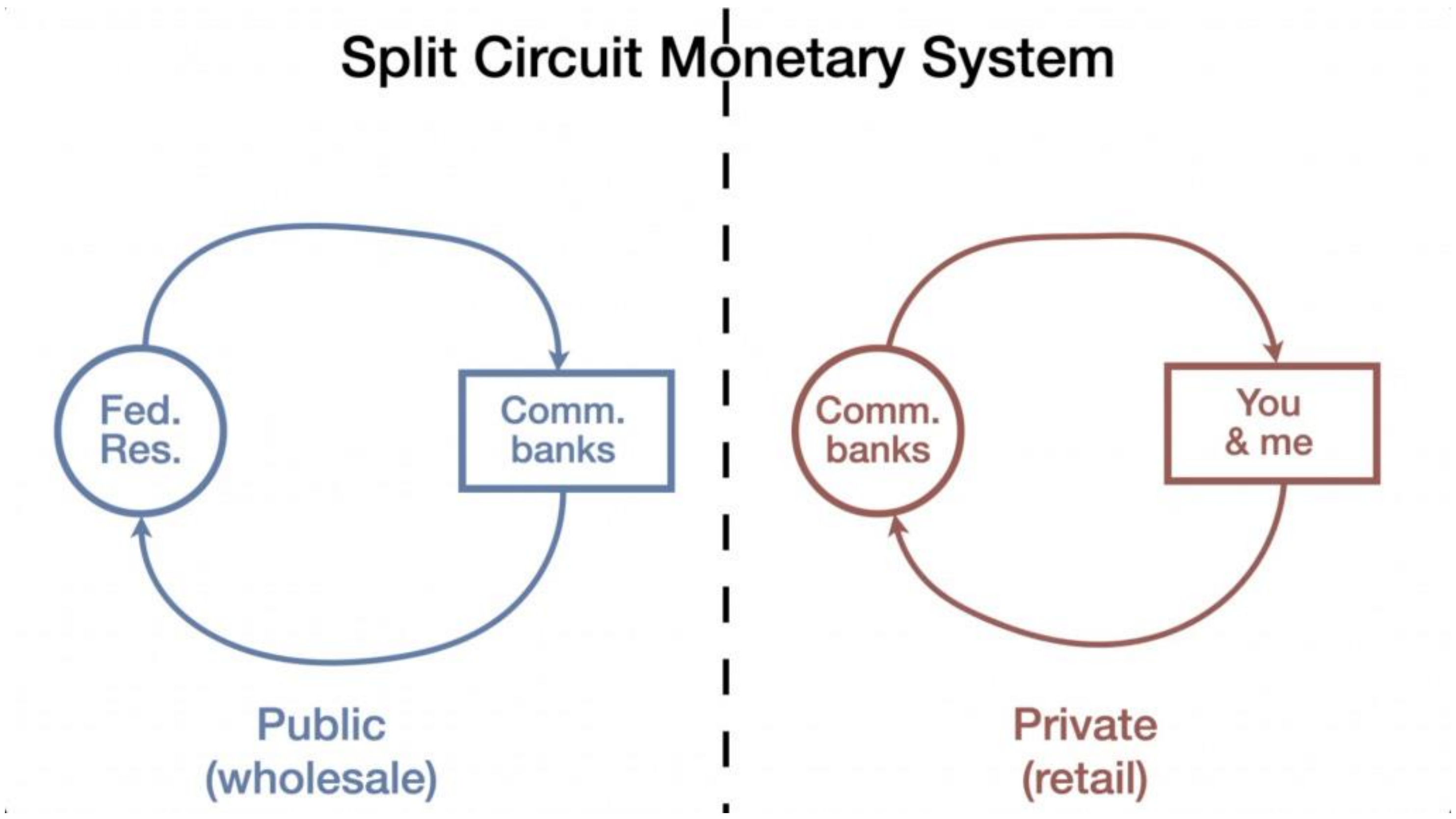
People
You
Me



Two Types of Money

- Two Types of Money(both denominated in $USD:
  - Public (wholesale) side uses “**reserve money**” – money that banks keep on deposit at the Federal Reserve
  - Private (retail) side uses “**bank money**” – the debt based digital money that you and I use to transact in the real economy
- These two types of money circulate in two separate monetary circuits
- Note: Remember, there are 4000+ Commercial Banks in the US, and only one Central Bank, the Federal Reserve with 12 regional locations

h.8 Deposits 4357

h.4.1 Deposits 12

Proof of Two Circuit Monetary System

The deposits for each separate circuit is tabulated weekly:

- The Private (retail) deposits are tabulated in the h.8 report
- The Public (wholesale) deposits are tabulated in the h.4.1 report

Two Different Systems of Deposits

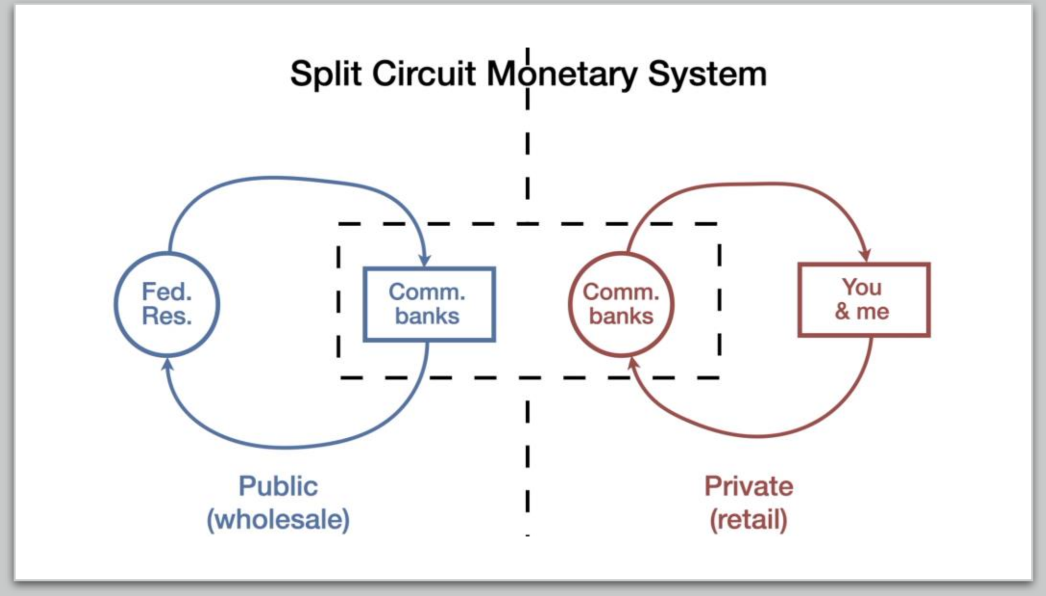
Public (wholesale) Circuit Example Transaction:

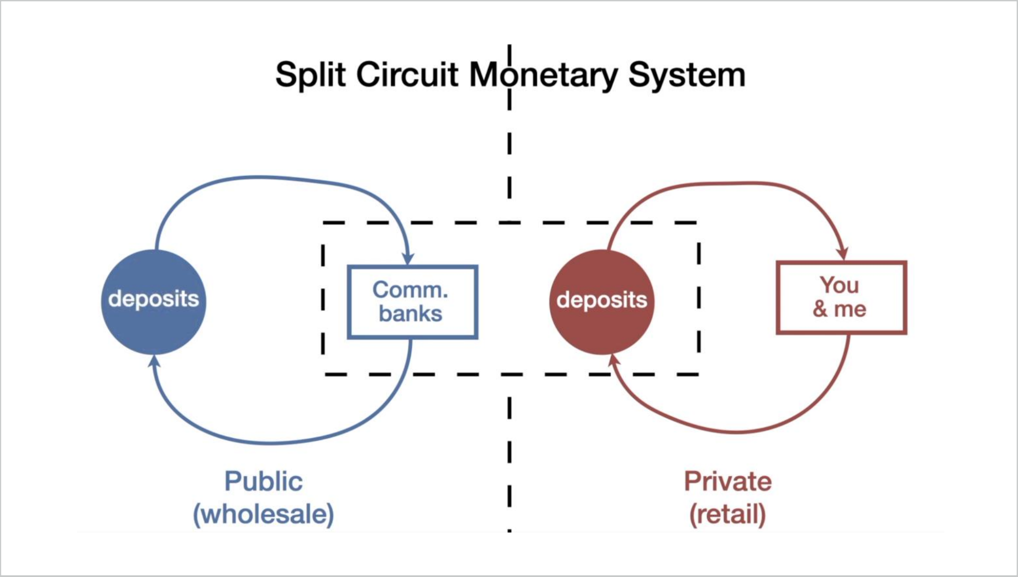
- Federal Reserve buys an asset from a Commercial Bank which turns around and sells it to the Fed

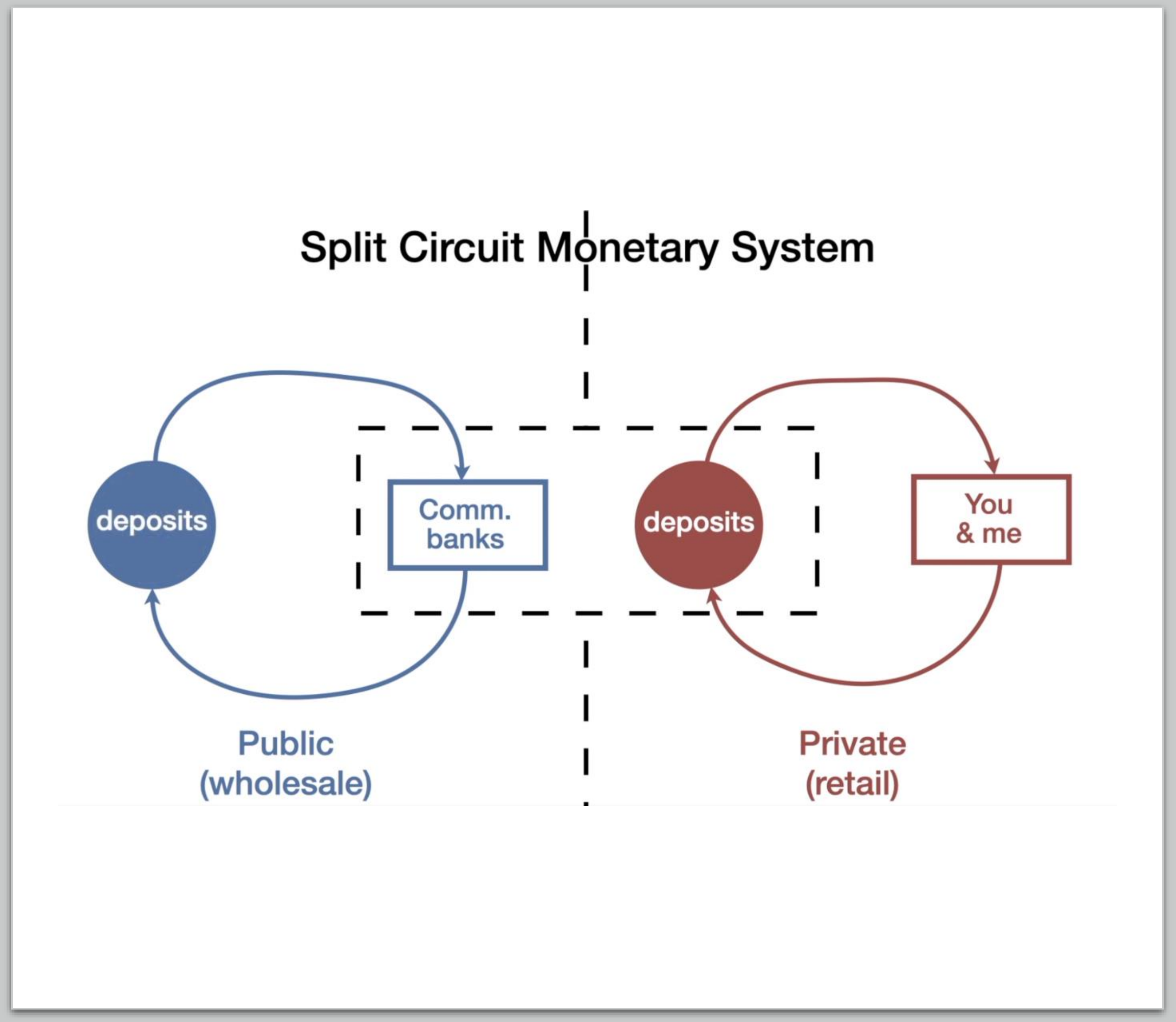
Private (retail) Circuit Example Transaction:

- Commercial Bank issues money to you & me in the form of a loan, and we pay the money back

NOTE: Commercial Banks are both **issuers** and **users** of money



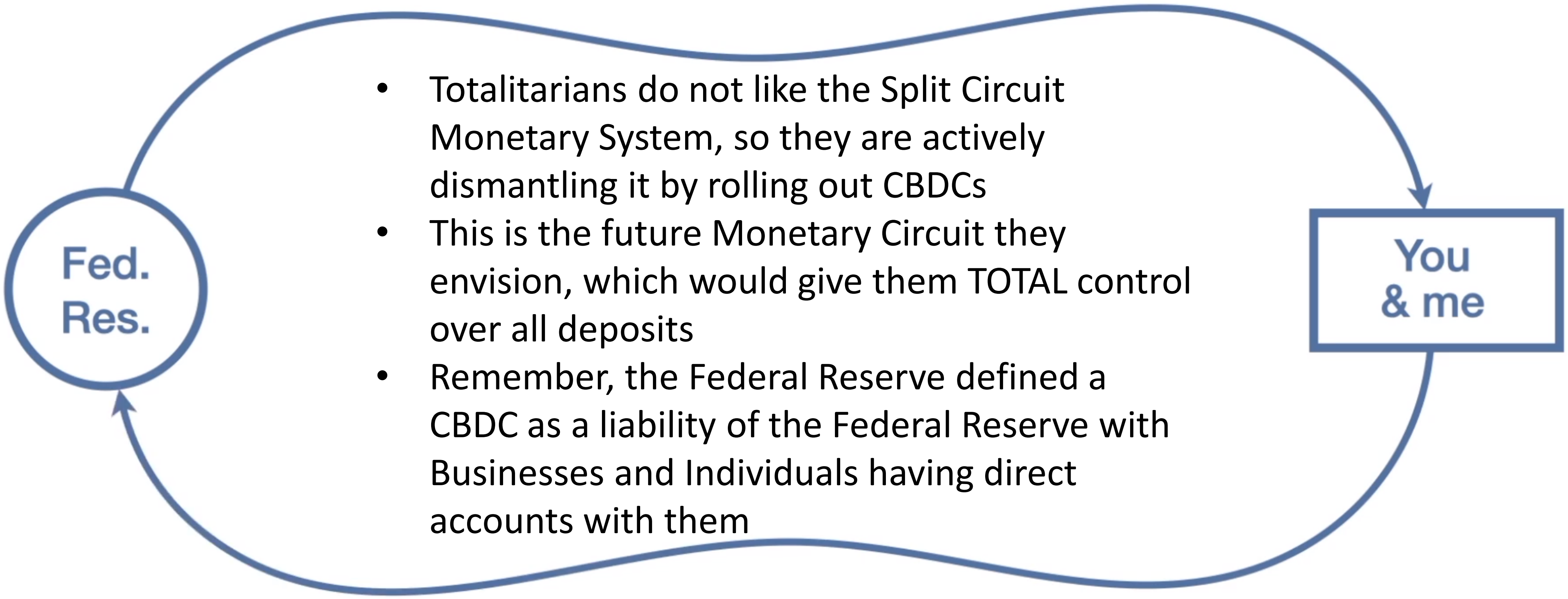




Worth Noting

1. Deposits in the Private (retail) Circuit are used to make retail purchases, including purchase in the Stock Market. So, if you want to drive up the equity market then you need to control the Private (retail) Circuit.
2. Historically, the Federal Reserve could only indirectly control the amount of Private (retail) deposits. Obviously, they completely control the reserve deposits in the Public (wholesale) circuit.
   - The Federal Reserve's indirect control was conducted by adjusting interest rates on deposits in the Public (wholesale) circuit which indirectly influenced how the Commercial Banks set interest rates on retail deposits which influences the number of people that can take out loans
3. Unfortunately, that split circuit system was breached while everyone was fixated on, you guessed it, Pandemic.

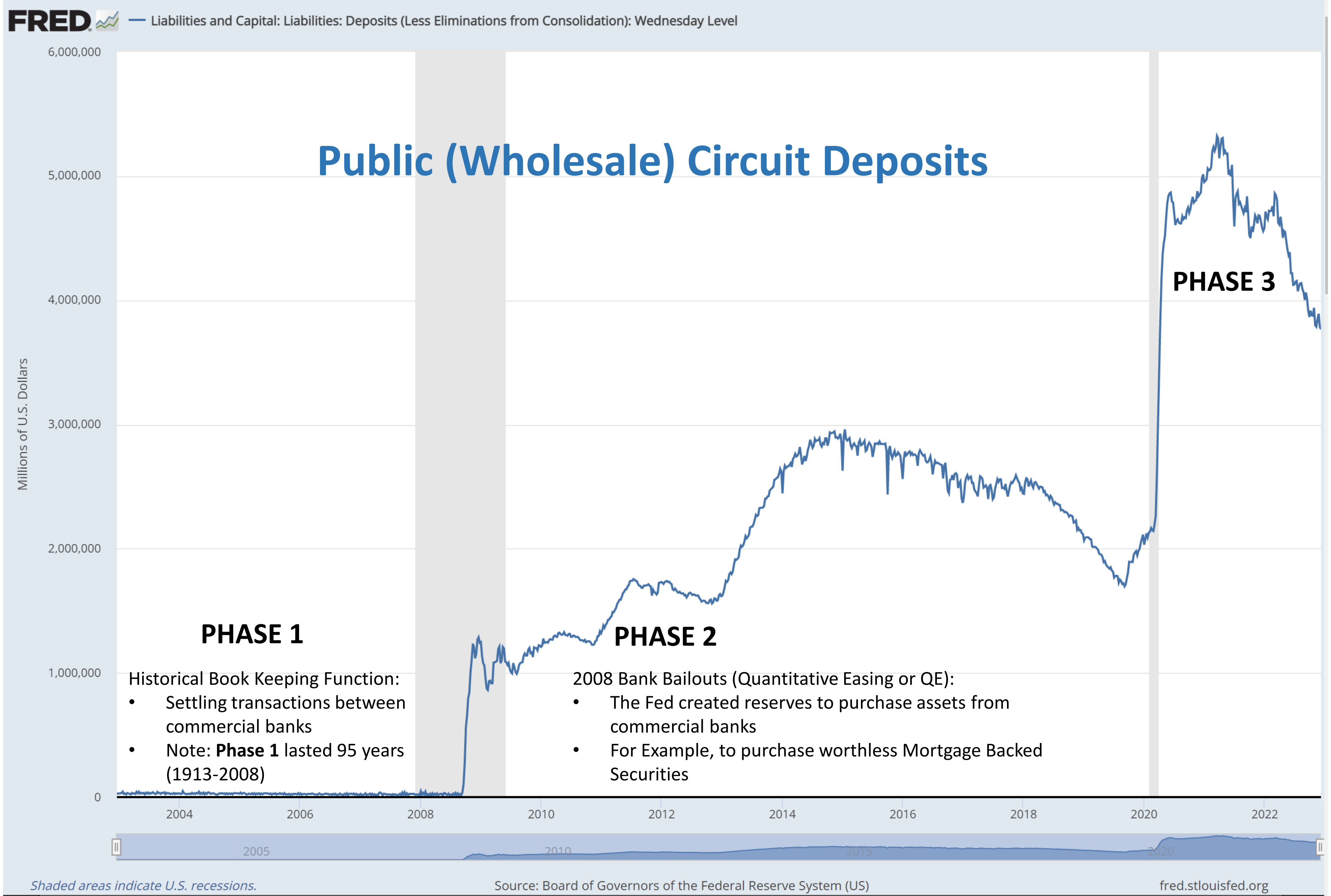
Central Bank Digital Currency



- Totalitarians do not like the Split Circuit Monetary System, so they are actively dismantling it by rolling out CBDCs
- This is the future Monetary Circuit they envision, which would give them TOTAL control over all deposits
- Remember, the Federal Reserve defined a CBDC as a liability of the Federal Reserve with Businesses and Individuals having direct accounts with them

The “Going Direct” Monetary Policy of the Federal Reserve

- A forensic analysis of the two separate deposits both before and after the Pandemic



FRED
Liabilities and Capital: Liabilities: Deposits (Less Eliminations from Consolidation): Wednesday Level
Public (Wholesale) Circuit Deposits
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5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
Millions of U.S. Dollars
PHASE 1
Historical Book Keeping Function:
• Settling transactions between commercial banks
• Note: Phase 1 lasted 95 years (1913-2008)
PHASE 2
2008 Bank Bailouts (Quantitative Easing or QE):
• The Fed created reserves to purchase assets from commercial banks
• For Example, to purchase worthless Mortgage Backed Securities
PHASE 3
2004
2006
2008
2010
2012
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2016
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2005
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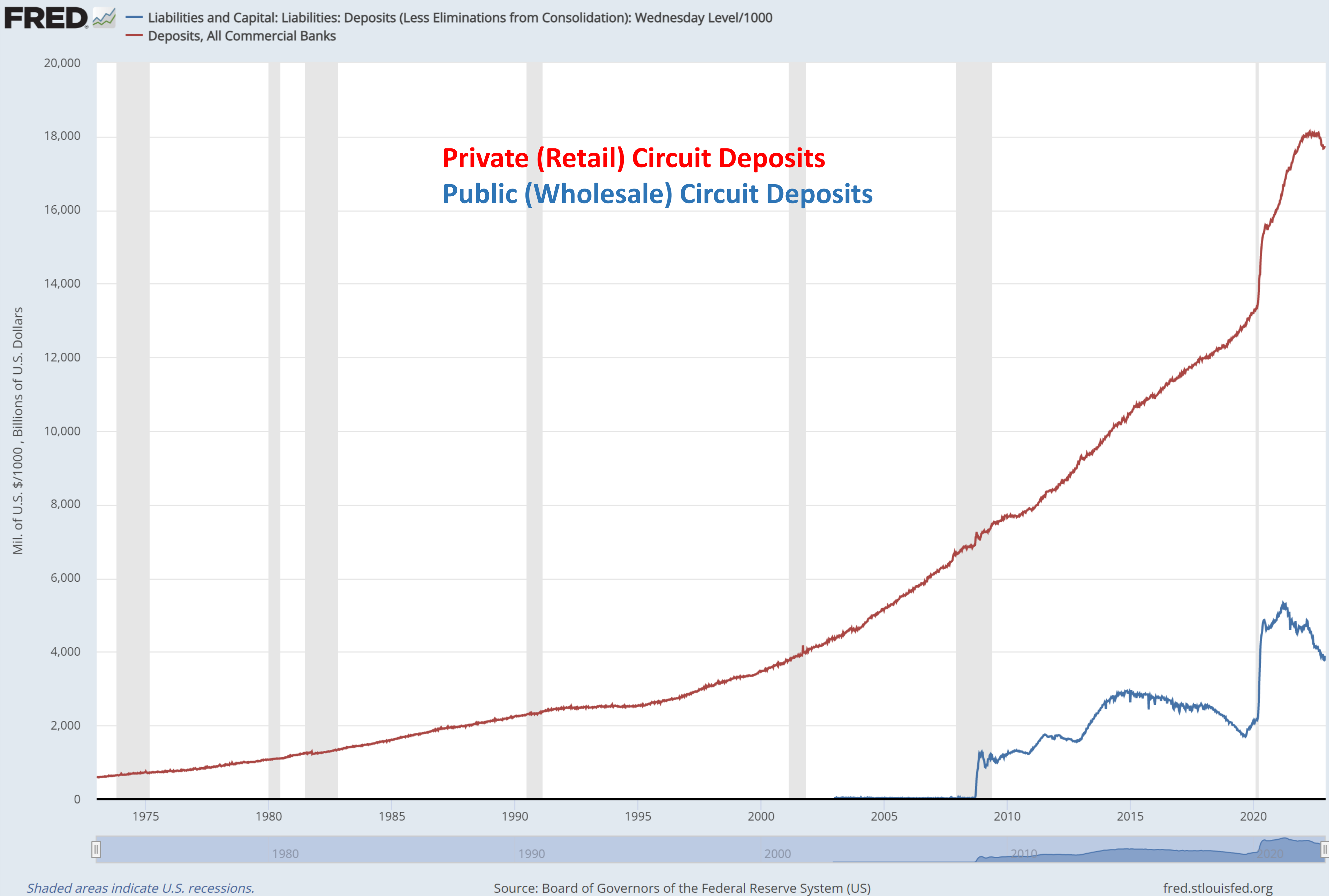
Shaded areas indicate U.S. recessions.
Source: Board of Governors of the Federal Reserve System (US)
fred.stlouisfed.org



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Liabilities and Capital: Liabilities: Deposits (Less Eliminations from Consolidation): Wednesday Level/1000
Deposits, All Commercial Banks
Private (Retail) Circuit Deposits
Public (Wholesale) Circuit Deposits
Mil. of U.S. $/1000 , Billions of U.S. Dollars
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6,000
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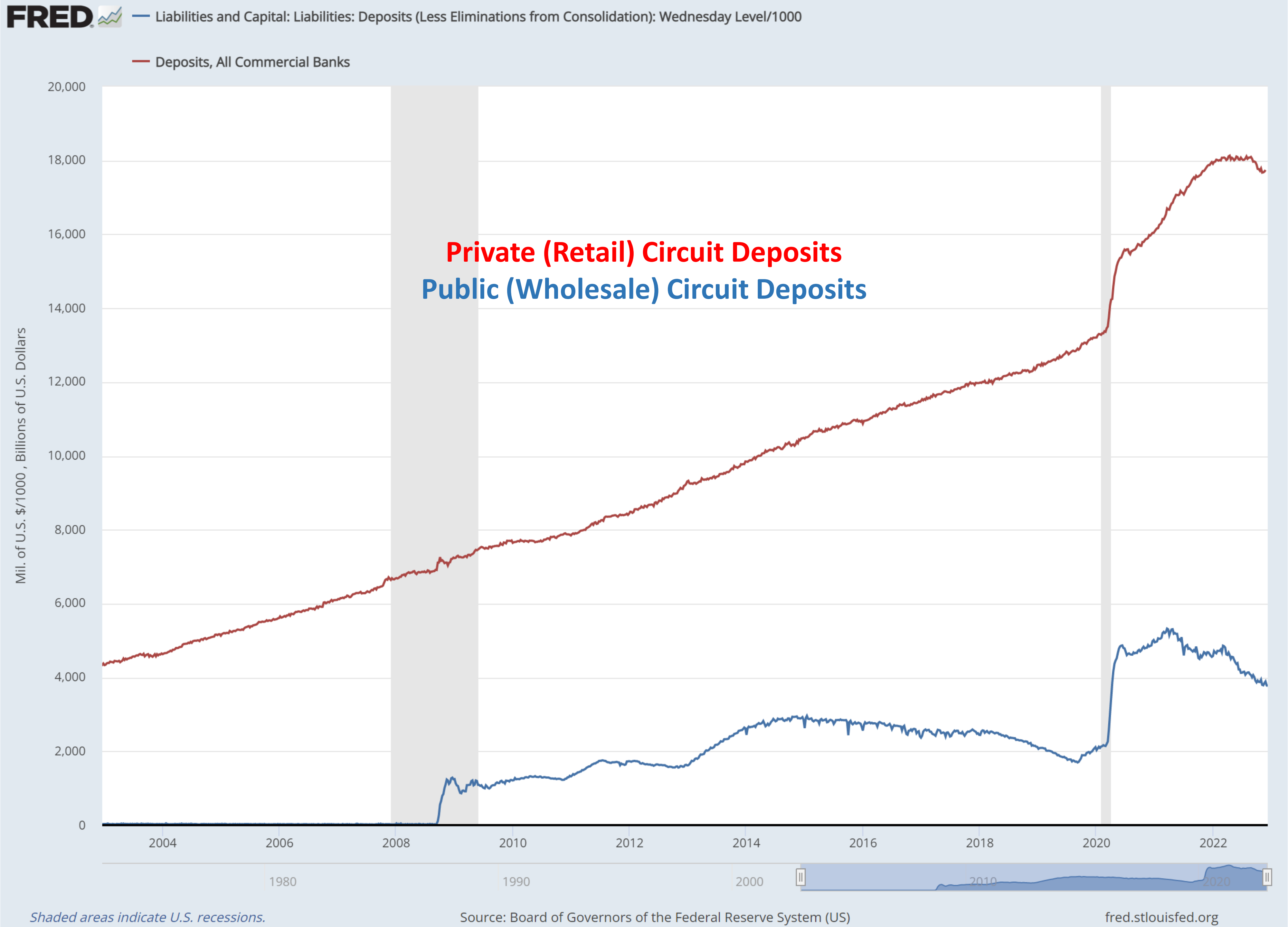
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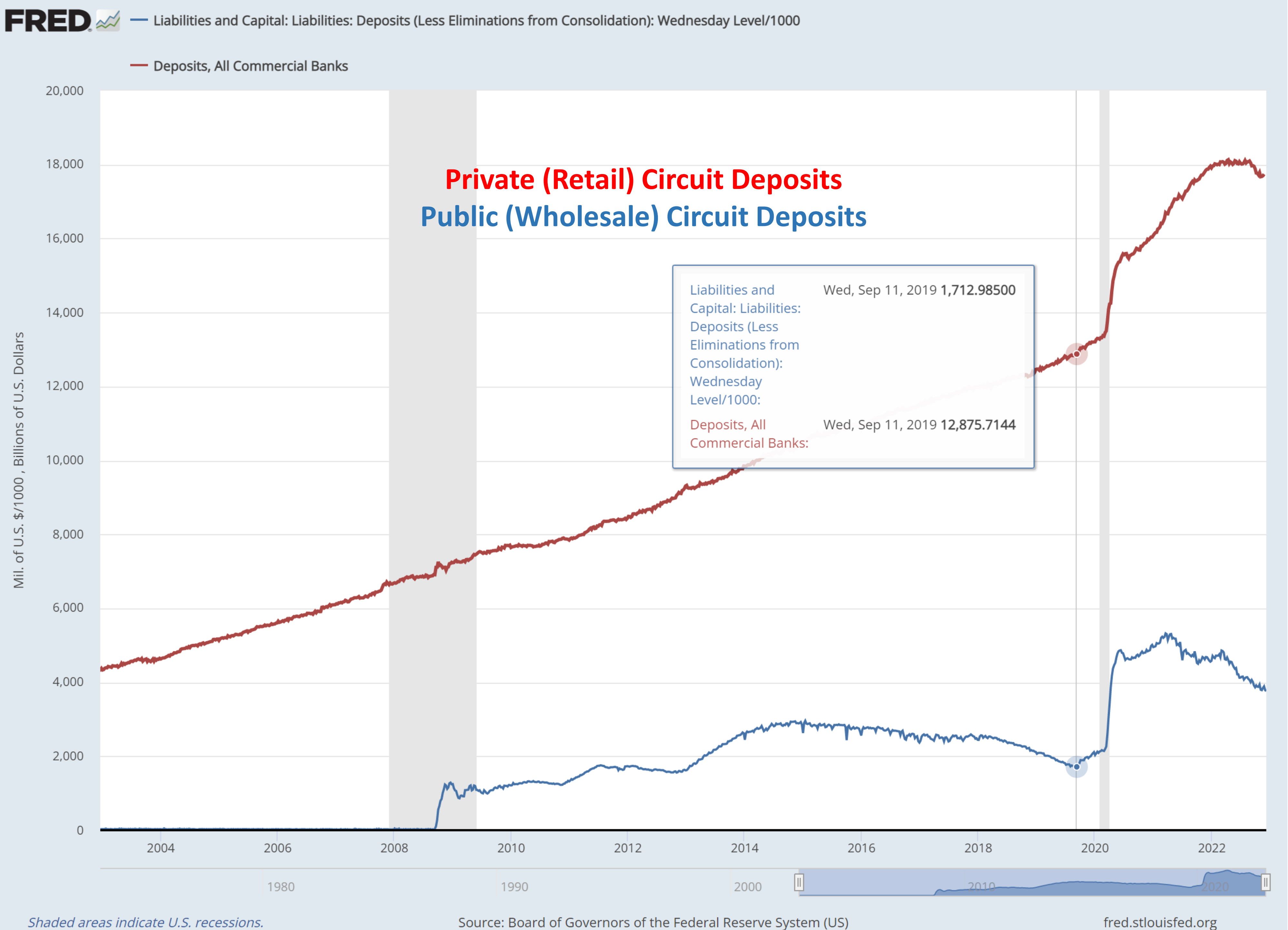
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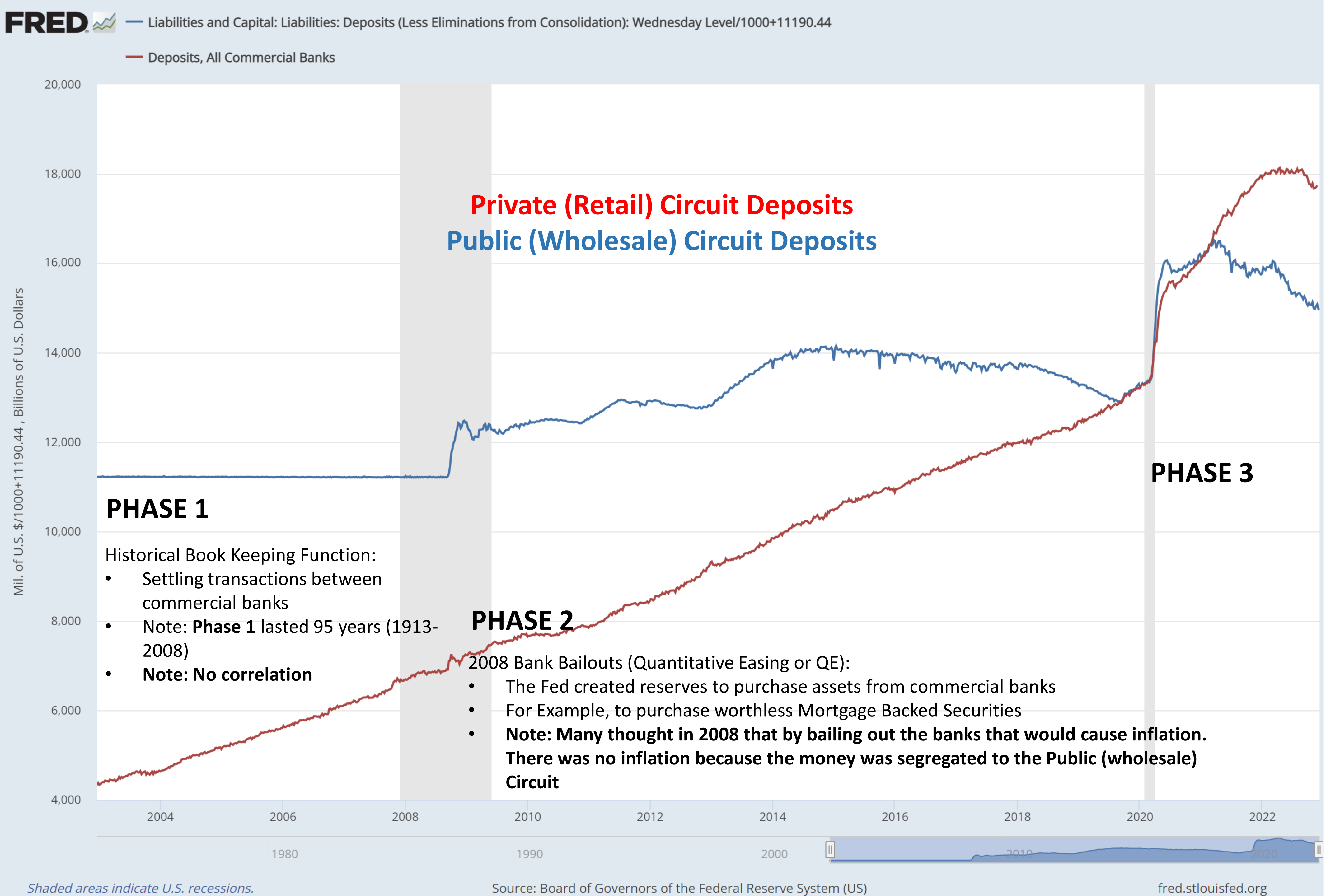
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• For Example, to purchase worthless Mortgage Backed Securities
• Note: Many thought in 2008 that by bailing out the banks that would cause inflation. There was no inflation because the money was segregated to the Public (wholesale) Circuit
PHASE 3
Shaded areas indicate U.S. recessions.
Source: Board of Governors of the Federal Reserve System (US)
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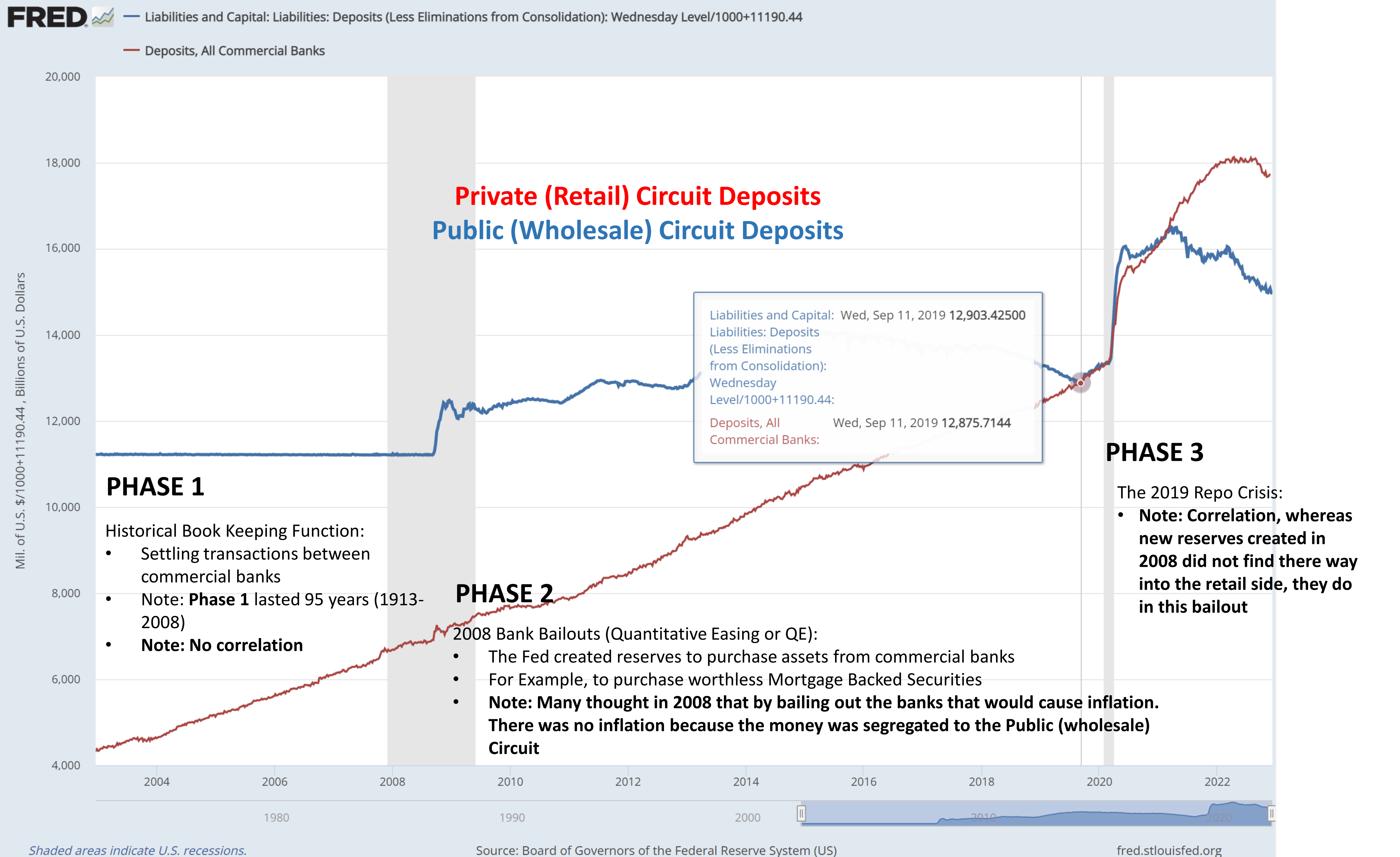
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PHASE 3
The 2019 Repo Crisis:
• Note: Correlation, whereas new reserves created in 2008 did not find there way into the retail side, they do in this bailout
Shaded areas indicate U.S. recessions.
Source: Board of Governors of the Federal Reserve System (US)
fred.stlouisfed.org

What did we just learn?

1. For a hundred plus years the Federal Reserve’s creation of reserve money never had an effect on the Retail supply of bank money, and then suddenly it did.
2. This reversal occurred during the 2019 Repo crisis when the Retail money supply started tracking in lockstep along with the Wholesale money supply.

How did this happen?!!

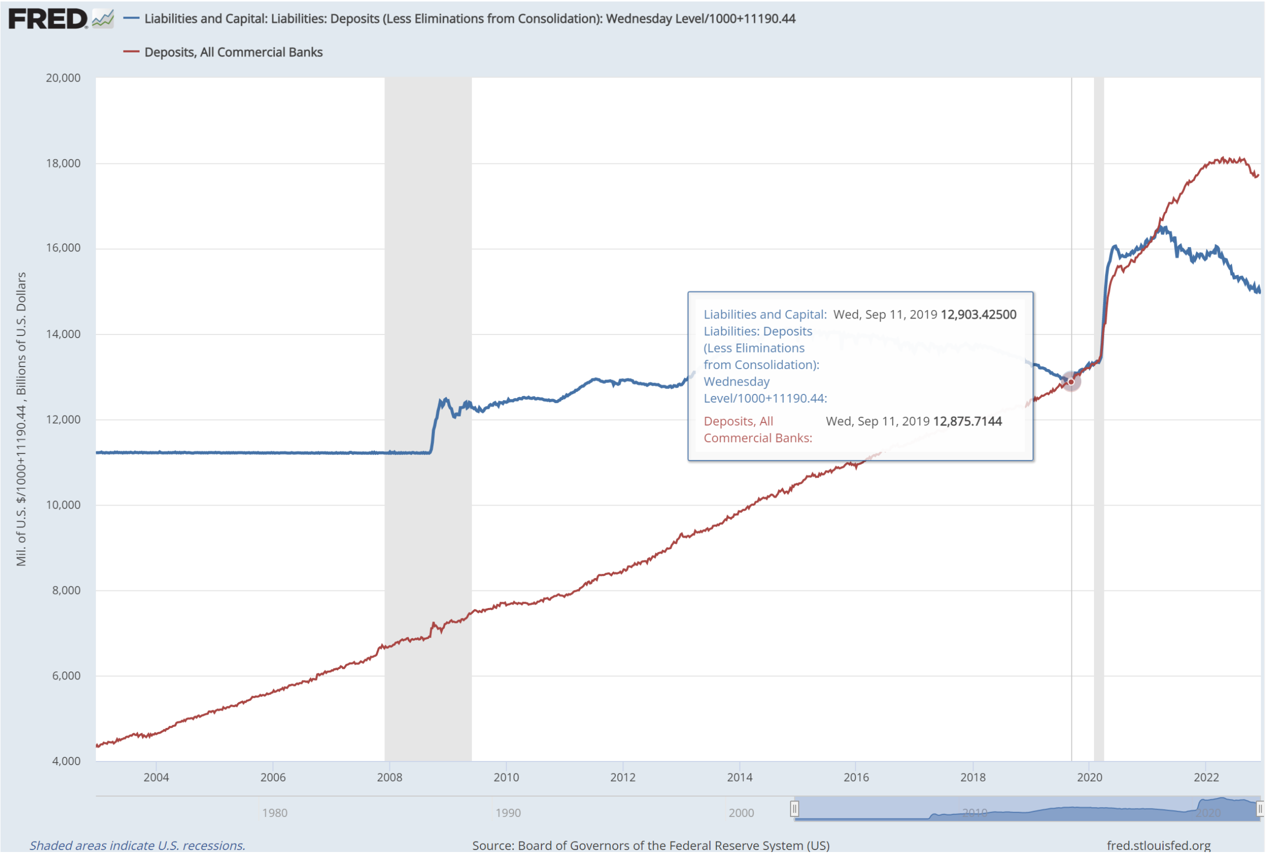
Blackrock happened, that’s what.

- On **August 15, 2019**, Blackrock published the following report: “Dealing with the next downturn: From unconventional monetary policy to unprecedented policy coordination.”
    - The Blackrock report take away was that the Federal Reserve needed to “go direct” in their monetary policy.
    - They proposed the Fed create special purpose facilities – which they called “standing emergency fiscal facilities” (SEFFs) – would be created to inject bank money directly into the commercial accounts of various public or private sector entities. These SEFFs would be overseen by the central bankers themselves, thus crossing the streams of the two monetary circuits in a way that had never been done before
- A week later, on **August 22, 2019**, the central bankers attending the annual Jackson Hole Economic Symposium and adopted the report as policy
    - Note: the exact same day Larry Fink (CEO of Blackrock) was appointed to the WEF’s board


WORLD
ECONOMIC
FORUM

Did the Federal Reserve follow Blackrock's advice?

- Of course, they did!
- It wasn't the March 2020 bailouts where the correlation between the Fed's Public (wholesale) deposits and commercial bank Private (retail) deposits—the tell-tale sign of a BlackRock-style "going direct" bailout—began.
- It was actually in September 2019—months *before* the Pandemic—when we started to see Federal Reserve monetary creation finding its way directly into the retail monetary circuit.
- In other words, it was *less than one month* after BlackRock proposed this revolutionary new type of fiscal intervention that the central banks began implementing that very idea. The Going Direct Reset—better understood as a financial coup d'état—had begun.
- Blackrock was rewarded in March of 2020 when the Federal Reserve hired them to manage the bailout programs



What Did This Financial Coup D'état Achieve?

1. At a financial level, the Pandemic was an excuse for the Federal Reserve to pump trillions of dollars directly into the economy
2. The Central Bankers gained control over fiscal policy and the ability to engineer the economy of Main Street
    - Where as Jamie Dimon of JPMorgan Chase previously had more control over the economy. After the Going Direct Reset, Jerome Powel of the Federal Reserve, and more precisely, Larry Fink of Blackrock control the economy
3. Blackrock conquered the world, financially speaking, and cemented its position as “The Company That Owns The World.”
4. The very fact that they got away with this all but ensures the roll out of CBDCs
    - Before October of 2020, the idea of CBDCs in the US was ludicrous. That was something Communists used in China to control and subjugate their population

A Short Video Clip

- Let’s meet Larry Fink and relisten to a clip played at the beginning of the presentation.

Main Take Away!

(CBDCs Are Programmable Money)

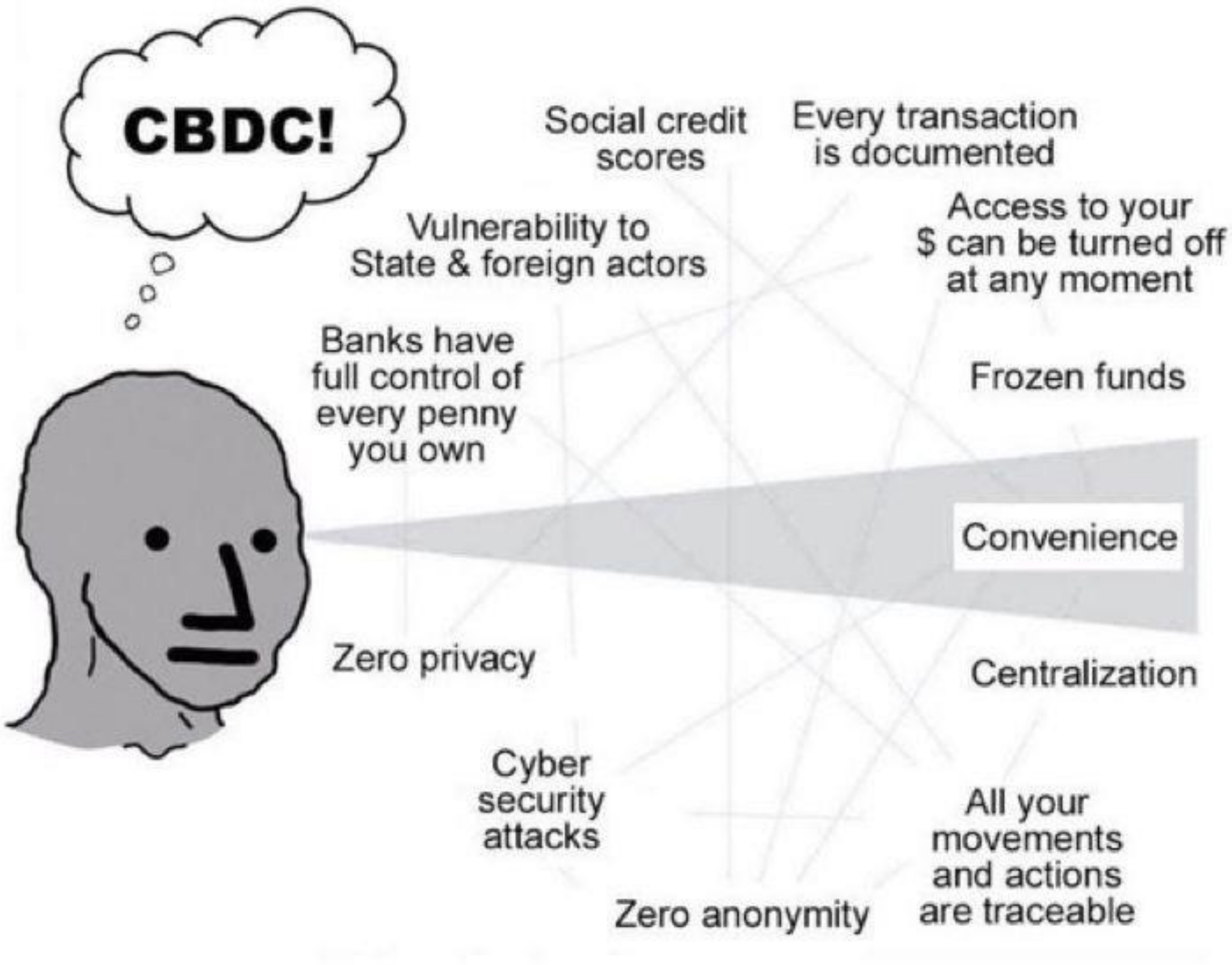
CBDCs are not like cash or bank deposits or the other forms of payment that we use in our everyday transactions. Instead, they are programmable. Just like a piece of software running on your computer or an app on your smartphone, CBDCs can be programmed to act in certain ways. Conditions can be set on their use. They can be created or deleted, frozen, devalued or inflated with the click of a button. And, like any piece of software, they can be updated – with or without your knowledge – to provide new functionality at any time.

What Can We Do About It?

The Future Depends On Us!

- Find and build community, like this group here, and spread the word
- You could learn about the topic and give a presentation to other groups you are a member of
- You can investigate Survival Currencies
- Locate and support Local Producers
- Boycott the bad and buy the good
- Embrace Cash Fridays and Black-Market Friday, and then realize that these don’t have to happen only on Friday
- Remember, CBDCs still need the green light from the House, so **WRITE, EMAIL, and CALL your Representatives** and demand that they vote NO on CBDCs and most importantly, a Retail CBDC

"HEY, COOL. GOVERNMENT IS TRYING TO MAKE MY LIFE EASIER WITH A DIGITAL CURRENCY"



@TheFreeThoughtProject

Additional Resources to Investigate

Learn more about the Split Circuit Monetary System by looking into John Titus’ indispensable videos on the subject

- Learn about how Commercial Banks produce debt based digital money in, “**Mommy, Where Does Money Come From?**”

- Learn about reserve money that Central Banks use in the Public (wholesale) monetary circuit in, “**Wherefore Art Thou Reserves?**”

- Take a deep dive into Quantitative Easing and learn how the Federal Reserve, with direction from Blackrock, went direct with the Pandemic Bailouts in, “**Quantitative Easing Is the Biggest Sham Ever**.”

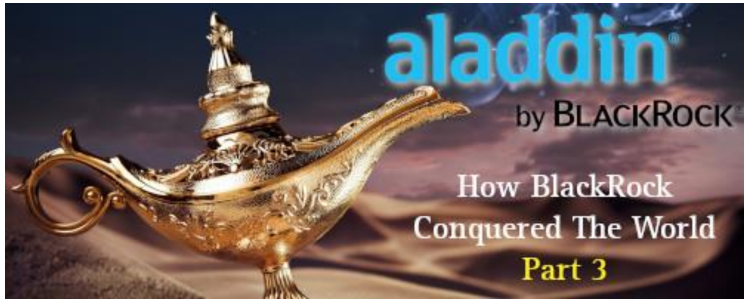
- Review how Blackrock and central bankers are making a massive push towards full-on totalitarianism through monetary and financial control in, “**Larry & Carsten’ Excellent Pandemic**.”

Investigative Series on BlackRock's Influence

By **James Corbett**
Available for free on Substack.com

Part 1 gives a brief history of Blackrock and describes how it came to be the economic and political juggernaut it is today.

Part 2 examines how BlackRock's Going Direct reset paved the way for the massive economic and monetary transition that we have just lived through under the cover of the pandemic.



Part 3 examines the Aladdin system and the other creepy ways BlackRock is planning to use its power to mould society in its own interest

THE END

Thank You For Listening

Any Questions?