

# Programmable Money Will Be Our Next Monetary System

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## **A new type of money system is coming...**

Yesterday, we looked at how the world has gone through a series of monetary “resets.”

These are step changes in how we transact with one another in the economy.

And as you’ll see today, **a new reset is underway** that will have profound effects on your wealth... and your freedom.

**It will end the era of physical money altogether...** and give governments startling new ways to control our financial lives.

So pay special attention to today’s dispatch... and the bonus content I (Chris Lowe) have unlocked for you at the end.

If you earn and save in a government-issued currency such as the U.S. dollar, this affects you.

## **To see where we’re going, we first need to know where we came from...**

For most of the 19th century and the early 20th century, the U.S... and other nations... backed their currencies with gold.

Governments had to hold a certain ratio of gold in reserve for every new unit of paper currency they printed. The only way they could print more of their currencies was to find more gold.

That system ended at the start of World War II, as nations scrambled to finance the fighting.

Then, in 1944, there was another reset.

The Allied nations signed the Bretton Woods Agreement. It linked the U.S. dollar back to gold. And it linked other currencies to the dollar at a fixed exchange rate.

This system blew up in 1971... as the U.S. struggled to pay for the war in Vietnam and the War on Poverty at home. That left us on a new system – the fiat standard.

“Fiat” means decree in Latin. On a fiat standard, governments no longer need to back their currencies with gold. So they can spend as much as they want.

Now, we’re going through another reset.

**Most folks don’t know it yet. But we’re leaving the era of paper and electronic money behind. And we’re entering a new era of “programmable money” – a new, digital-only type of money that gives governments even more control over our lives.**

## **China is ground zero for programmable money...**

Here at Legacy, we’ve been warning about governments’ attempts to create a new type of digital-only money for years.

Our cofounder Doug Casey calls what’s coming FedCoin. Our other cofounder, Bill Bonner, calls it the War on Cash.

And they’ve been warning that it will give governments powers that are every authoritarian’s dream.

Unsurprisingly, China is leading the way.

As I put on your radar last October, the Chinese central bank has created a digital-only, programmable version of its national currency – the yuan.

On the surface (but not under the hood, as you’ll see), this new e-currency is a lot like bitcoin. It exists only in cyberspace. And you send and receive it via a digital wallet app on your smartphone.

That means no more ATMs... no more coins under the sofa cushion... and no more bills in your wallet.

## **Even the mainstream media is slowly catching up...**

Here’s *The Wall Street Journal*...

China's version of a digital currency is controlled by its central bank, which will issue the new electronic money. It is expected to give China's government vast new tools to monitor both its economy and its people. [...]

The money itself is programmable. Beijing has tested expiration dates to encourage users to spend it quickly, for times when the economy needs a jump start.

It's also trackable, adding another tool to China's heavy state surveillance.

There's a lot to unpack here. So let me help break it down for you.

## **We've had electronic money for decades...**

In the 1950s, Bank of America became the first U.S. bank to use electronic transfers to replace the old, labor-intensive system of balancing written accounts via paper checks.

Today, banks use vast computer networks to automate millions of daily transactions.

And most dollars exist as 1s and 0s in electronic databases at commercial banks.

Spending is largely electronic, too. Think of your own life...

Maybe you use a credit card reader in the grocery store. Or you just tap your phone and use Apple Pay or Google Pay.

Maybe you also use a phone app such as Cash App to send money to friends.

But those are just ways to move money between accounts.

## ***Programmable* money goes beyond that...**

Here's Bill with more...

As far as we can tell, almost all money today is nothing more than electronic notations. We buy a cup of coffee. We tap our debit card on the little machine. Somehow, one account is debited and another credited.

We can later see a record of it to confirm that what happened was what we thought happened. But apart from the "information," nothing has changed hands.

As *The Wall Street Journal* notes, China's new digital currency gives the government more control over the electrons. It will be able to decide who gets them... and who doesn't.

The details of how this works aren't important here...

But at a high level, e-currencies will harness some of the features of blockchain technology. It's what powers bitcoin and other cryptos.

## **Blockchains allow you to embed code in each digital coin...**

This can determine how the holder of that coin can spend it.

Said another way, programmable money is money with constraints built in.

Think of food stamps in the U.S.

The feds send folks plastic cards that carry dollar values. But recipients can't use their food stamp credits at the liquor store... or to bet on a sports game... or to buy lottery tickets.

Food stamp "dollars" are spendable only on certain items. And the issuer – Uncle Sam – has the final say.

## **Programmable money takes this to the next level...**

Already in China, the government there gives citizens a social credit score. An app on your phone tracks this.

If your score drops too low, the Chinese feds ban you from getting on planes and trains. They stop you from staying in certain hotels. They even stop your kids from going to certain prestigious schools.

The system separates what the Communist Party bosses see as "bad citizens" from "good citizens."

Bill and his coauthor on *The Bonner-Denning Letter*, Dan Denning, have been asking an interesting question about this: What happens when a type of social credit system meets a programmable government currency?

As Dan explained it...

With programmable cash, the feds could say, “Dan is a bad citizen. He writes anti-government things. He engages in financial behavior that suggests he distrusts the government. We’re going to restrict his access.

“We’re going to stop him from buying plane tickets and renting cars. We’re not going to allow him to buy anything that you could use as a weapon – whether it’s a gun, a hammer, or a sledgehammer.”

Once our financial data gets into the wrong hands – by which I mean the government’s hands – it can and will be used against us.

If you think online censorship is bad... you ain’t seen nothing yet.

As I’ve been warning, programmable money will allow governments to freeze or restrict accounts of dissenters and regime critics to the point where they can’t even buy necessities.

## **But what about the U.S.?**

I know what you may be thinking... “China is thousands of miles away. It’s a one-party dictatorship. It’s a Communist country. Something like that would never happen in America.”

Well, I have news for you... Our tech expert, Jeff Brown, has been following this story closely for readers. He says something similar could roll out in the U.S. in the near future. Jeff...

In February 2020, we learned that the Federal Reserve was actively investigating a central bank digital currency – or CBDC – as they’re being called.

An early draft of the first COVID-19 stimulus bill even included a proposal for a digital-only U.S. dollar. It was scrapped from the final bill. But it shows this idea has been gaining traction.

I don’t think a U.S. CBDC is coming in 2021. I have a difficult time seeing the U.S. move that quickly. But even if it doesn’t launch a CBDC this year, it will soon after. **It’s inevitable.**