
No CBDC Act

Bill Specifics:

- Prohibits the Federal Reserve, Treasury Department, or any agency of the federal government from minting or issuing a Central Bank Digital Currency (CBDC), whether through a direct to consumer or intermediated model.
- Prohibits the Federal Reserve from holding a CBDC on its balance sheet and from using a CBDC to conduct monetary policy.

Background:

The twenty-first century has witnessed an incredible explosion of private financial innovation with payment programs, novel financial services, and cryptocurrency (crypto), among a host of other exciting financial technologies (fintech).

Authoritarian countries like China have heavily regulated fintech and crypto, attempting to replace the decentralized currencies with an invasive, all-seeing central bank digital currency (CBDC) controlled by the government. Congress must not allow the United States to go down such a path.

Over the last few years, the Federal Reserve has begun the process of researching and developing its own CBDC that would, like China's, centralize the government's control over the economy while strangling our fundamental liberties. An American CBDC offers U.S. citizens nothing that they cannot already obtain through private financial innovation. Instead, it would make their every transaction known to the Federal Reserve, while converting banks and credit unions into mere wallets rather than private lending institutions. Doing so is liable to fundamentally change the economy as the Fed would take on a primary lending and investment role. The result would be the government gaining substantial power in choosing what industries and companies succeed or fail and by how much.

The Constitution does not permit the central bank to operate independent of congressional authority, and Congress has not authorized the creation of a CBDC. An American CBDC is quite possibly the greatest threat to privacy and liberty in the 21st century, but there still remains a window to take proactive action and prevent such a calamity from taking place. Senator Lee's No CBDC Act is that action and solution.

Original Cosponsors:

- Sen. Cruz
- Sen. Scott (FL)

Endorsements:

- Heritage Action for America
- Consumer Choice Center
- Taxpayers Protection Alliance

For more information concerning this bill or to be added as a cosponsor, please contact Christian Chelak (Christian_Chelak@lee.senate.gov) and Alex Gage (Alexander_Gage@lee.senate.gov) in Senator Lee's office.