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Hello Everyone,

*“Magicians use sleight of hand to wow you with their tricks.*

*Politicians use misdirection to wow you with theirs.”*

—Author, **Anthony T. Hincks.**

I do wonder if there is some misdirection going on as we all focus on the election tomorrow.

Of course, it is natural for humans to look at what lies directly before us. And I, like most of you, will watch hours of TV election coverage tomorrow night.

Still, something nags at me. There is a bigger story playing out behind the scenes. And, since money is my beat, I believe the “center-of-gravity” is there.

Today’s missive will likely close out the FedCoin series. I hope I have made known my concerns. Any government-controlled digital currency will lead to a concentration of power that will be detrimental to liberty...regardless of which side wears the mantle of power come November 4th.

I hope you found the series thought provoking.

Signed, Your Didn’t-Want-To-Turn-Back-My-Clocks-Because-2020-Doesn’t-Need-Another-Hour Financial Advisor,

Greg

## **KKOB 2020.11.02 FedCoin. Big Banks. Artificial Intelligence.**

**Bob:** So, Greg, obviously everyone is focused on the election. And it seems every Wall Street analyst has some take on what the election will mean.

But you have avoided all that. Instead, you have been bringing us up to speed on the possibility of government-issued digital currency that we are calling FedCoin.

**Greg:** Right. And the last thing we need today is someone else weighing in on the election. Besides, I often get the feeling the Powers- That-Be keep us focused on

short-term things. Meanwhile, behind the scenes these guys are putting together long-term plans they don't want us to notice.

And, I believe FedCoin fits that category.

Anyway, so far we have focused on how the FedCoin system could affect the individual. But what about institutions? Like banks. How would FedCoin affect them?

Let's imagine this.

The Federal Reserve decides to push \$10 billion down to Bank of America for loans. What if the Fed says to B of A, *"Hey fellas, of the \$10 billion we sent you, \$2 billion are programmed to be used for only New Green Deal loans. Oh, and to balance things politically, \$2 billion must be used for fracking loans. And, let's see, \$3 billion can be used for loans in these cities, but not those cities. And, \$3 billion can only be used for loans to big businesses and not small."*

Bob, given the current environment, does that scenario seem farfetched?

**Bob:** No. I could totally see it. The power of FedCoin would allow politicians to put all kinds of pressure on the Federal Reserve to direct loans.

I mean, they would obviously want to direct money wherever they think it would help them politically.

But what that means is we are heading toward a Marxist style command economy.

**Greg:** The potential is certainly there. But we all know command economies never work. They always collapse from the inherent inefficiencies. But Marxists never give up. Let me explain.

When communism failed, the central planning crowd got together and reevaluated. They knew the Soviet system had failed because it could not respond effectively to real-world needs.

For example, in America, if steel demand is high in Texas but low in California, producers quickly move steel to Texas where they can sell it at a higher price. This never happened in communist countries. Communism was too cumbersome to react.

But what if communism could react quickly and efficiently? Here is where AI (Artificial Intelligence) kicks in.

The Marxists are now thinking, "*Hey with artificial intelligence, we won't have to rely on the market to tell us where products are needed. With FedCoin, we will know all transactions---and all prices--- at all times. With AI and digital money, we will be able to efficiently command the economy from our perch at the top.*"

So, Bob, can you see how the power of a *traceable and programmable* digital currency, coupled with massive information storage capabilities, linked to artificial intelligence would be an incredibly tempting concoction for the power-hungry of the world?

**Bob:** Uhhhh, yes. But, it's terrifying. And, you're right, the technology has leapt ahead so rapidly, what was impossible ten years ago now seems doable.

But there has to be some way to rein this in. This is too much power in too few hands.

**Greg:** It is. Thankfully, there are some obstacles to this kind of thing.

- First, humans have the uncanny ability to throw off repression. There will be massive push back when people realize what this means. And, Americans are really good at pushing back.
- Next, we still have a Constitution whereby you cannot deny people of their property without their consent.
- Also, legally, will governments really be able to justify all this command-and-control by saying they are "*protecting the public interest*"? Probably not. I could see conservative courts saying this protects governmental interests, but not the public interest.

Anyway, there is a lot more to this FedCoin thing, but this series is starting to run a little long. Maybe I'll do one more segment on Friday. We'll see. Until then...go vote.

**Bob:** Sounds good. And this whole series has been an eye-opener for me. How do people reach you?

**Greg:** My number is 250-3754. Or, go to my website at [zanettifinancial.com](http://zanettifinancial.com).

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