

get to vote for the neighborhood advisory commissioners. That is an institution that I think is unique to the District of Columbia, where neighborhoods have elected representatives who get to weigh in on things like the times that bars close, restaurant licenses, and stuff like that. That is really what we are talking about here.

The people in D.C. have only one non-voting Delegate for the District of Columbia, no voting representation here, no voting representation in the Senate, so the noncitizens, the 500 or so who are registered today, can't even vote for ELEANOR HOLMES NORTON. It goes to the question of local elections.

I am certain that most Members of Congress and most Americans certainly didn't expect that the House of Representatives would be spending so much time debating this relatively minute matter and, I daresay, trivial matter in the context of all the national emergencies and crises we are facing today, but it does seem to be part of an election year assault on the District of Columbia.

It is a lot easier to kick D.C. around a little bit than to solve the gun crisis, which has gotten to the point where gun violence is now the leading cause of death in America for young people under the age of 18. It is a lot easier to kick D.C. around a little bit than to confront the climate crisis, which is bearing down on all of us across the country.

The gentleman has made one very powerful point, which is, constitutionally, we have the authority to do this because the people in D.C. are still under the authority of Congress under Article I, Section 8, Clause 17. That is why they want out. They want us to use our power over the District in all cases whatsoever to modify the boundaries of the District of Columbia and to yield the residential areas to the creation of a new State.

The power of Congress to do that was established in 1846 when Alexandria, Arlington, and Fairfax County were retroceded to Virginia. We have the power to redraw it. We can redraw it, and D.C. would actually be larger populationwise than two other States in the Union.

They want to exist on a plane of political equality. They want to be able to have the right to go through the same political experience the gentleman talked about in Texas. At one point, they wanted to grant noncitizens the right to vote in local elections. At another point, they didn't. That is all they are asking for, the right to make their own decisions for themselves.

I daresay, no matter how benevolently motivated the gentleman from Louisiana is, or I am as a Representative from Maryland, no one is more interested in the welfare of the people in the District of Columbia than the people who actually live there.

Madam Speaker, I yield back the balance of my time.

Mr. HIGGINS of Louisiana. Madam Speaker, I express my sincere gratitude to my friend and colleague, Representative RASKIN, for conducting this debate in a vigorous yet respectful manner. I am certain that he will agree that this is the manner in which our Founders envisioned we may debate.

The subject of congressional interaction, exercising constitutional authority within the parameters of our Nation's Capital municipality, is a legitimate discussion. It is part of our Nation's narrative and broad debate, and this is the body, Madam Speaker, wherein such debate should take place. I am hopeful that my colleagues on both sides of the aisle may engage in this as we move forward in the spirit with which we have discussed and debated today.

Madam Speaker, D.C.'s noncitizen voting law does, indeed, disenfranchise American citizens. It is a dangerous policy that undermines the ability of the citizens of D.C. to have a free and fair election. I urge my colleagues to support this important legislation to prohibit those who are not citizens of the United States from voting in elections in the District of Columbia.

Madam Speaker, I urge my colleagues to support this necessary bill, and I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1243, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. ROBERT GARCIA of California. Madam Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Robert Garcia of California moves to recommit the bill H.R. 192 to the Committee on Oversight and Accountability.

The material previously referred to by Mr. ROBERT GARCIA of California is as follows:

Mr. Robert Garcia of California moves to recommit the bill H.R. 192 to the Committee on Oversight and Accountability with instructions to report the same back to the House forthwith with the following amendments:

Strike section 1 and all that follows and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "American Dream and Promise Act of 2023".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—DREAM ACT OF 2023

Sec. 101. Short title.

Sec. 102. Permanent resident status on a conditional basis for certain long-term residents who entered the United States as children.

Sec. 103. Terms of permanent resident status on a conditional basis.

Sec. 104. Removal of conditional basis of permanent resident status.

Sec. 105. Restoration of State option to determine residency for purposes of higher education benefits.

TITLE II—AMERICAN PROMISE ACT OF 2023

Sec. 201. Short title.

Sec. 202. Adjustment of status for certain nationals of certain countries designated for temporary protected status or deferred enforced departure.

Sec. 203. Clarification.

TITLE III—GENERAL PROVISIONS

Sec. 301. Definitions.

Sec. 302. Submission of biometric and biographic data; background checks.

Sec. 303. Limitation on removal; application and fee exemption; and other conditions on eligible individuals.

Sec. 304. Determination of continuous presence and residence.

Sec. 305. Exemption from numerical limitations.

Sec. 306. Availability of administrative and judicial review.

Sec. 307. Documentation requirements.

Sec. 308. Rulemaking.

Sec. 309. Confidentiality of information.

Sec. 310. Grant program to assist eligible applicants.

Sec. 311. Provisions affecting eligibility for adjustment of status.

Sec. 312. Supplementary surcharge for appointed counsel.

Sec. 313. Annual report on provisional denial authority.

(For full text, please see H.R. 16.)

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. ROBERT GARCIA of California. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

CBDC ANTI-SURVEILLANCE STATE ACT

GENERAL LEAVE

Mr. MCHENRY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 5403.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER pro tempore (Mr. SELF). Pursuant to House Resolution 1243 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 5403.

The Chair appoints the gentleman from Louisiana (Mr. HIGGINS) to preside over the Committee of the Whole.

□ 1129

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5403) to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes, with Mr. HIGGINS of Louisiana in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

General debate shall be confined to the bill and amendments specified in section 2 of House Resolution 1243 and shall not exceed 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services or their respective designees.

The gentleman from North Carolina (Mr. MCHENRY) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. MCHENRY).

□ 1130

Mr. MCHENRY. Mr. Chairman, I yield myself such time as I may consume.

Today we are considering Majority Whip TOM EMMER's H.R. 5403, the CBDC Anti-Surveillance State Act. This bill is straightforward. It halts unelected bureaucrats from issuing a central bank digital currency, or CBDC.

We believe that a central bank digital currency would be detrimental to Americans' rights to financial privacy.

We have previously seen examples of governments around the world weaponizing the financial system against their own citizens.

For example, the Chinese Communist Party used a central bank digital currency to track spending habits of its citizens.

This data is being used to create a social credit system that rewards or punishes people based on their behavior.

This type of financial surveillance has no place in the United States. After all, we have the Bill of Rights, and they do not.

Concerningly, it appears that the current administration does not agree that financial surveillance has no place in the United States.

In 2022, the White House issued an executive order pushing for CBDC research and development. The corresponding report and the data related to the executive order the President issued does nothing to ease the concerns about financial snooping on citizens.

This is why the CBDC Anti-Surveillance State Act is necessary. The bill requires authorizing legislation from

Congress for the issuance of any central bank digital currency, ensuring that it must reflect American values and civil liberties protections.

If not open, permissionless, and private, a central bank digital currency is no more than a CCP-style surveillance tool waiting to be weaponized.

I thank my friend, Whip Emmer, for his work on spearheading this legislation, along with Representatives HILL and MOONEY for their leadership on this issue. I also thank Representative DAVIDSON for his commitment to financial privacy in a larger context.

I urge my colleagues to support this commonsense legislation, and I reserve the balance of my time.

Ms. WATERS. Madam Chair, I yield myself such time as I may consume.

Madam Chair, I rise in strong opposition to H.R. 5403, which would not only prohibit the issuance of a central bank digital currency, or CBDC, but would go so far as to prohibit the Federal Reserve from holding bank reserves that are critical to operating payment systems and combating inflation.

Let me start with the harmful implications of the bill's prohibitions on the issuance of a CBDC.

A CBDC is a type of digital asset issued by a country's central bank, which in the United States is the Federal Reserve.

Compared to other digital assets, CBDCs have a greater potential to maintain a stable value, garner public trust, and become a viable means of payment transactions.

There are two main types of CBDCs, retail CBDCs that consumers could get from the Fed or a financial institution to pay for everyday things like a cup of coffee, and wholesale CBDCs that would not be used by individual consumers and instead only used for transactions among financial institutions and the Fed.

CBDCs are no longer a remote, futuristic possibility. Madam Chair, 134 countries and currency unions around the world, representing 98 percent of global GDP, are currently exploring or implementing a CBDC.

Some have referred to the development of a CBDC as the next space race, but the United States is way behind the curve.

What is more, there is growing concern that China, which has already issued its own CBDC that has been used by hundreds of millions of people, will be able to significantly influence the rest of the world's CBDC development because the U.S. is so far behind.

This is especially problematic, given the Chinese CBDC has government surveillance baked in while a United States CBDC could be designed to protect consumer privacy and other deeply held American values.

This bill exacerbates these concerns by proposing to make the United States the first and only country in the world to ban a CBDC.

By allowing other countries, especially China, to race ahead of us, H.R.

5403 directly threatens the primacy of the United States dollar.

Today, more than half of all international trade and more than 90 percent of all foreign exchange transactions are done in dollars. The dollar's dominance provides significant benefits to the United States, like lower borrowing costs for consumers, lower capital costs for United States businesses, and the ability to better implement U.S. foreign policy goals.

In fact, the dollar's widespread use is what makes our sanctions so powerful, allowing us to block adversaries like Russia and Iran from doing business not just with the United States but with anyone who uses the dollar.

That is why countries, including China and Russia, are trying to establish an alternative to the dollar, including developing alternative digital currencies so they can more effectively evade United States sanctions.

CBDCs also have the potential to offer benefits compared to United States dollars like faster and cheaper transactions.

If the United States sits on the sidelines as other major economies move forward with CBDC development, another digital currency like the digital euro could very well become the world's preferred currency for international trade.

If this weren't bad enough, the non-partisan Congressional Budget Office, or CBO, has pointed out that the ban on CBDCs in this bill can be interpreted to encompass the Federal Reserve's bank reserves.

These reserves are instrumental to several core functions of the Fed, including their ability to conduct monetary policy.

This means that H.R. 5403 would undermine the Federal Reserve's set of tools needed to ensure our economy does not enter a recession as inflation comes down.

It also means that the bill could disrupt our banking system by preventing the Fed from using payment systems like Fedwire to quickly move funds between financial institutions.

While some may think that this is merely a drafting error, it appears to be deliberate. During the markup of their bill, Democrats pointed out on the record how this overly broad definition of CBDC could harm the Fed's broader ability to conduct monetary policy.

Despite having every opportunity to fix the bill before it was considered here today, Republicans have kept the language the same.

Let's not forget that Donald Trump has made clear his intention to undermine the Fed with repeated threats to fire the Fed Chair when he was in office, and more recently, with reports that he would want to set interest rates from the Oval Office.

Furthermore, Project 2025, which is an extreme MAGA transition playbook for a Trump administration, would abolish the Fed. House Republicans

have already introduced a bill to do just that.

I urge Members to see this bill for what it is. It is not about protecting consumer privacy. After all, our current financial system has a number of data privacy shortcomings that this bill would do nothing to address.

Moreover, there is nothing inherent about a CBDC that would compromise privacy. That is a design feature that is within our control.

This bill is, instead, an attempt to stifle U.S. innovation and competitiveness abroad and to undermine the Federal agency that is the most critical to fighting inflation. Unbelievable.

I urge Members to vote “no” on this bill. I reserve the balance of my time.

Mr. MCHENRY. Madam Chair, I now yield 5 minutes to the gentleman from Minnesota (Mr. EMMER), the majority whip, a great leader in the Financial Services Committee and an original actor in the space of cryptocurrency.

Mr. EMMER. Madam Chair, these last 2 weeks have been historic for financial innovation in Congress. Adoption of SAB 121, the resolution by both Chambers, and bipartisan passage of the Financial Innovation and Technology for the 21st Century Act just yesterday, shows that digital asset policy is no longer a back-burner issue in Congress. It is now front and center, and we are just getting started.

The policies we have recently debated and adopted are in response to an administration that has failed to provide the clarity and guidance the budding digital asset industry in the United States has been begging for.

Because of their failures, Congress has voted to reverse incoherent regulation and establish new standards that will allow our economy to move deeper into the 21st century economy.

Today, we continue these efforts to once again do what this administration has failed to do, and I am proud to have my legislation, the CBDC Anti-Surveillance State Act, on the floor for a vote.

This bill was the first anti-central bank digital currency legislative effort introduced in the United States, and for the past two Congresses, I have worked with my colleagues to update, improve, and grow support for it.

The bill is simple. It halts the efforts of this administrative state under President Biden from issuing a financial surveillance tool that, if not done correctly, will fundamentally alter the lives of every American.

Unlike decentralized cryptocurrencies, a CBDC is a digital form of sovereign currency that is designed, issued, and monitored by the Federal Government.

It is government controlled, programmable money that, if it is not designed to emulate cash, could give the Federal Government the ability to surveil and restrict Americans' transactions and monitor every aspect of their daily lives.

This is not hyperbole. We have already seen examples of governments

developing these types of tools and using them to weaponize their financial systems against their citizens.

In China, the Communist Party employs a CBDC that can be used to monitor citizens' spending habits. Closer to home in the Western Hemisphere, the Canadian Government demonstrated the power of Federal financial surveillance and control when it froze the bank accounts of hundreds of truckers protesting the COVID vaccine mandate in 2022.

It is naive to believe that your government won't weaponize the tools it has to control you, so it shouldn't come as any surprise that the appetite for financial surveillance can be an attractive proposition right here at home.

□ 1145

In 2023, the White House issued an executive order placing an “urgency” on CBDC research and development, and the agency reports to that executive order have made it clear that the Biden administration is not only itching to create a CBDC, but they are interested in developing and deploying one, potentially undermining the privacy rights of every one of our citizens. Congress can't allow this to happen.

My bill ensures the United States digital currency policy remains in the hands of the American people, not the administrative state, so that any development of digital money will reflect our American values of privacy, individual sovereignty, and free market competitiveness.

This legislation affirms that if the Federal Government seeks to create a digital version of the U.S. dollar, they can only do that with the explicit authorization of Congress. It doesn't stop them. They can do that, but they have got to get authorization from Congress, and they have got to make it open, permissionless, and private. Whatever is ultimately developed must emulate the core tenets of cash.

Simply put: any digital currency issued by the government, again, must be open, permissionless, and private. It cannot be used in the way the Chinese have deployed their digital yuan to build social credit scores on their citizens based on their purchases and their behavior. These types of tools cannot exist in a free society like ours, and we should only accept a digital currency that is consistent with our values, American values.

This is what the future global digital economy needs. If not open, permissionless, and private, like cash, a CBDC is nothing more than a CCP-style surveillance tool that will ultimately be used to oppress our American way of life.

If China embraces it, you know it is something worth standing against.

We can and will continue to launch our economy deeper into the digital age without jeopardizing who we are as Americans, and this bill is designed to ensure that that happens.

I thank the 165 Members of Congress who have joined as cosponsors of my legislation, in addition to Chairman MCHENRY, Chairman HILL, Chairman DAVIDSON, and the many others on both sides of the political aisle who have worked tirelessly with me and my team to make sure we keep the United States the beacon of innovation and global economic strength without undermining what makes our Nation so special.

I urge all of my colleagues to support this legislation.

Ms. WATERS. Madam Chair, I yield 5 minutes to the gentleman from Massachusetts (Mr. LYNCH), who is also the ranking member of the Subcommittee on Digital Assets, Financial Technology and Inclusion.

Mr. LYNCH. Madam Chair, I thank the gentlewoman from California for yielding.

As the ranking member of the Subcommittee on Digital Assets, I rise in strong opposition to H.R. 5403, the so-called CBDC Anti-Surveillance State Act.

At the expense of U.S. global economic leadership, this misguided legislation would effectively prevent the Federal Reserve from researching or issuing a central bank digital currency, also known as a CBDC.

Unfortunately, the facts surrounding the development of a central bank digital currency have been obscured by disinformation and infected by wrong-headed political ideology. Earlier this year, former President Trump vowed to protect Americans from tyranny and never allow the creation of a central bank digital currency.

God help us.

In Congress, Members of the House and Senate have also followed suit, introducing bill after bill to block the development and even the examination of a central bank digital currency based on unfounded claims that it violates user privacy and will be used as a surveillance tool by the Federal Government.

The gentleman is correct when he says that China has developed a CBDC and conducts full-spectrum surveillance of their population. That is what they do. China is China. There is no Bill of Rights. There is no U.S.-like constitution that prohibits their government from doing that. They live in a communist regime. They don't have individual rights.

That is not the case here in the United States. We have the ability to require any architecture that was developed for a central bank digital currency to preserve the individual rights of citizens in this country. This is like saying somebody used a car to rob a bank, so we are just going to ban cars because we don't want them to be used in that fashion.

This is a technology. There is an architecture that underlies every CBDC. China does use their CBDC to conduct that surveillance, but we don't want that to be the dominant model. We

would like to have the Federal Reserve have the ability to develop a CBDC that actually protects the privacy of American citizens.

In my own congressional district, the Boston Federal Reserve recently partnered with the Digital Currency Initiative at MIT on Project Hamilton, an initiative to build a potential CBDC whose architecture maximizes privacy, cybersecurity, and infrastructure resilience. According to researchers, CBDC architecture can serve as a rigorous privacy-preserving tool.

I have also introduced legislation called the ECASH Act which would require the incorporation of the same security features associated with physical cash, which today is anonymous, into the development of a digital dollar. That would also be the goal of a CBDC.

Currently, there are more than 130 countries, representing 98 percent of the global GDP, who are exploring the implementation or going forward with the implementation of a central bank digital currency. There is a widening gap between the U.S. and its G7 peers, all of whom have stronger privacy laws and personal data laws than the United States and who are far more advanced in this development of a CBDC.

This bill would halt research in the U.S., but offshore researchers would continue to draw the talent necessary to develop a CBDC to our detriment and I think to the detriment of the primacy of the U.S. dollar.

My Republican colleagues often argue that the U.S. cannot afford to fall behind in digital currency, but they insist on the U.S. shutting down a central bank digital currency before we even begin to explore or to research. The best researchers will move to other countries to conduct that research.

Even if we did not want to deploy a central bank digital currency, we should want to know what the other 130 countries that are deploying central bank digital currencies are doing. We should yearn to understand it. We should be exploring the potential of a digital dollar to serve as an alternative to existing forms of payment and have benefits including instant payment settlement, provide a medium for cross-border transactions, and for greater financial inclusion.

Madam Chair, I urge my colleagues on both sides of the aisle to vote against this wrongheaded bill.

Mr. MCHENRY. Madam Chair, I yield 2 minutes to the gentleman from Arkansas (Mr. HILL), the chairman of the Subcommittee on Digital Assets, Financial Technology and Inclusion, who had a great victory yesterday with 71 Democrats voting for his bill.

Mr. HILL. Madam Chair, I rise in support of the Central Bank Anti-Surveillance State Act.

The Constitution and the Federal Reserve Act of 1913 create the foundation of our money and our economic policy in this country. Article I, Section 8, of the Constitution states that only Con-

gress has the authority to coin money and regulate the value of such money.

Today, Congress is exercising its Article I authority to state clearly that the Federal Reserve does not have the authority to create a central bank digital currency.

This shouldn't be controversial. It shouldn't be partisan. We know that is the case. We will see how the vote falls today, Madam Chair, but this legislation is necessary, as you have heard this morning, because we live in a world where government can abuse the tools that they have.

As noted by the whip, Canadian Prime Minister Justin Trudeau was freezing bank accounts of people protesting COVID-19 restrictions in his country. We read reports from the Select Subcommittee on the Weaponization of the Federal Government of how FinCEN, a bureau of the Treasury Department, pressured banks to screen private transactions of their customers for words like "MAGA" or "Trump" on behalf of Federal law enforcement.

Is that really the country we want to live in? They even tracked people, according to that subcommittee, if you shopped at Bass Pro Shops. I shop at Bass Pro Shops all the time in my district.

This kind of Big Brother-style surveillance of our financial lives by the government is alarming to Americans because it represents the political targeting of citizens in this country.

We don't need a retail central bank digital currency. We have a payment system that can capitalize on the private sector. For example, private sector payment stablecoins are a terrific innovation that will become a ubiquitous way for people to transact and expand and enhance the dollar dominance of our currency around the world.

Madam Chair, a vote for this bill is to vote to safeguard our freedom, protect our privacy, and preserve the integrity of our financial system.

I urge a "yes" vote.

Ms. WATERS. Madam Chair, I yield myself such time as I may consume.

I am surprised by my friend Representative FRENCH HILL. Representatives FRENCH HILL and BILL FOSTER sent Fed Chair Jay Powell a letter on CBDCs stating:

The Federal Reserve, as the central bank of the United States, has the ability and the natural role to develop a national digital currency.

With the potential for digital currencies to further take on the characteristics and utility of paper money, it may become increasingly imperative that the Federal Reserve take up the project of developing a U.S. dollar digital currency.

We are concerned that the primacy of the U.S. dollar could be in long-term jeopardy from wide adoption of digital fiat currencies.

Relying on the private sector to develop digital currencies carries its own risks, including loss of control of monetary policy, as well as the ability to implement and enforce effective anti-money laundering and counterterrorism financing.

Madam Chair, I yield 5 minutes to the gentleman from California (Mr. SHERMAN), who is also the ranking member of the Subcommittee on Capital Markets.

Mr. SHERMAN. Madam Chair, today the gross hypocrisy of crypto advocates is exposed. For several years, they were screaming: Don't touch crypto because it is innovative, and innovation is wonderful, and innovation shouldn't be stopped and if we don't innovate other countries will.

Today, the crypto forces bring a bill up that has one purpose: to block innovation.

Why do we block innovation? Because there might be a competitive payment system to the crypto payment system. In other words, the crypto bros need to innovate and create a better payment system, and if they face competition, we need a law to stop them.

This is a bad bill if it did what the authors say it will do. What it will actually do is hard to know because of how poorly drafted it is.

It bans a central bank digital currency or anything that comes close to one or anything that is substantially similar. The bill itself is a word salad of antigovernment and pro-crypto buzz words.

How does it define this digital currency that it prohibits? It simply says digital money is a direct liability of the Federal Reserve system.

Well, all our money is a direct liability to the Federal Reserve system. It bans that, presumably, if it is electronic, so it bans 20th century technology.

When the Fed buys \$100 million of Treasury bills from a large bank, do you think that they put it all in armored cars and send it to J.P. Morgan? No, it is electronic. They are paying for it with a digital liability, a direct liability of the Federal Reserve system.

This bill, as it is written, not as it is oratorically described, would require hundreds of thousands of armored cars if we are going to do the business that we have been doing since the 20th century.

I would ask any judge interpreting this bill to keep in mind not the words in the bill, because that would stop 20th century technology and all of our major financial transactions, but the purposes of the authors.

What is the purpose? The purpose is that we should not have an electronic payment system that does not achieve two purposes: Number one, the crypto bros must make a profit; and number two, it has to be a system that is effective for drug dealers and tax evaders.

□ 1200

Judges interpreting this word salad that calls itself a bill should keep those two objectives in mind.

Then we are told that we need a new payment system in this country so the government cannot freeze bank accounts because Canada froze bank accounts of anti-vax truckers. I have no

idea whether Canada should have frozen those bank accounts, but I do know this: If because Canada froze bank accounts of anti-vax truckers, we should have a payment system that makes it impossible for the American Government to freeze the bank accounts of convicted tax evaders, convicted drug dealers, and convicted charlatans. Then we enter into a new world that I call patriotic anarchism, the folks who demand that America be strong and that the government be totally defanged and inept and unable to do anything.

It is a wonderful world. You can believe in a strong America without an American Government or an American Government unable to freeze the bank accounts of convicted murderers. You want a strong America but not a government that is able to do that.

Now, this world of a surveillance state if we had a central bank digital currency, keep in mind the use of that currency is entirely voluntarily just as the use of a credit card is voluntary. If you use a credit card to buy a gun and then you kill somebody, there is a record. You are also free to use cash.

Cash has some disadvantages. In the example I just gave, those disadvantages are not apparent, but those disadvantages include that it is not electronic, that it is bulky, and that if you have over \$10,000 you want to deposit in bank, a report is made.

The Acting CHAIR (Ms. MALOY). The time of the gentleman has expired.

Ms. WATERS. Madam Chair, I yield the gentleman from California an additional 1 minute.

Mr. SHERMAN. Madam Chair, we have a bill, which if it is interpreted as written, blocks the American economy the way it operates today and has for decades and would create lots of American jobs building those armored cars because the Fed would have to deal with nonelectronic transactions.

If it is interpreted as intended, it is designed to create a world in which the American Government cannot conduct a criminal investigation that follows the money, and if someone is convicted, their bank accounts cannot be frozen because we have a new payment system without bank accounts that are not subject to being frozen.

Vote against this bill because of what is in it. Vote against this bill because of what they wanted to put in it and hoped to put in it but didn't.

Mr. MCHENRY. Madam Chair, in responding to the gentleman's arguments, I don't know where to begin. The civil liberties protections in the United States are evident. We have a court of law. We have a provision for law enforcement to go after bad actors. This bill has nothing to do with this. It is a direct question of whether or not the Federal Reserve should be able to track your money without having to go to the courts, just evident in the technology.

I yield 2 minutes to the gentleman from Ohio (Mr. DAVIDSON), the vice

chair of the Digital Assets Subcommittee and the chair of the Housing and Insurance Subcommittee on the Financial Services Committee. The gentleman is a great leader in digital assets and a thoughtful member of the committee.

Mr. DAVIDSON. Madam Chair, I rise in strong support of banning central bank digital currency. Why do we do this? As Congressman HILL pointed out, Congress clearly has the Article I authority under the United States Constitution over money, and we should exert that.

In the absence of exerting that with respect to central bank digital currency, the Federal Reserve is plowing right ahead. They are actively hiring programmers to write code to develop a central bank digital currency. To have colleagues say: Oh, well, they won't turn it on, to me is equivalent to having the Empire in Star Wars build the Death Star but promising not to turn it on.

Once it exists, it poses a threat, and they are not responding to Congress right now. They are not. They are not listening to our values that are reflected in our Constitution to protect our civil liberties. In fact, our colleagues are encouraging them not to. They are saying in their own words: Oh, we have to be more like China.

The version of central bank digital currency, the version that Project Hamilton is embracing, is the same version China is developing, and it is being developed all over the world with more than 100 countries looking at implementing a central bank digital currency all under the same model that the Bank for International Settlements, the central bank for the central bankers in Switzerland, is proposing, and it is the same creepy surveillance tool that the Chinese Communist Party is using, which is centrally managed, centrally filtered.

What definition is used here? Well, I am not sure that we could gather that from Mr. SHERMAN's comments, but it is the same definition that was used on March 9 in 2022 when the Biden administration released Executive Order 14067. The definition of H.R. 5403, this bill, is the same definition that we are addressing chosen by the Biden administration.

We want to ban that.

The Acting CHAIR. The time of the gentleman has expired.

Mr. MCHENRY. Madam Chair, I yield the gentleman an additional 1 minute.

Mr. DAVIDSON. Madam Chair, we don't want to ban that just to establish it. We want to ban the development of it.

Another fallacy that they point out though is that this would turn off research. No, by all means, study it, find all the problems with it, and make sure that the people know: Don't go down this path.

That is the point of this bill.

If Congress uses Article I authority to subsequently set the parameters, as

is our constitutional obligation, we could do that with a subsequent bill. The reality is, the Federal Reserve is not responding to dialogue. They need to respond to a law.

Ms. WATERS. Madam Chair, I yield 1 minute to the gentleman from Massachusetts (Mr. AUCHINCLOSS).

Mr. AUCHINCLOSS. Madam Chair, the Framers of the Constitution understood the importance of a strong and stable national currency, which is why Article I, Section 8, grants Congress the exclusive power to coin money and regulate its value.

Congress must not forfeit this power to the Federal Reserve or the Department of Treasury when it comes to issuing a CBDC. CBDCs are digital liabilities issued by a central bank and made available to the public.

My bill, the Power of the Mint Act, which I introduced alongside my Republican colleague and chair of the Digital Assets Subcommittee, Congressman HILL, would prohibit the issuance of a CBDC without authorization from Congress. The Rules Committee, though, controlled by Republicans, refused to consider my amendment, which would have made the text of the Power of the Mint Act the base text of this bill.

Instead of voting on a bipartisan bill that I am confident would have secured a robust majority and achieved functionally similar ends, we are voting on one now that was thrown together haphazardly, ignoring the advice of legislative counsel, and combining our bills with no regard for duplicative sections. It was voted out of committee on a party-line vote.

I urge my colleagues to vote "no" on this legislation.

Mr. MCHENRY. Madam Chair, I yield 1 minute to the gentleman from Pennsylvania (Mr. PERRY).

Mr. PERRY. Madam Chair, I thank the chairman of the committee for yielding. In a rarity of Congress, the title of this bill actually reflects both the content and the gravity of the subject at hand.

Many of my constituents, my bosses, were rightfully concerned when the President's administration announced its intention to surveil their pocketbooks over transactions as low as \$600.

A central bank digital currency would be infinitely worse. It would give the government unprecedented visibility and control into Americans' transactions.

What does that mean in practice?

It means that it is much easier to track purchases of things that the government doesn't like, like firearms or other items disapproved by the government. It is much easier for the government to shut down dissenting voices, and it is much easier for the government to control Americans.

Now people on the other side say: Well, that would never happen. It would never happen that the government would tell you what kind of car you have to buy because they are not

going to make any others. The government would never tell you what kind of stove you cannot buy. That would never happen either.

We should learn the lessons from the oppressed citizens everywhere from Canada to the communist Chinese before it is too late. I urge adoption.

Ms. WATERS. Madam Chair, I yield 2 minutes to the gentleman from Connecticut (Mr. HIMES) who is also the ranking member of the Permanent Select Committee on Intelligence.

Mr. HIMES. Madam Chair, wow, the oppressed citizens of Canada, really? We have gone into conspiracy world here in what was otherwise a trajectory of remarkable bipartisan work on this new strange world of cryptocurrency and crypto assets. Now we are talking about the oppressed citizens of Canada, the surveillance state. They are going tell you what their cars and appliances are doing.

I guess we can't do too much bipartisanship before we have to revert to the madness of conspiracy theories.

Madam Chair, why did we do what we did yesterday with FIT21? It split my party. There were people of good will on both sides of that.

The reason a number of Democrats, including myself, supported FIT21, which was not our preferred bill, was because in the context of the possibility of innovation, you open options. We don't know what this stuff is going to look like 5 or 10 years from now, so we open options. That is why we did what we did yesterday.

Today, because of conspiracy world, we are closing options.

Now I don't know what a CBDC might look like 5 or 10 years from now. I suspect having written a white paper on it, that there might be a portion of the population that instead of using Joe's stablecoin might actually value a stablecoin that was backed by the full faith and credit.

I don't know and you don't know, so let's keep our options open. Let's allow for the possibility and research that, by the way, every other country out there, like the United Kingdom—not China but the United Kingdom—is doing, to see if we can open the path for innovation. Let's not close it.

I hear China, China, China. Guess what, we do contract law and police services and public safety radically different than China does, so don't scare us with China.

We can do this right. Let's just not in the context of innovation foreclose an option. Please vote against this bill, which is an anti-innovation bill.

Mr. MCHENRY. Mr. Chair, I yield 2 minutes to the gentleman from Texas (Mr. SELF).

Mr. SELF. Mr. Chair, I rise in support of the CBDC Anti-Surveillance State Act.

We must prohibit the Federal Reserve from issuing this currency. If you don't want to talk about China, let's talk about the United States. Mr. Chair, we just spent months debating

the Fourth Amendment is Not for Sale Act and the FISA reauthorization. The central debate surrounding these two bills was government surveillance of our citizens.

Throughout my time in Congress, I have fought to protect Americans from unconstitutional surveillance right here in America. This bill is another tool to protect our citizens' rights.

Mr. Chair, we don't have to guess what would be the use of this CBDC. We have witnessed various United States Government agencies from the IRS to the FBI targeting conservatives for their beliefs. Do you want your Buc-ee's coffee or your monthly mortgage payment or the ammo you purchase for your hunting trip to be visible to the Federal Government? I suggest not.

We must continue to fight back against the continuing and obvious weaponization of the Federal Government and prevent the creation of a central bank digital currency.

Mr. Chair, this could be the final step toward absolute and total surveillance by the Federal Government.

I urge my colleagues to support the freedom of Americans and vote for the underlying bill.

Ms. WATERS. Mr. Chair, the bill's sponsor has warned that a U.S. CBDC would mirror the surveillance tactics that are baked into the Chinese CBDC without explaining why the United States would ever choose to design its CBDC in a manner that mimics Chinese surveillance.

Privacy protections can be incorporated from the earliest development stages of a CBDC. This is what other privacy-focused jurisdictions have been doing with their CBDC development, like the European Union, because their constituents care about privacy, too.

□ 1215

In fact, research from the Atlantic Council has noted that CBDCs can be designed in a way that offer cash-like privacy through the use of zero-knowledge proofs, encryption, and other design features where a payment validator processes transactions but does not learn the identities of those involved without the permission of the parties.

Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, may I inquire as to the time remaining on both sides.

The Acting CHAIR (Mr. PERRY). The gentleman from North Carolina has 14½ minutes remaining. The gentleman from California has 6 minutes remaining.

Mr. MCHENRY. Mr. Chair, I yield 1½ minutes to the gentlewoman from Georgia (Ms. GREENE).

Ms. GREENE of Georgia. Mr. Chair, I rise in support of the CBDC Anti-Surveillance State Act. This would prohibit unelected bureaucrats at the Federal Reserve from issuing a central bank digital currency that would de-

stroy Americans' rights to financial privacy.

CBDCs are a digital form of sovereign currency designed and issued by the Federal Government and recorded on a ledger controlled by the Federal Government. In other words, if a political enemy of the deep state or, say, a Democratic regime says or does something that is not approved, the government could prohibit them from using their digital government-controlled financial assets or simply take them away. We are talking about Americans' money.

Never forget that, in the past few years, we just lived through a time—and Americans are very aware of it—where the government forced social media to censor Americans for their statements about the 2020 election, unconstitutional COVID lockdowns, and violations of Americans' medical freedoms, forcing them to take an experimental vaccine in order to work, go to school, shop, go to restaurants, and live.

Government tracking Americans on keywords like "MAGA" or "Trump" or Americans who care about their Second Amendment rights has also been something that has happened in the past few years and is still happening.

The very idea of our government controlling our money with the ability to turn it off whenever they see fit is terrifying.

Mr. Chair, I support this bill, and I urge my colleagues to support it.

Ms. WATERS. Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, I yield 1 minute to the gentlewoman from Utah (Ms. MALOY).

Ms. MALOY. Mr. Chair, I rise to support the passage of H.R. 5403, the CBDC Anti-Surveillance State Act, which I cosponsor.

If improperly implemented, a CBDC can compete with private financial intermediaries, undermine long-term investment, invite more regulation into nearly every economic institution, and open the American people to Chinese-style government surveillance.

This is one of the reasons that the Utah Legislature this year passed a bill to block CBDC from being recognized as legal tender.

This is an issue that Americans are concerned about, particularly people in my State that I represent. We don't need to be more like China. Americans demand the right to participate in the economy without giving up our privacy.

We have to protect Americans' right to financial privacy. That is why this bill forbids the Federal Reserve from issuing CBDCs without specific congressional authorization. That is us protecting our own authority. It prohibits the Federal Reserve from using a CBDC as a tool to take full control of the U.S. economy through monetary policy, something Americans won't stand for. Finally, it protects the privacy of coins and bills, ensuring that

they remain open, permissionless, and private. Those three things are essential.

Rarely do the credit unions, banks, and Utah Legislature agree on anything. That is a sign that we should support this.

Ms. WATERS. Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, I yield 1 minute to the gentleman from Texas (Mr. WILLIAMS), the chair of the Small Business Committee and a great leader for business in America, capitalism, and freedom.

Mr. WILLIAMS of Texas. Mr. Chair, I rise today in support of H.R. 5403, the CBDC Anti-Surveillance State Act.

This necessary legislation would prevent the Federal Reserve from issuing a central bank digital currency to individuals directly or indirectly through a financial institution. This bill also prohibits the Fed from using a CBDC as a tool to implement monetary policy and control the economy.

Around the world, governments have weaponized central bank digital currencies to track the spending habits of their citizens. In China, the CCP uses CBDC to track spending of their citizens and created a social credit system, which punishes individuals based on their spending and behavior. We cannot allow this kind of surveillance to be imposed on American citizens.

The issuance of a CBDC by the Federal Government would lead to decreased competition as the Federal Government would then be in direct competition with banks. This is antibusiness for the benefit of Big Government. A government-controlled CBDC is an attack on Americans' privacy and free-market competitiveness.

Mr. Chair, I urge all of my colleagues to support H.R. 5403. In God we trust.

Ms. WATERS. Mr. Chair, I yield myself such time as I may consume.

Mr. Chair, I am struck by the way Republicans have so quickly changed their tune on how we should be promoting innovation. Here are just a couple of quotes from Republicans from the debate just yesterday.

Representative DAVIDSON: "For too long, we have pushed innovation and investment in digital asset projects overseas. . . . We finally have the chance to end this trend and solidify ourselves as the leaders in this industry."

Mr. MCHENRY: "We are falling behind Europe. This bill catches us up so that we do not lose out on innovation policy to the Europeans, to the folks in the U.K., to Singapore, to Japan, to Hong Kong, that all have regimes similar to what we are doing in this bill. . . . The next generation of internet technology is being written. It should be written by American innovators here in the United States. We can allow that innovation to pass us by, or we can seize the opportunity."

The double standard is simply stunning.

Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, I will note for the record a couple of key things.

Number one, this is private-sector innovation. That was yesterday's bill. Two-thirds of the House spoke in favor of private-sector innovation for digital assets. I know the ranking member of the committee did not, but we had 71 of her Democratic colleagues vote with almost all the Republicans yesterday for private-sector innovation on digital assets. I know she did not.

Today, what they want to do is have public-sector innovation. The regimes I spoke of yesterday, fostering private-sector innovation, are not going down the route of central bank digital currency. I want to note that for the record.

Mr. Chair, I yield 1 minute to the gentleman from Oklahoma (Mr. LUCAS), the chair of the Science Committee and a great leader on the Financial Services Committee.

Mr. LUCAS. Mr. Chair, I thank Chairman MCHENRY and Whip EMMER for being leaders on digital asset policy and specifically for this legislation preventing a Federal Reserve bank from offering central bank digital currency to an individual.

As advances in technology drive changes in the payments landscape, it is the responsibility of Congress to foster innovations while protecting consumers. Today, a Federal Reserve note, physical currency, is the only kind of central bank money available to the public, but a CBDC would be a new form of money, a digital dollar, which raises significant financial stability, privacy, and consumer protection concerns.

This legislation clarifies that the Fed cannot offer direct products or services, or maintain accounts on behalf of an individual, and specifies the congressional authorities needed for the Fed to set up a CBDC.

During the past 15 years, Congress has transferred a significant amount of authority to the Federal Reserve. In the case of a CBDC, congressional approval is essential before embarking on transformative policy changes with broad implications.

Mr. Chair, I thank Mr. EMMER and Mr. MCHENRY for offering this legislation.

Ms. WATERS. Mr. Chair, I yield myself such time as I may consume.

Mr. Chair, if privacy is the main concern motivating the supporters of this bill, then it is wholly unclear why the bill would ban wholesale CBDCs, which do not pose privacy concerns because they would not be used by consumers at all. They would be used by banks and other institutions to reduce transaction costs and improve payment speed in cross-border transactions with other institutions.

For these reasons, it was the American Bankers Association that advocated for the exclusion of wholesale CBDCs from this bill when it was marked up by our committee.

Supporters of this bill can't explain to the American people why a prohibi-

tion on a wholesale CBDC would protect their privacy so they resort to baseless fearmongering.

Mr. Chair, I yield 30 seconds to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Chair, we are told to reject this because China is doing this. In China, they drink orange juice. Should we prohibit orange juice? Not everything that happens in China needs to be banned by statute in this Congress.

We are told we need to protect privacy, but this bill does not require anybody to use a digital currency. You are still going to have cash. You are still going to have a credit card. It is just one more option.

You may say the use of the credit card doesn't give you privacy because my wife then finds out I spent too much on a tie. So what do I do? I spend cash. You are going to have debit cards, credit cards, cash, and maybe a digital currency. If you want it to be private, don't use it. It is not mandatory.

Mr. MCHENRY. Mr. Chair, I would note for the record that bow ties are cheaper than the long ties. I suggest the same to the gentleman.

Mr. Chair, I yield 1 minute to the gentleman from Michigan (Mr. HUIZENGA), the chair of the Oversight and Investigations Subcommittee of the Financial Services Committee.

Mr. HUIZENGA. Mr. Chair, last Congress, as a member of the Digital Assets Working Group, we established clear principles on how any proposed CBDC proposal should be evaluated.

First, the U.S. dollar must remain the world's reserve currency, and our payment systems must continue to be the envy of the world. American taxpayers should benefit, not be disadvantaged, by any legislation that Congress enacts.

Second, the private sector must lead the way. Digital asset policies must promote private-sector innovation and foster competition. That is what the bill was about yesterday, Mr. Chair.

Further, we must maintain privacy and security protections consistent with other currency transactions utilized today. That is in danger, based on what the Fed is proposing.

Lastly, it should come as no surprise that many Americans view a Fed-developed central bank digital currency with great skepticism, and I include myself in that category. Congress has not granted the Fed this authority, nor should it.

Ms. WATERS. Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, I yield 1 minute to the gentleman from Nebraska (Mr. FLOOD), a leader in digital assets.

Mr. FLOOD. Mr. Chair, this bill is necessary because a retail central bank digital currency would be a terrifying and powerful tool in the hands of any government entity.

I would like everybody in this Chamber to think and picture the politician

they dislike the most in their mind. Now, imagine that person and all the ill intentions you ascribe to them with the power to monitor, restrict, or even halt the financial transactions of their political opponents.

It is actually a horrifying thought, and it cuts to the core of why we need to reject a retail CBDC in this country.

Some of my colleagues across the aisle claim that arguments like this are alarmist. However, they fail to realize that once a CBDC is built, even if it was built with good intentions, it will endure through every political twist and turn our country has ahead, for better or for worse.

President Reagan famously said, freedom “is never more than one generation away from extinction.” If we issue a retail CBDC in this country, freedom would never be more than one election away from extinction.

Mr. Chair, I urge my colleagues to support this bill.

□ 1230

Ms. WATERS. Mr. Chair, according to an analysis written by Jaret Seiberg with TD Cowen, published today, May 23, 2024:

We do see risk in the House looking today to pass a related bill that would ban the United States from launching a digital dollar.

We view such a ban as negative for the global dominance of U.S. banks and for the global role of the U.S. dollar. This is because the ban would apply to wholesale, as well as consumer use. That could give the euro or other currencies that are digitized an edge in being used for global trade as stablecoin digital dollars could lose value if there is a redemption run, while a digital euro would not face that threat.

Mr. Chair, I reserve the balance of my time.

Mr. MCHENRY. Mr. Chair, I am prepared to close, and I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I yield myself the balance of my time to close.

Mr. Chair, yesterday, we debated a Republican bill that would substantially deregulate the crypto industry, allowing most crypto to operate without a primary regulator and with virtually no regulation. Where was the concern about a consumer’s privacy then?

Just yesterday, Republicans threw all of the existing protections for consumers, including privacy, out the window in the name of so-called crypto innovation and U.S. competitiveness. When it comes to the one crypto innovation that could impact our national security interests and economy, my colleagues want to stop that innovation in its tracks.

There is simply no reason to unilaterally tie our own hands in this respect and risk undermining the primacy of the U.S. dollar in the process, and it would be harmful to every American to make it harder for the Federal Reserve to combat inflation.

The stakes with this bill are incredibly high. The strength of the United

States dollar, our ability to innovate and compete globally, our ability to impose sanctions and protect our interests abroad, and our ability to stop inflation are all well on the line.

Mr. Chair, I certainly urge a “no” vote on this bill, H.R. 5403, and I yield back the balance of my time.

Mr. MCHENRY. Mr. Chairman, I yield myself the balance of my time to close.

Mr. Chairman, I want to reiterate that this bill protects Americans’ rights to financial privacy. That is the core of this.

It was my hope that this bill would be the base text for an amendment process by which we get my Democratic colleagues and committee to agree with that principle. Nonetheless, we have brought this bill to the floor. It ensures Congress, not the current or future administration, retains authority over any potential central bank digital currency.

This is Congress making a statement. We have the commitment. The current chair of the Federal Reserve says we will not have a consumer-facing central bank digital currency under his tenure in the Federal Reserve. That is the commitment of the current chair. That is not a commitment from the Federal Reserve.

We have a legal ruling that says that, for this to be a consumer-facing central bank digital currency, the Fed would have to come back to Congress to ask for those authorities.

Secretary Yellen, today, in news reports, says that it is indeed the case, in her view, that the Fed would have to come back to Congress to ask for authorities for central bank digital currency.

We are making an affirmative stance and statement as a Congress that that is not just the opinion of the current chair of the Federal Reserve and the current Secretary of the Treasury, but the stance of the United States Government and the United States Congress.

It is important that we recognize civil liberties are highly important, and our system in the United States is different than every system around the globe in protecting individuals’ civil liberties from governmental encroachment. We should all agree that a central bank digital currency should reflect American values of privacy, individual sovereignty, and free market competitiveness.

Mr. Chair, I urge my colleagues to support this bill. It is a very important statement for us, just like the important statement we made yesterday when 71 of my Democratic colleagues voted with almost all the Republicans to put forward a regulatory framework for digital assets and cryptocurrency.

It was a great bipartisan outcome with a huge number of Democratic support, even though the administration said they don’t want the bill, and even though the minority leader voted against us, and even though the ranking member on Financial Services

whipped hard against the bill. We had 71 of my Democratic colleagues who saw innovation and consumer protection were at the core of that piece of legislation, and my colleagues voted in favor of it.

It is my hope today that the minority will see that we need civil liberties protections from any governmental encroachment in the financial realm, and I hope we can make a nice bipartisan statement today, as well.

Mr. Chair, I urge the adoption of this bill, and I yield back the balance of my time.

The Acting CHAIR (Mr. WEBER of Texas). All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

The amendment in the nature of a substitute recommended by the Committee on Financial Services, printed in the bill, shall be considered as adopted. The bill, as amended, shall be considered as the original bill for the purpose of further amendment under the 5-minute rule, and shall be considered as read.

The text of the bill, as amended, is as follows:

H.R. 5403

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “CBDC Anti-Surveillance State Act”.

SEC. 2. PROHIBITION ON FEDERAL RESERVE BANKS RELATING TO CERTAIN PRODUCTS OR SERVICES FOR INDIVIDUALS AND PROHIBITION ON DIRECTLY ISSUING A CENTRAL BANK DIGITAL CURRENCY.

Section 16 of the Federal Reserve Act is amended by adding at the end the following new paragraph:

“(18) A Federal reserve bank shall not—
“(A) offer products or services directly to an individual;

“(B) maintain an account on behalf of an individual; or

“(C) issue a central bank digital currency, or any digital asset that is substantially similar under any other name or label, directly to an individual.”.

SEC. 3. PROHIBITION ON FEDERAL RESERVE BANKS INDIRECTLY ISSUING A CENTRAL BANK DIGITAL CURRENCY.

Section 16 of the Federal Reserve Act, as amended by section 2, is further amended by adding at the end the following new paragraph:

“(19)(A) A Federal reserve bank shall not offer a central bank digital currency, or any digital asset that is substantially similar under any other name or label, indirectly to an individual through a financial institution or other intermediary.

“(B) Subparagraph (A) may not be construed to prohibit any dollar-denominated currency that is open, permissionless, and private, and fully preserves the privacy protections of United States coins and physical currency.”.

SEC. 4. PROHIBITION ON THE USE OF CENTRAL BANK DIGITAL CURRENCY FOR MONETARY POLICY.

Section 16 of the Federal Reserve Act, as amended by section 3, is further amended by adding at the end the following new paragraph:

“(20) PROHIBITION ON THE USE OF CENTRAL BANK DIGITAL CURRENCY FOR MONETARY POLICY.—The Board of Governors of the Federal Reserve System and the Federal Open Market

Committee shall not use any central bank digital currency, or any digital asset that is substantially similar under any other name or label, to implement monetary policy.”.

SEC. 5. CENTRAL BANK DIGITAL CURRENCY.

(a) *IN GENERAL.*—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 16 the following:

“SEC. 16A. CENTRAL BANK DIGITAL CURRENCY.

“(a) *IN GENERAL.*—The Board of Governors of the Federal Reserve System may not, absent Congressional authorization, issue a central bank digital currency.

“(b) *CENTRAL BANK DIGITAL CURRENCY DEFINED.*—In this section, the term ‘central bank digital currency’ means a form of digital money or monetary value, denominated in the national unit of account, that is a direct liability of the Federal Reserve System.”.

(b) *TREASURY.*—Chapter 3 of subtitle 1 of title 31 of the United States Code is amended by inserting after section 316 the following:

“SEC. 317. CENTRAL BANK DIGITAL CURRENCY.

“(a) *IN GENERAL.*—The Secretary of the Treasury may not, absent Congressional authorization, direct the Board of Governors of the Federal Reserve System to issue a central bank digital currency.

“(b) *CENTRAL BANK DIGITAL CURRENCY DEFINED.*—In this section, the term ‘central bank digital currency’ means a form of digital money or monetary value, denominated in the national unit of account, that is a direct liability of the central bank.”.

SEC. 6. PROTECTION FOR OPEN, PERMISSIONLESS, AND PRIVATE CURRENCY.

This Act and the amendments made by this Act shall not apply to any dollar-denominated currency that is open, permissionless, and private, and fully preserves the privacy protections of United States coins and physical currency.”

The Acting CHAIR. No further amendment to the bill, as amended, shall be in order except those printed in part C of House Report 118–516. Each such further amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. OGLES

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in part C of House Report 118–516.

Mr. OGLES. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

SEC. 7. SENSE OF CONGRESS.

It is the sense of Congress that the Board of Governors of the Federal Reserve System should not be permitted to develop, create, or implement a central bank digital currency, or use any such tool to implement monetary policy.

The Acting CHAIR. Pursuant to House Resolution 1243, the gentleman from Tennessee (Mr. OGLES) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Tennessee.

Mr. OGLES. Mr. Chair, my amendment adds the sense of Congress that

the Board of Governors of the Federal Reserve System should not be permitted to develop, create, or implement a central bank digital currency or use any such tool to implement monetary policy.

A major concern surrounding a government-run CBDC is the potential for the government to block transactions and exert control over people's finances. Not only that, but it would give the Federal Government unprecedented power to intervene in private transactions, deciding who can buy and sell and what they can buy and sell.

It would also give the government unprecedented access to information about their daily lives. The government could keep a record of every transaction.

Mr. Chairman, I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I claim the time in opposition.

The Acting CHAIR. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Mr. Chair, I oppose this amendment, which doubles down on the Republican efforts to prohibit CBDCs, which, if Republicans read their own bill, is already prohibited in the bill.

This sense of Congress only causes further confusion on how the bill should be interpreted as a whole by duplicating things that are already in the bill by wording them in a slightly different manner.

Experts from Atlantic Council have warned that: “If this bill ever became law, the United States would be the only country in the world to have banned CBDCs. It would be a self-defeating move in the race for the future of money. It would undercut the national security role of the dollar as the decision would only accelerate other countries’ development of alternative payment systems that look to bypass the dollar in cross-border transactions. This would make U.S. sanctions less effective.”

Mr. Chairman, I urge Members to oppose this amendment, and I reserve the balance of my time.

Mr. OGLES. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas (Mr. HILL).

Mr. HILL. Mr. Chairman, I thank the gentleman from Tennessee (Mr. OGLES) for yielding the time.

Mr. Chair, I rise in support of Mr. OGLES’ commonsense resolution.

Yes, it doubles down on the views of Congress in this bill, no doubt. The underlying bill already prohibits the use of a central bank digital currency to implement monetary policy.

However, this sense of Congress further clarifies our intent. As Chairman MCHENRY just noted, the Federal Reserve is not permitted to develop, create, or implement a CBDC or to use a CBDC to implement monetary policy without authorization of Congress. Part of the reason we are here is due to the Fed officials having been ambig-

uous or noncommittal as to public statements related to their legal authorities under the Federal Reserve Act as it relates to a CBDC.

I agree with Mr. MCHENRY that certainly this Chairman, Jay Powell, has been quite clear to our committee that issuing a retail CBDC is not something he could do without an authorization of Congress.

That is why I think reiterating it in this resolution is an important step. I commend the gentleman from Tennessee for bringing this amendment. I hope all our colleagues on both sides of the aisle will support it and the underlying bill.

Ms. WATERS. Mr. Chairman, Republicans are focused on the bill’s prohibition on CBDCs, but according to the nonpartisan CBO: “The bill’s prohibition on the Federal Reserve’s use or issuance of a central bank digital currency could apply to bank reserves, which are a unit of value and a liability of the Federal Reserve.”

As the CBO also acknowledges, bank reserves are a primary tool for the Fed in conducting monetary policy. Prohibiting the Fed from holding bank reserves could very well take us backward, erasing all progress that the Fed has made so far in reducing inflation and achieving a soft landing. A vote for this bill is a vote for higher inflation and economic uncertainty.

Mr. Chairman, I reserve the balance of my time.

Mr. OGLES. Mr. Chairman, there is a reason that China, under the rule of the totalitarian Chinese Communist Party, has the most developed CBDC program. It is about control. Their CBDC enables them to combine intrusive monitoring of the public and control their lives with their Orwellian social credit scores.

Take what Canada did by cutting off money for the truckers. Look at what China is doing. If we go down this path, we are heading toward an Orwellian nightmare.

My sense of Congress doubles down on the fact that the greenback is the reserve currency of the world. A CBDC undermines that, and it should not be pursued.

Mr. Chair, I reserve the balance of my time.

Ms. WATERS. Mr. Chairman, this bill is opposed by the following organizations: Americans for Financial Reform, Demand Progress, Public Citizen, and Take on Wall Street.

Mr. Chair, I reserve the balance of my time.

Mr. OGLES. Mr. Chairman, my amendment is simple, because it underscores that the Federal Reserve should not move forward with implementing a CBDC or use any policy that would forward that action.

Mr. Chairman, I am prepared to close, and I reserve the balance of my time.

Ms. WATERS. Mr. Chair, in closing, I urge my colleagues to oppose this amendment and the underlying bill,

and I yield back the balance of my time.

Mr. OGLES. Mr. Chairman, I urge adoption of my amendment. It is clear. It is concise. It is simple. It is just good policy.

Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Tennessee (Mr. OGLES).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Tennessee will be postponed.

□ 1245

AMENDMENT NO. 2 OFFERED BY MR. MOONEY

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in part C of House Report 118-516.

Mr. MOONEY. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

SEC. 7. PROHIBITION ON CENTRAL BANK DIGITAL CURRENCY TESTING.

Section 16A of the Federal Reserve Act, as added by section 5, is amended by adding at the end the following:

“(C) PROHIBITION ON CENTRAL BANK DIGITAL CURRENCY TESTING.—Unless authorized by an Act of Congress enacted after the date of the enactment of this Act, the Board of Governors of the Federal Reserve System and the Federal reserve banks may not establish, carry out, or approve a program intended to test the practicability of issuing a central bank digital currency, including by partnering or coordinating with a private sector entity to carry out such a program.”.

The Acting CHAIR. Pursuant to House Resolution 1243, the gentleman from West Virginia (Mr. MOONEY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from West Virginia.

Mr. MOONEY. Mr. Chair, I yield myself such time as I may consume.

Mr. Chair, a central bank digital currency, or digital dollar, represents one of the greatest government surveillance threats of our time, and I am glad this Republican majority is taking it seriously.

House Republicans have been clear that the Federal Reserve does not have the authority to issue a digital dollar without an act of Congress first. It also does not have the ability to build and test one behind the scenes.

My amendment would stop the Federal Reserve's rogue digital dollar experimentation, known as the pilot program loophole, dead in its tracks.

Right now, the Federal Reserve is contracting with the private sector to build digital dollars for the United States far beyond what could be con-

sidered traditional research. Essentially, the Federal Reserve is creating a central bank digital currency to use at a moment's notice.

In Communist China, the digital yuan is being used to spy on its citizens and crack down on prodemocracy dissent. Soon, Chinese citizens will not even have a choice whether or not to use the digital yuan. In America, the Biden administration could use the digital dollar to track your gun purchases, for example.

Chairman Jerome Powell has said the Federal Reserve would not issue a digital dollar without an act of Congress, but doing so as a so-called pilot program is the same thing. That is why my amendment is important, because Congress cannot give an inch when it comes to the central bank digital currency.

My amendment would simply block the Federal Reserve from establishing, carrying out, or approving any program intended to test the feasibility of issuing a digital dollar. If the Federal Government wants to experiment with a surveillance tool that the overwhelming majority of American citizens oppose, that direction must come from a vote in Congress. Make no mistake: Central bank digital currencies are not about innovation. They are about control.

My amendment prevents the Federal Reserve from bypassing the will of the legislative branch by closing the pilot program loophole once and for all, and I urge my colleagues to support it.

Mr. Chair, I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I claim the time in opposition to the amendment.

The Acting CHAIR. The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Mr. Chair, I urge Members to oppose the Mooney amendment, which explicitly bans CBDC pilot programs. Like the last amendment we just considered, this amendment bans something that H.R. 5403 already bans. Oddly, this amendment would exacerbate the confusing drafting in H.R. 5403, by prohibiting something in two places but in slightly different ways.

In fact, all three of these amendments that we are considering for this bill overlap with existing provisions in the underlying bill, which leads me to believe that Republicans simply don't understand what their own bill does.

Let me again try to explain their own bill. This amendment and the bill both prohibit the Fed from conducting a study on how to design a central bank digital currency using a pilot program. In case the public is wondering, the New York Fed is currently conducting a pilot through its New York Innovation Center to test the benefits and drawbacks of a wholesale CBDC in collaboration with U.S. banks and the Monetary Authority of Singapore.

This pilot does not mean that at the end the Fed will issue a CBDC or that Americans will have one. In fact, the

Fed has made it abundantly clear that it wants Congress to authorize it to do so, but how is Congress going to be able to make this decision if we don't have any research as to how a CBDC could be designed that reflects our values?

Again, importantly, to counter misinformation from the other side of the aisle, wholesale CBDCs are not used by individual consumers. They are only used by institutions to transfer funds, so there are no consumer privacy issues with wholesale CBDCs because consumers are not directly involved.

If the point of this bill is to protect consumer privacy, the sponsor should have directed the Fed to ensure that it only tests a CBDC that does that.

Mr. Chair, I urge Members to oppose this harmful amendment and H.R. 5403, and I reserve the balance of my time.

Mr. MOONEY. Mr. Chair, I yield such time as he may consume to the gentleman from Ohio (Mr. DAVIDSON), my colleague.

Mr. DAVIDSON. Mr. Chair, I rise to support Mr. MOONEY's amendment.

The CBDC Anti-Surveillance State Act demonstrates House Republicans' unwavering and thorough conviction that the Federal Reserve must not issue or develop a central bank digital currency without expressed authorization from Congress.

While I support this bill wholeheartedly, I think it can go further with this amendment by being clear. Word weasels want to come up with phrases like pilot. Oh, we are not really doing that.

Yes, you are. The pilot project represents a first step that we could take, and, as you see, the Federal Reserve is spending time and resources building a team, actively hiring and staffing, and outsourcing for this. It is logically consistent that this pilot could be developed to something further.

Mr. MOONEY's amendment will not only remove the CBDC pipeline the Fed is already building, but it will also ensure that any future efforts to test or research CBDC are approved by Congress.

Mr. Chair, I urge all of our colleagues to support this amendment and this bill.

Ms. WATERS. Mr. Chair, it seems that Republicans remain focused on CBDCs when, as I have explained, the CBO has pointed out that the definition of CBDC in this bill can be interpreted to include bank reserves held by the Fed. Bank reserves are used as the settlement funds for interbank transactions that are facilitated by the Fed via its payment systems. This means that prohibiting the Fed's ability to hold bank reserves would make it difficult, if not impossible, to administer these payment systems likely causing a massive disruption to our banking and payment systems.

A vote for this bill is a vote to disrupt our banking systems. Republicans are refusing to acknowledge the broader impacts of this bill to undermine the Fed, disrupt our banking and payment

systems, and risk higher inflation, but the American people should know the truth.

Mr. Chair, I reserve the balance of my time.

Mr. MOONEY. Mr. Chair, I yield back the balance of my time.

Ms. WATERS. Mr. Chair, like the underlying bill, this amendment closes off opportunities for innovation and harming our influence around the world before we have even had a chance to fully study, test, and understand CBDCs.

This bill and amendment represent the wing of the Republican Party that is anti-science and, ironically, scared of the innovation they claim to like. Again, this amendment does not prohibit the issuance of a CBDC; it is prohibiting the research on how CBDCs work.

I can't stress how irresponsible it is for Congress to be passing blanket prohibitions on research based on unwarranted views. I can understand fears about potential outcomes, but I cannot understand fear of research.

Mr. Chair, I urge my colleagues to vote "no" on this amendment and H.R. 5403, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from West Virginia (Mr. MOONEY).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from West Virginia will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. DAVIDSON

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in part C of House Report 118-516.

Mr. DAVIDSON. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, line 10, insert "design, build, develop, establish, or" before "issue".

Page 5, line 22, insert "design, build, develop, establish, or" before "issue".

The Acting CHAIR. Pursuant to House Resolution 1243, the gentleman from Ohio (Mr. DAVIDSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. DAVIDSON. Mr. Chair, I applaud Congressman EMMER's hard work on getting this important piece of legislation to where it is today. I am encouraged that so many of my colleagues like Mr. HILL, Mr. MCHENRY, Mr. HUIZENGA, Mr. BARR, Mrs. WAGNER, and subcommittee chairs on Financial Services are united on this. I wish that extended across the aisle because central bank digital currency is the

creepiest surveillance tool known to man.

Every dystopian fiction out there whether "Brave New World," "1984," what I consider Scriptures, the "Book of Revelation," shows the corruption of money from its proper use as a store of value and a means of exchange into a tool for coercion and control, something that can filter people's access to their own money and their ability to use it in a free society.

Why would we enable it? Everywhere it is depicted as evil. Why would we even tolerate that, but our own government is doing it. Frankly, the underlying text prevents the Federal Reserve from establishing a central bank digital currency, and this amendment is important because we should be clear: We don't want them to design it; we don't want them to build it; we don't want them to do development work on it; and we certainly don't want them to issue it. That authority is reserved for Congress.

There may come a point where our form of money looks different than it does today, but it should always have the characteristics of permissionless peer-to-peer payments like cash. Saying: But cash is one option in the system, doesn't cut it when the whole underlying architecture becomes permissioned, conditioned on your ability to be granted access to your own property from a central government.

This is a bad system, and it is great today for us to have the opportunity to ban it.

Mr. Chair, I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I claim the time in opposition to the amendment.

The Acting CHAIR (Mr. MORAN). The gentlewoman from California is recognized for 5 minutes.

Ms. WATERS. Mr. Chair, with this amendment, my Republican colleagues are really piling on to ensure the Fed is prohibited from even thinking about CBDCs. Yet again, this amendment is not adding anything substantive that isn't already in the bill. Instead, it is making worse the internal drafting inconsistencies in H.R. 5403.

Mr. Chair, I urge Members to oppose this amendment and the underlying bill, and I reserve the balance of my time.

Mr. DAVIDSON. Mr. Chair, the gentlewoman correctly recognizes that we are piling on. We want it to be absolutely clear to the word weasels in the executive branch that try to find a way to scheme and maneuver and even, in spite of Supreme Court rulings, come up with new executive orders whether it is forgiving student debt, launching climate change initiatives, banning bump stocks, pistol braces, warrantless searches, you name it. They have got a way to get past the clear intent of Congress. We want to close every possible venue, absolutely.

Mr. Chair, I reserve the balance of my time.

Ms. WATERS. Mr. Chair, I reserve the balance of my time.

□ 1300

Mr. DAVIDSON. Mr. Chair, I think we have made it clear with the amendments, with our statements, and with the bill text that we need to ban central bank digital currency. Do not let them design, develop, or build a death star only to promise not to turn it on.

We need to prevent the Federal Reserve from doing this. All this should make it clear that that is the clear intent of Congress.

Mr. Chair, I encourage all of our colleagues to unite in support of this bill and this amendment, and I yield back the balance of my time.

Ms. WATERS. Mr. Chair, this amendment, like the underlying bill, is dangerous and rash. It would prohibit the U.S. from even training for a race that has already begun.

Mr. Chair, I urge my colleagues not to cave to baseless fear-mongering. I have already explained in depth how the privacy concerns from Republicans do not align with the actual facts. I simply urge my colleagues to vote "no" on this amendment and the underlying bill, and I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Ohio (Mr. DAVIDSON).

The question was taken; and the Acting Chair announced that the ayes appeared to have it.

Ms. WATERS. Mr. Chair, I demand a recorded vote.

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Ohio will be postponed.

ANNOUNCEMENT BY THE ACTING CHAIR

The Acting CHAIR. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments printed in part C of House Report 118-516 on which further proceedings were postponed, in the following order:

Amendment No. 1 by Mr. OGLES of Tennessee.

Amendment No. 2 by Mr. MOONEY of West Virginia.

Amendment No. 3 by Mr. DAVIDSON of Ohio.

The Chair will reduce to 2 minutes the minimum time for any electronic vote after the first vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. OGLES

The Acting CHAIR. The unfinished business is the demand for a recorded vote on amendment No. 1, printed in part C of House Report 118-516, offered by the gentleman from Tennessee (Mr. OGLES), on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The Acting CHAIR. A recorded vote has been demanded.