



## Texas legislation would create new digital currency backed by gold

### Description

The Lone Star State is preparing to take yet another step to ensure Texans have a stable future as the U.S. economy continues to crater under the current Biden regime and the spend-a-holics on both sides of the aisle in Congress.

Proposed bills in the Texas House and Senate aim to establish a state-issued, gold-backed digital currency, providing an alternative option for individuals to conduct business with sound money.

The move would not only challenge the Federal Reserve's monopoly on money but also create a potential rival to the central bank digital currency (CBDC). If the legislation passes, Texas would join a handful of US states that have taken steps to establish sound money alternatives to the US dollar, the currency info site SchiffGold.com reported.

Senate Bill 2334 (SB2334) was introduced by Sen. Bryan Hughes (R) on March 10, with a companion House Bill 4903 (HB4903) introduced by Rep. Mark Dorazio (R) on the same day. The proposed bills mandate that the state comptroller establishes a digital currency, backed by gold and redeemable in cash or gold, and creates a mechanism to use this currency in daily transactions, the site's report notes further.

"In establishing the digital currency the comptroller shall establish a means to ensure that a person who holds the digital currency may readily transfer or assign the digital currency to any other person by electronic means," states the legislation.

The state would hold gold backing the currency in trust on behalf of the digital currency holders, the site reported.

"The trustee shall maintain enough gold to provide for the redemption in gold of all units of the digital currency that have been issued and are not yet redeemed for money or gold," the legislation notes further.

Individuals in Texas would have the option to purchase digital currency from the state, which would then use the funds to purchase gold to be held in a secure vault like the Texas Bullion Depository. This

gold-backed digital currency would be fully redeemable for cash or gold and could be used in everyday transactions.

A state-issued, gold-backed digital currency would provide an alternative for individuals and businesses to avoid a central bank digital currency (CBDC). Digital currencies are virtual banknotes or coins held in a digital wallet on a computer or smartphone.

Unlike peer-to-peer electronic cash such as Bitcoin, the value of a CBDC is backed and controlled by the government, similar to traditional fiat currency. The push for a CBDC stems from the “war on cash” which seeks to eliminate cash and allow the government to track and potentially control consumer spending.

A gold-backed digital currency would offer an alternative and potentially undermine the Federal Reserve’s monopoly on money, which appears to be the point Texas lawmakers are trying to make since the state has been stockpiling gold for years.

“Nigeria is already trying to get people to accept its CBDC (with a great deal of resistance), and China, India, and the US have all launched pilot programs to test CBDCs,” the SchiffGold report noted, adding a warning:

*Imagine if there was no cash. It would be impossible to hide even the smallest transaction from the government’s eyes. Something as simple as your morning trip to Starbucks wouldn’t be a secret from government officials. As Bloomberg put it in an article published when China launched a digital yuan pilot program in 2020, digital currency “offers China’s authorities a degree of control never possible with physical money.”*

*The government could even “turn off” an individual’s ability to make purchases. Economist Thorsten Polleit outlined the potential for Big Brother-like government control with the advent of a digital euro in an article published by the Mises Wire. As he put it, “the path to becoming a surveillance state regime will accelerate considerably” if and when a digital currency is issued.*

“The creation of a state-issued gold-backed digital currency would create currency competition with Federal Reserve notes and undermine the Fed’s monopoly on money. It would also provide an alternative if the Federal Reserve implements a central bank digital currency,” SchiffGold noted.

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