Working Paper 05

The Resistant Remnant: Steady-State Equilibrium Survival in the Emergent Financial System

Executive Summary

As of May 2026, a convergent multi-pillar financial infrastructure, categorized as the ABCD System, is emerging globally. Driven by central banks and multilateral institutions, this system integrates Artificial Intelligence, Biometric Identification, Central Bank Digital Currencies (CBDC), and Digital Control layers. While an estimated 95–97% of the population is expected to participate for the sake of convenience and inclusion, a "Resistant Remnant" of approximately 3–5% will likely refuse participation on principled grounds.

The core thesis of recent analysis suggests that the future will not see universal adoption or a total system collapse, but rather a bifurcated equilibrium. In this state, the dominant digital system coexists with a persistent minority operating through alternative substrates (cash, physical metals, and self-custody crypto). This document outlines the architecture of the emergent system, the motivations of the refuser population, the strategies for mandate rollout, and the legal and strategic landscape of resistance.

The ABCD System: Integrated Architecture

The emergent financial system is defined by four integrated pillars. While each pillar has been studied individually, their integration creates a "coercive whole" where a single administrative decision can sever an individual’s access to banking, employment, travel, and healthcare.

- **Pillar** — Component — Function
- **A** — Artificial Intelligence — Algorithmic decisioning for credit underwriting, fraud detection, and risk eligibility.
- **B** — Biometric ID — Mandatory physiological/behavioral characteristics (fingerprint, face, iris) for onboarding.
- **C** — CBDC — Central Bank Digital Currency; programmable money issued directly by the central bank.
- **D** — Digital Control — Real-time transaction monitoring, surveillance integration, and account freeze authority.

The Power of Integration

The integration of these pillars eliminates traditional "escape valves" such as cash and analog records. System administrators gain extreme information asymmetry through granular behavioral data, while enforcement criteria remain relatively opaque to the user.

The Resistant Remnant: Motivational Substrates

The refuser population is not a monolith but is composed of five primary sub-groups, each with distinct motivations for non-participation:

- Religious / Conscience: Groups like the Amish, Mennonites, and Quakers whose refusal is rooted in theological conviction.
- Libertarian / Civil-Libertarian: Individuals motivated by privacy, individual sovereignty, and constitutional originalism.
- Cypherpunk / Self-Custody: Technology-focused refusers utilizing hardware wallets, privacy coins, and decentralized "Layer-2" solutions.
- Hard-Money / Sound-Money: Adherents to physical assets, including cash, gold, and silver.

- Communitarian / Diaspora: Informal economies and mutual-aid societies that rely on community trust rather than centralized digital infrastructure.

The Spectrum of Mandates: Rollout Phases

Analysis of five centuries of mandate regimes reveals a recurring four-phase rollout strategy designed to move a population from voluntary participation to compulsory enforcement.

- Phase I: Introduction: Voluntary framing, pilot programs, and onboarding subsidies/bonuses.
- Phase II: Implicit: Default enrollment via terms-of-service updates; friction increases for non-system alternatives.
- Phase III: Gating: Participation becomes a condition for essential services (financial access, government benefits, travel).
- Phase IV: Enforcement: Deployment of penalties, including account freezes, civil penalties, and potential criminal sanctions.

The "Squeeze-Release" Dynamic

Mandate regimes typically advance through cycles of tightening, followed by partial relaxation to reset political-economy conditions and re-anchor expectations at a higher baseline.

Penalty-and-Consequence Grid

The severity of penalties for non-compliance scales across different life domains as the system moves through its rollout phases.

- **Locus** — Phase I (Intro) — Phase II (Implicit) — Phase III (Gating) — Phase IV (Enforced)
- **Administrative** — Disclosure expanded — Default enrollment — Account flagging — Account suspension
- **Financial** — Missed subsidies — Fee differentials — Service-gating — Account freeze
- **Livelihood** — Minimal impact — Limited benefits — Employment loss — Travel restriction
- **Legal** — N/A — N/A — Civil penalties — Criminal sanction

Legal Framework and Constitutional Vulnerabilities

Refusers rely on a layered defense of constitutional and statutory protections to maintain their status outside the system.

Legal Anchors

- First Amendment (Free Exercise Clause): Robust protection for religious exercise, supported by the Religious Freedom Restoration Act (RFRA).
- Fourth Amendment: Privacy protections against unreasonable search and seizure, recently narrowed by the Carpenter decision regarding third-party data.
- Tenth Amendment: Federalism-based protections that allow states to create alternative frameworks or resist federal mandates (anti-commandeering doctrine).

Identified Vulnerabilities

Mandate-makers are expected to test specific legal doctrines to weaken resistance:

- Unconstitutional-Conditions Doctrine: Testing whether the government can condition benefits on the surrender of privacy rights.

- Commerce Clause: Using the Taxing Power (per NFIB v. Sebelius) to circumvent limits on compelling commercial activity.
- Sincerity Review: Increasing judicial scrutiny on the "sincerity" of religious or conscientious objections.

Spectrum of Resistance: Strategic Configurations

Resistance strategies vary by intensity and locus. The most durable forms of resistance operate at the community level rather than individual isolation.

- Optimal Resistance Sets: Durable refusers maintain a "multi-substrate" portfolio, including physical cash/metals, self-custody crypto, and land/skills substrates.
- Cross-Resister Coordination: While sub-groups (e.g., religious vs. cypherpunk) often have divergent worldviews, "triggering events" can catalyze strong coalitions between libertarians, sound-money advocates, and privacy activists.
- The "Managed-Outside" Hypothesis: System administrators may actually prefer to tolerate a small, visible refuser population. This provides the system with a "legitimacy buffer" (making majority compliance appear chosen) and an institutional backup in the event of digital system failure.

Conclusion: The Bifurcated Equilibrium

The most likely long-term outcome for the global financial system is a steady-state equilibrium where the participating majority (~97%) and the Resistant Remnant (~3%) coexist. Universal adoption is deemed unlikely due to the prohibitive legal, political, and reputational costs of suppressing principled refusers. For this equilibrium to remain stable, three conditions must be met:

- Manageable Boundary Policing: The cost of monitoring the "outside" must not exceed system benefits.
- Mutual Tolerance: Both populations must find the other's relative size acceptable.
- Operational Interface: A functional "cross-population interface" must exist for tax compliance and emergency access.