Draft Legislative Proposal: Public Money Initiative

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PART 1

PUBLIC MONEY DRAFT LEGISLATION

The Hurricane Relief and Infrastructure Redevelopment ACT of 2017

Debt-free Government Created Public Money for providing high quality Hurricane Relief, making Infrastructure Investments, setting aside Budget Sequestration, and paying down the National Debt

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Whereas, the federal budget deficits have remained high for the last decade, exceeding $1 Trillion in at least four previous years and several more forecasted years;

Whereas, the January 1, 2013 Fiscal Cliff Tax Deal achieved only half of the desired deficit reductions required by the Budget Control Act of 2011, causing the indiscriminate budget sequestration cuts to kick in on March 1, 2013;

Whereas, the US national debt has been growing since 2000 exponentially at about 8% per year to an alarming $19 Trillion with no end in sight;

Whereas, the interest payments on the national debt have been growing exponentially at the same rate to approximately $0.4 Trillion per year;

Whereas, the infrastructure needs of the economy are around $4.6 trillion, and the GDP Gap runs around $1 trillion per year;

Whereas, Abraham Lincoln's Legal Tender (Greenback) money issues were declared constitutional three times by the Supreme Court and circulated successfully for over 100 years;

Whereas, Guernsey Island has issued debt-free money for its economy successfully for almost 200 years up until the present time, which circulates in parallel with British pounds.

Whereas, the purchasing power of one US Dollar has dropped from $1 in 1914 to around 4 cents in 2016 due to a 25-fold inflation, meaning that $25 would be required to buy now what $1 could buy in 1914,

Whereas, the combined losses of the Harvey, Irma, and Maria Hurricanes of the 2017 Atlantic Hurricane Season are in the neighborhood of $300 Billion,

Therefore, in order to set aside sequestration budget cuts, provide funding for infrastructure and other GDP boosting programs, avoid a national debt default, to bring unemployment down rapidly, and to put the American economy on a harmonious path to debt free status with full employment and stable prices, it is resolved as follows:

Title I: Authorization for Government Created Money

Section (a) The US government shall resume the practice of issuing its own money, debt and interest free, as President Abraham Lincoln did to win the Civil War with paper money called "greenbacks" or US Notes. The term Government Created Money (GCM) shall be used to refer to government issued coin and paper money, the latter being called US Notes, and their electronic counterparts, called Electronic Public Money (EPM). All are issued directly by the US Treasury Department without debt or interest obligation. US Notes will have United States Note rather than Federal Reserve Note as their title, and shall be free of any limitation not printed on the Federal Reserve Notes. EPM will be credited periodically to the principal US Government account (at 12:01am every morning for example) without any corresponding debits.

Section (b) Government issued currency (coins and paper) and EPM will circulate through the economy alongside of bank issued money (Federal Reserve Notes, Federal Reserve Bank Credit, and Commercial Bank Credit) and shall be legal tender for all debts, public and private.

Section (c) The backing for public money shall be the real output of the economy, and hence as a general rule, the money supply shall increase at a rate that parallels the growth in the real output of the economy, with exceptions due to changing velocity of money and other technical factors. (See the Inflation Prevention Inequality derivation appended to the White Paper for this Act.) Public money is not redeemable in gold or silver from the Treasury Department, it is redeemed by spending it on goods and services in the market place. New EPM may be lent into existence, for 0% student loans for example, or spent into existence and circulates in perpetuity unless removed from circulation by means of intentional government surpluses.

Title II: Emergency Hurricane Relief

Section (a) In order to support the recovery and reconstruction of those principal areas of damage due to the three recent Hurricanes of the 2017 Atlantic Hurricane Season (including Harvey, Irma, and Maria) block grants of new EPM (created free of charge by the Federal Reserve Bank of New York and credited to the principal US Treasury account) shall be awarded as follows:

Puerto Rico	$85 Billion
Texas	$108 Billion
Florida	$117 Billion
US Virgin Is	$ 8 Billion
Total	$318 Billion

[Note: Based on current damage estimates; except for Puerto Rico, these numbers should be replaced with best available reconstruction cost estimates.]

Section (b) The $85 Billion granted to Puerto Rico shall go to the account of the Puerto Rico government, and its allocation over time shall be determined by the Puerto Rico government subject to approval by the Financial Oversight and Management Board for Puerto Rico established by the PROMESA legislation adopted in June 2016. Said granted funds may be used in part for debt service, as well as hurricane relief, reconstruction, and infrastructure development.

Section (c) Henceforth, The Jones Act shipping limitations shall not apply to the non-contiguous States and Territories listed above, or to any other territories of the United States of America (including Hawaii, Alaska, Guam, Puerto Rico, US Virgin Islands, etc.);

Title III: The Clean Energy and Infrastructure Reconstruction Finance Corporation

Section (a): In order to boost GDP growth and close the GDP Gap, EPM funding will be provided for selected infrastructure, vocational training, manufacturing equipment and clean energy technology related projects up to a maximum of $700 billion per year for each of seven years. This funding will all go directly to a new independent Clean Energy and Infrastructure Reconstruction Finance Corporation (CEIR Finance Corporation) patterned after the defunct Reconstruction Finance Corporation, except that it shall have power to confer grants as well as make loans. Funding from the sale of stocks and bonds shall be allowed to supplement the EPM funding from the Treasury Department.

Section (b): Project Proposals will be accepted by the CEIR Finance Corporation for evaluation and possible EPM funding from government agencies or from the 50 states and the several territories, including Puerto Rico. The CEIR Finance Corporation will prepare a GDP Impact Multiplier Report for each project and forward this report to the Monetary Creation and Control Agency for EPM funding decisions.

Section (c) Where appropriate, the CEIR Finance Corporation shall make efforts to boost the impact multipliers through the formation of public-private partnerships that tap into private capital sources for making the proposed investments.

Section (d) The CEIR Finance Corporation shall prioritize the proactive GDP investment project proposals for EPM funding. EPM funding approvals shall be given in percentage terms, with a 0% approval meaning that EPM may not be created for this project, or a 100% approval meaning that the entire project cost may be funded with newly created EPM. Alternatively some intermediate percentage approval meaning that part of the project cost can be funded with newly created EPM, in which case the project must be reviewed by the CBO and Congress

Section (e) In order to accelerate the transition to clean renewable resources for electrical power production, supplemental EPM funding will be provided to the Energy Department for loans and grants to be administered through the Office of Energy Efficiency and Renewable Energy and the Energy Loan Programs Office.

Section (f) The Office of Energy Efficiency and Renewable Energy shall compile a database of all known clean power production technologies, and will fund development of the top five technologies that go beyond the traditional ones (solar, wind, hydro, geothermal, and bioenergy), as well as their underlying scientific foundations. Examples in this second group would be zero-point energy, scalar wave energy, anti-gravity devices, LENR, and electro-magnetic motors, among others.

Section (g) In order to evaluate the effectiveness of competing clean energy technologies, and other technologies related to boosting the GDP growth rate, the Congressional Office of

Technology Assessment, defunded in 1995, shall be refunded at 200% of its former funding level.

PART II: Inflation, Deficit and Debt Control

Title IV: Monetary Creation and Control Authority

Section (a) In order to coordinate debt-free government created money with debt-based bank created money to achieve monetary growth rates consistent with the triple goal of full employment, robust sustainable growth and stable prices, a new Monetary Creation and Control Authority (MCCA) will be created. It shall consist of seven members appointed by the President, approved by the Senate, for seven year terms, one renewal or replacement taking place each year. In addition, non-voting ex-officio members from existing branches of government who may participate in the policy deliberations of the Monetary Creation and Control Authority, shall include the following persons:

i. The Federal Reserve System

   a. Board Chairman
   b. President of the New York Federal Reserve Bank
   c. Director, Division of Research and Statistics

ii. The Executive Office of the President

   a. Director, Office of Management and Budget
   b. Council of Economic Advisers
      i. Chair
      ii. Chief Economist
      iii. Director of Macroeconomic Forecasting

iii. US Department of the Treasury

   a. Secretary
   b. Comptroller of the Currency

iv. US Congress

   a. Chair, House Budget Committee
   b. Chair, House Financial Services Committee
   c. Chair, House Ways and Means Committee
   d. Chair and Ranking Member, Senate Finance Committee
   e. Chair and Ranking Member, Senate Committee on Banking, Housing and Urban Affairs
   f. Chair and Ranking Member, Joint Economic Committee

g. Director, Congressional Budget Office

Section (b) The President of the United States shall, within 120 days of the enactment of this legislation, recommend seven qualified individuals for the MCCA to the Senate for approval by the Senate. These individuals shall be free of any prior employment for bank or federal government assignments.

Section (c) The seven voting committee members shall, within 240 days of the enactment of this legislation, recommend an independent chairperson to the President, who will be independent of government and banking industry involvements, both prior to and during his/her term of office, which shall be for seven (7) years. The MCCA chairperson nomination shall be subject to approval by the Senate, and shall serve as an ex-officio member of the Federal Open Market Committee to ensure full communication regarding monetary policy issues.

Section (d) The other six initial members will self-select which will serve for 1, 2, 3, 4, 5, and 6 years so that subsequently one member will be replaced each year.

Section (e) The MCCA may authorize new EPM to be created for the following purposes:

1. Replacement of debt payments to the Federal Reserve System (Title 3)
2. Repayment of Intragovernmental debt; (Title 4)
3. Funding for the American Infrastructure Finance Corporation; (Title 5)
4. Funding for the Office of Energy Efficiency and Renewable Energy, and the Office of Technology Assessment (Title 6);
5. Funding for the Office of Full Employment (Title 7);
6. Emergency health care funding related to (i) natural disasters (Katrina) for which supplemental funding may be routed through FEMA, (ii) man-made disasters (Flint MI water supply) for which supplemental funding may be routed through state government agencies, and (iii) opioid drug addiction epidemics, for which supplemental funding may be routed through SAMHSA (Substance Abuse and Mental Health Services Administration);
7. Emergency funding for government operations if and when the National Debt Limit is reached which would otherwise force a government shutdown

Section (f) Total EPM authorizations made under section (d) above shall be limited by the inflation prevention requirement using an inflation tolerance adopted by the MCCA. Best available computer models shall be used to relate aggregate EPM funding levels to the implied inflation rates as a function of reserve requirements imposed on commercial banks.

Section (g) Reserve requirements shall be raised as necessary to keep implied inflation rates within the adopted inflation tolerance levels. For example, nominal reserve requirements for the first seven years under this act (based on the Canadian Bank Reformers proposal of Paul Hellyer presented in The Money Mafia) could be approximately as follows:

Year after start of EPM issues	Checking account reserve requirement	Savings account reserve requirement
1	4.2%	2.1%

2	6.0%	3.0%
3	8.4%	4.2%
4	12.0%	6.0%
5	16.8%	8.4%
6	23.6%	11.8%
7	33.33%	16.67%

Note: These numbers have been derived by making the implied money multiplier decrease from 33 to 3 according to a geometric progression. These numbers could be adjusted over time by the MCCA based on the simulation studies made to relate real output, unemployment rates, and inflation rates to the money creation and reserve requirement rates. Beyond year seven, 1/3 of new money shall be created by the government (EPM), and 2/3 will be created as bank credit by the commercial banks through the fractional reserve system.

Section (h) The MCCA shall receive and evaluate funding proposals from the American Infrastructure Finance Corporation, the Office of Renewable Energy, The Department of Health and Human Resources, and The Office of Full Employment. Where possible, private partners or private capital will be sought for funded projects.

Section (i) The MCCA shall prepare quarterly schedules of monetary aggregate targets, US Money issues, and base money reserve requirements (separately for checking and savings accounts) for each fiscal year. These shall be developed using the best available macroeconomic computer models available at the time that relate national debt and inflation rate to the key macroeconomic control variables, including EPM creation rates. The MCCA shall also review the reserve requirements recommended by the FED, and may make adjustments based on its inflation prevention responsibility. Interest rate and other policy issues shall remain in the hands of the Federal Reserve Board to be implemented through the Federal Reserve System.

Section (j) The MCCA shall let contracts to extend existing macroeconomic computer models to include the Public Money Option and the Inflation Prevention Inequality. In addition, a new continuous time optimal control model will be developed including the Public Money Option and the Inflation Prevention Inequality in order to simulate and optimize the conduct of monetary policy with respect to the three principal monetary policy goals, full employment, robust growth, and stable prices.

Section (k) Staff and Consultants may be hired as needed to carry out administrative functions and economic analysis related to monetary policy decisions.

Title V: The Deficit Reduction Plan for cancellation of budget sequestration

Section (a): Starting the month after passage of this act, all redemption payments made to the Federal Reserve System for Treasury Securities in its portfolio that have reached maturity shall be replaced by an equal amount of EPM created by the Federal Reserve Bank of New York and deposited to the primary Treasury account the following day at 12:01am.

Section (b): The EPM issues provided for in Section (a) above shall be treated as replacements for an equal amount of US Bond selling by the Treasury Department. That is, the US bond sales shall be reduced from their current levels in each quarter by the amount of US Money (EPM) that is issued for Treasury Security redemptions to the FED in that quarter. Hence, this component of the debt will not be "rolled over" but shall instead be replaced with permanent EPM issues. These EPM issues therefore reduced the deficit dollar for dollar when issued.

Section (c): US Money (EPM) will be created instead of selling US Bonds at rates to be determined by the new Monetary Creation and Control Authority created for this purpose per Title II above.

Section (d): Estimated deficit reduction due to EPM created per Section (a) of this title is approximately $320 billion per year, for the first three years. These deficit reductions, combined with the $650 billion budget deficit reduction accomplished by the Fiscal Cliff Budget of 2013 meet the requirements of the Budget Control Act of 2011. **Hence the sequestration budget cuts provided by the Budget Control Act of 2011 are hereby canceled.**

Section (e) funding to restore money to budgets cut by sequestration that have occurred since March 2013 will be provided by EPM generated as per Section (a) of this title, plus any additional EPM authorized by the MCCA. Inflation prevention measures, as needed, may be made by the MCCA, provided for in Title II above, through increases in the reserve requirement imposed by the FED on member banks, per section (f) of said Title.

Title VI: The Debt Reduction Plan to pay off Intragovernmental Debt of the US Government

Section (a) By virtue of the money creations powers provided for by Title I of this act, the US Treasury Department shall cease and desist from borrowing from other agencies and trust funds included in the "Intragovernmental Debt" category of the National Debt, which stands at about $5.34 Trillion.

Section (b) In order to totally eliminate existing Intragovernmental Debt, EPM payments shall be made on a monthly basis in the amount of $5.34T/N for N months, where N is TBD (for example, 12, 24, 36, or 48 months).

Section (c): After repayment of all Intragovernmental Debt, other categories of National Debt shall be paid down in accordance with new legislation passed during the seven year transition period.

Title VII: Periodic Partial Federal Reserve Audits

Section (a) The General Accounting Office shall conduct annual audits of two aspects of the Federal Reserve System: stock ownership of the 12 Federal Reserve Banks, and the income and expenses to the FRS Surplus account(s).

Section (b) GAO audit reports shall be submitted to Congress once a year.

Section (c) The first audit report submitted based on this legislation shall include

i. a complete accounting of the stock holders of the Federal Reserve Banks, including names and contact information for each together with their shareholdings;

ii. a complete accounting of the origin and disposition of funds mentioned in GAO-11-696 on page 131 in Table 8 (Institutions with Largest Total Transaction Amounts (not Term-Adjusted) across Broad-Based Emergency Programs, December 1, 2007 through July 21, 2010)

iii. a complete accounting of all income generated by QE investments, and balances of all Surplus Accounts.

iv. a complete description of all macroeconomic models used by the Fed to perform policy analysis; copies of software and documentation shall be made available to the Monetary Creation and Control Authority provided for in Title II of this act.

PART III: New Social and Economic Justice Offices

Title VIII: Establishment of The Office for Full Employment

Section (a) In order to promote job growth towards the ideal of full employment, The Office of Full Employment will be created in the Labor Department to work with State Departments of Economic Development on programs of job training and civic employment in areas of high unemployment for four subgroups of the unemployed: (1) veterans, (2) homeless, and (3) formerly drug addicted, and (4) formerly incarcerated. Program proposals requiring funding will be submitted to the Monetary Creation and Control Authority for EPM funding approval. Funding, when approved, will be made available by block grants to the states for distribution within the state by state, county or local governments. Persons hired under this Title may be government employees at the local, county or state levels, but not at the federal level.

Title IX: Establishment of The Office for Conflict Resolution

Section (a) In order to promote social harmony by resolving conflicts between competing social groups. The Office for Conflict Resolution shall be established in two locations. The main office, for Adjudication, which will be located in the Justice Department building, is where requests for adjudication are received, and from which adjudication decisions will be transmitted. A second office, for funding requirements analysis and approvals, will be located in the new MCCA office space created per Title II of this act.

Section (b) The initial case adjudicated by The Office for Conflict Resolution shall be the case of racial policing practices in Chicago which have resulted in a disproportionately large number of officer induced deaths of unarmed black and Hispanic community residents. In this case the office will explore and evaluate the feasibility of using EPM to pay for the creation of an online course in the history of Civil Rights Legislation and related cases since the Civil War to raise the consciousness of Police Officers regarding the rights of citizens they serve in the community. Passing this course shall be a requirement of employment on the Police Force of any and all Police Departments in the USA. In addition, construction or renting of suitable real estate for Community Centers for after school athletics and instruction to keep students busy in constructive activity will be provided for. Also, job referral services will be established to put young people and people in transition between jobs to work so they can be productive members of society and clear of involvements with gangs.

Section (c) A second case to be handled by The Office for Conflict Resolution shall be that of violent political clashes such as seen at Charlottesville, VA. The office will investigate the White Supremacy, neo-Nazi, and KKK individuals and groups involved to determine their motives and planning behind the event. Legal action will be taken in cases where there are violations of the law. Policies will be formulated to prevent such clashes from happening again in the future.

Title X: Establishment of The Office of Poverty Alleviation

In order to alleviate the pain of hunger, The Office of Poverty Alleviation will be created in the Department of Health and Human Resources to work with State Departments of Health and Human Resources on programs of food distribution and other programs as indicated by the best available research on Poverty Reduction in the Developed Nations. Project proposals shall be accompanied with a **Poverty Reduction Strategy Paper prepared** by the local, state or federal agency involved. Proposals eligible for funding shall be submitted to the Money Creation and Control Authority for EPM funding approval. Funding, when approved, will be made available by block grants to the states for distribution within the state by state, county or local governments.

END NOTES

This legislation accomplishes seven important objectives.

(1) First it provides authorization for debt-free government issued money in electronic form, as well as coins and paper notes;

(2) Second, It terminates the Jones Act shipping restrictions for noncontiguous States and Territories, and provides for high quality Hurricane relief for damages done by Harvey, Irma, and Maria in the 2017 Atlantic Hurricane Season;

(3) Third it closes the GDP Gap by providing EPM funding for a new Clean Energy and Infrastructure Reconstruction Finance Corporation. Through loans and grants, this new government owned corporation will fund most of the undone infrastructure projects pending over the next four years. Since the GDP Impact Multiplier for these projects will be greater than a sufficiently high threshold, this spending will not be inflationary;

(4) Fourth, it creates a public interest body (the MCCA) to prevent excessive amounts of Electronic Public Money (EPM) by ensuring that first use of EPM will generate enough new real output from the economy to keep the CPI stable, i.e. preserve the value of the dollar; It prevents any increase in inflationary pressures by reducing US Treasury bond sales for each dollar of new EPM created and spent into circulation for existing budget items, or by ensuring that the average GDP Impact Multiplier for new budget items exceeds a suitably chosen threshold greater than one, or by increasing commercial bank reserve requirements to decrease commercial bank lending in the context of increasing EPM creation.

(5) Fifth, it terminates the budget sequestration cuts that have been hampering growth and services every year since their inception in March 2013 by replacing money extinguished by the Fed upon redemption of its Treasury securities with new EPM in the same amount. This new EPM can be used to replace US Bond sales in the funding of existing budget items that have been cut, and therefore reduces the federal deficit accordingly.

(6) Sixth, it eliminates the need for any more debt limit increases by providing a steady stream of debt-free funding for government programs and debt service which, if continued in the years ahead will enable gradual reduction of the national debt without debt default. Moreover, use of borrowing as a funding source for the government will diminish to the point that it is used for exceptional circumstances only, approved by Congress on an exception basis.

(7) Finally, it provides a way of providing government funding for Full Employment, Conflict Resolution, and Poverty Alleviation projects without borrowing and without diminishing any other budget item already receiving government funding. The GDP boosting nature of these investments will mitigate against any inflationary impacts.

Title I rationale for Governmental Money Creation Powers

The constitution provides (in Article I, Section 8, clause 5) for governmental issue of coins. The Legal Tender Acts (three of them) during the Lincoln Civil War era (1861-1865) and subsequent Supreme Court decisions (three of them) established (prior to 1887) that the government may issue debt-free and interest-free paper money as well (the "greenbacks" or US Notes). Title I of this act extends the governmental money creation power to also include the modern electronic bank deposit form, which constitutes the primary form of money at this time. The term US Money includes all three forms: coins, US paper money (i.e. US Notes), and Electronic Public Money (EPM) in bank deposit form. US Money is backed by real economic output, not debt.

Title II rationale for providing Hurricane Relief

The Atlantic Hurricane Season of 2017 has seen three record breaking storms in quick succession that cannot be handled simultaneously in the face of massive tax cuts without debt-free Public Money funding. In addition, the damage in Puerto Rico is particularly severe due to the pre-storm weakness of the island infrastructure due to the adverse effects of the Jones Act on the island since 1920. Hence it is appropriate, given its substantial debt, to compensate the island for their economic losses after 1920 as a means of providing both hurricane and debt relief. Based on recent economic studies of losses in Puerto Rico over recent 20 year periods (see http://docplayer.net/494027-Economic-impact-of-jones-act-on-puerto-rico-s-economy.html), an estimate has been made of total losses since 1920. Compensation for those losses as cited in the title are sufficient for Puerto Rico to recover and rebuild their infrastructure as well as service their debt, and in fact to reduce it to manageable sizes. Assistance for mainland damages in Texas and Florida are also provided for based current loss estimates posted on the WWW. These should be replaced with reconstruction cost estimates.

Title III rationale for creating the Clean Energy and Infrastructure Reconstruction Finance Corporation

The estimated backlog of needed infrastructure projects is $4.6 trillion. Allocating $0.7 trillion per year for seven years gets that done while closing the GDP Gap that is currently running about $1 trillion per year. Funding at this level, dispersed largely as loans and grants to the various states, is enough to do a great deal of job training, manufacturing equipment development, clean energy technology enhancements, and harmony projects all of which contributes to the growth in real GDP. In addition, there will be substantial job creation as a result of the actual construction projects themselves.

In order to forestall the harmful effects of Global Warming, it is an urgent priority to transition from fossil fuel technologies towards renewable fuel technologies for power production around the globe, and in the United States in particular. This office will catalog the potential clean energy technologies that have been invented to date, and embark on a testing program to ascertain feasibility and economic impact through the rejuvenated Office of Technology Assessment, that has been dormant due to defunding since 1995.

Title IV rationale for the Monetary Creation and Control Authority

The traditional argument against government created money is that only bankers know how much money should be created, governments will create too much of it and cause a hyperinflation leading to a massive devaluation of the currency. While this may have happened in the historical past, there is a new development which makes it possible to avoid this problem in the future. It is the INFLATION PREVENTION INEQUALITY that is derived in the appendix to this legislative proposal. This inequality sets an upper bound on the monetary growth rate which must be observed in order to prevent inflation from going above a pre-specified tolerance level. Similar such constraints can also be added to most any existing macroeconomic model to guard against inflationary impacts of monetary creation by the government. The analysis and operation of such models has to be handled by a public interest and independent body of economists and analysts qualified to make object judgements based on the best available math models and macroeconomic data available. Hence it has to be outside the Federal Reserve System, which legalizes the expropriation of money creation power by the commercial banking industry, a blatant conflict of interest. While inputs to the new MCCA from the FED are needed, the decision making powers in the MCCA must be independent of both the FED and the Executive branch. The MCCA is essentially an extension of, or companion to, the Congressional Budget Office since EPM is essentially a new "revenue stream" that needs to be inserted into the budget equation used by the CBO.

Because of the new "Real OUTPUT STANDARD FOR MONEY" described in appendix 2, it is imperative to ensure that new EPM issues (other than debt payments) be directed towards activities related to the generation of real output in the economy. In this legislation, four areas of EPM investment are explicitly targeted: (1) infrastructure projects, (2) clean energy technology, (3) vocational training, and (4) full employment job creation. In the recommended amendments there are two others, (5) poverty alleviation, and (6) conflict resolution "harmony" projects. These all, in one way or another, create the conditions for greater economic output on the part of the American work force. Other areas for EPM investment will no doubt be identified in future legislative developments.

Title V rationale for setting aside the budget sequestration restrictions

The 2015 Federal Budget total was about $3.7 trillion. Ten percent of that, the amount put under sequestration, is $370 billion. On a quarterly basis, EPM would have to cover $92.5 billion per quarter to restore sequestered budget items to full funding. That is probably an overestimate of what has actually been cut due to exemptions to the sequestration requirements. Since roughly $320 billion per year is being created as replacement for maturing treasury securities, only about $40 to $50 billion more would have to be created to provide full funding for all budget items after sequestration cancellation.

Title VI rationale for Intragovernmental Debt elimination

The fact that the Treasury Department has had to borrow money from other agencies and trust funds within government is due entirely to the fact that it has not been creating EPM during the first 100 years of the FRS history. If it had been, these loans would not have been necessary. So when EPM comes into the picture as one of the approved modes of money creation, it is appropriate to do a little "catch up" by using it to pay off the debts to the government entities from which it has borrowed money. This will enhance confidence that people have in the future, since the money needed for future generations will be restored to its proper position. At the same time, these loan payments will not contribute to inflation since the rate of expenditure from these creditors is set by formulas that will not be affected by the loan repayments. The money repaid is for future time periods, not the current time frame.

Title VII rationale for periodic audits of the FED

In a democratic country, the identity of the stockholders of its Central Bank should not be shrouded in secrecy. Nor should its financial statements be secret, or the math models used for policy analysis. This information should all be in the public domain, and Title VII is a step in this direction. Moreover, audits uncovering secret Surplus funds could provide a way to pay down the debt but utilizing those secret funds.

Title VIII rationale for the Office of Full Employment

It has been said that the measure of any society is how it treats is poorest members. Among the American poor, there are three subgroups that stand out like sore thumbs in the eyes of the world. Namely, veterans, homeless, and the formerly incarcerated. This title provides that EPM can be created to hire the unemployed in these three categories to perform civic work such as inner city cleanup and beautification projects, picking up trash, and the like, as a paid worker. The EPM to fund such hires would be provided by the federal government, but the money would be granted to the States, Counties, or Cities who would do the actual hiring. Also, NGO projects promoting new employment opportunities at the local level, such as the Ujima Project in Boston run by the Center for Economic Democracy, could be partially funded with matching grants to accelerate the job creation process.

Title IX Rationale for the Office of Conflict Resolution

Most any domestic conflict can be resolved by a mediator equipped with an unlimited amount of money for one or both sides of the conflict. Although inflation prevention does imply some limit on EPM creation rates, never-the-less a substantial amount of money can be brought to bear on conflict resolution by the MCCA if it targets its investments wisely. For example, it could subsidize Flint Michigan enough so that Flint could buy clean water from Detroit Michigan rather than use the dirty river water that is cheaper, but not fit for use by humans. And for the "Unite the Right" folks, a booklet on the principles behind the American Revolution could be prepared that explains that when Thomas Jefferson wrote "All men are created equal" that is to be understood as saying, in the modern world, "All men, women, and transgendered citizens of the USA shall be endowed with equal rights and protections under the law." In particular, discrimination based upon race, religion sexual orientation, or ethnic heritage is illegal.

Title X Rationale for the Office of Poverty Alleviation

The needs of the poor go far beyond the need for a job. They need health care, psychological counselling, food and shelter, and information relating to life enhancing opportunities in their locales of which they are unaware. They also need job training in the work skills that are needed by local business and industry. This title provides EPM funding for such projects, following the pattern developed by the World Bank. Whereas the World Bank offers debt relief, the Office of Poverty Alleviation would offer actual EPM funding which does not have to be repaid. Hence the results could be expected to be much better than those obtained by the World Bank.

Optional Amendment providing for creation of Monetary History Documentaries

Monetary History Documentaries

Section (a) The US Treasury Department shall commission three monetary histories to be prepared consisting of a book and a video in each case. The three locations and time frames are selected as periods where debt free government issued money was successfully employed by the respective governments.

i. Guernsey/Jersey Islands in the period from 1815 to 2015

ii. Canada in the period from 1930 to 1980

iii. United States in three periods, Colonial, Revolutionary & Civil Wars

Section (b) Completed copies of the three documentaries shall be distributed to the US President and all voting and ex-officio members of the Monetary Creation and Control Authority; They shall be made available to the public through the US Government Publishing Office Bookstore.

Rationale for Monetary History Documentaries

> Most people do not realize that both the Revolutionary and Civil Wars were won based on funding including government issued money. Nor do they realize that a hybrid money system involving government issued money has worked well in the Guernsey/Jersey Islands in the English Channel for about 200 years. Nor do they realize that Canada functioned well for thirty-five years using government issued debt free money. Awareness of these histories will enable legislators and the public at large to embrace government issued money again now to save the USA once again.

PART 3: A follow-up Act for a future government owned US Central Bank

After the power and efficacy of GCM and EPM has been clearly established under the preceding act, the completion of the monetary reform process should include creation of a government owned new United State Central Bank. This could be accomplished by buying up the stock in the Fed Bank of New York, converting it to a Public Benefit Corporation, and converting the other Fed Banks into Certified Benefit Corporations. Alternatively, we can envision creating a new bank from scratch as provided for by the following act, to be implemented three to five years after the reintroduction of GCM/EPM into the American economy. In this second case, all 12 Federal Reserve Banks would be converted to Certified Benefit Corporations.

An Act to Create the United States Central Bank and Reconstitute the Federal Reserve Banks

Section (a): Between the fourth and seventh year of this seven-year transition process, a new bank shall be established in Washington DC with the title United States Central Bank (USCB). All federal government accounts and federal money creation activities will be carried out by this new bank, which will be a wholly government owned Public Benefit Corporation patterned after the Bank of Canada Act of 1934 as amended in 1938.

Section (b): All monetary policy decisions previously carried out by the Federal Reserve Board and the Federal Open Market Committee will be transferred to the US Central Bank and the Monetary Creation and Control Authority. Debt-free money creation orders from the MCCA shall be carried out by the US Central Bank free of charge.

Section (c): When the US Central Bank opens, the government will cease printing Federal Reserve Notes and begin printing United States Notes. Federal Reserve Notes in the vaults of banks will be replaced on a one for one basis with new US Notes of the same denominations periodically until very few Federal Reserve Notes are left in circulation.

Section (d): Because prior to the opening of the US Central Bank the Federal Reserve Banks will be providing basic money creation and distribution functions on behalf of the public at large, they should be restructured, after the MCCA is fully staffed and functional, as Certified Benefit Corporations (Certified B-corps) in which the Government holds equity ownership in rough proportion to the fraction of the money supply created by the Government or the Federal Reserve (i.e. “high powered money” or “monetary base.”) relative to the total money supply.

Section (e): Each year, for seven years, the Treasury Department shall buy stock in the 12 Federal Reserve Banks sufficient to bring its equity position in each bank up to at least the target cash reserve requirement for the end of that year, as specified by the MCCA . The Government shall have all rights and privileges that private shareholders of the Federal Reserve Banks have.

Section (f): All transparency, accountability, and sustainability requirements associated with Benefit Corporations and Public Benefit Corporations shall apply to the reconstituted Federal Reserve Banks and the USCB.