Appendix 1

DRAFT LEGISLATION

# *THE GOVERNMENT CREATED MONEY ACT of 2017*

## *Debt-free Money for making GDP boosting INVESTMENTS, Ending Budget Sequestration, decreasing the National Debt, and advancing Clean Energy Technologies*

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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 $3.5 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, the Central Bank of Canada successfully issued government money debt-free from its opening in March 1935 until it mistakenly switched to government funding from private banks in 1975;

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 4cents in 2016 due to a 25 fold inflation, meaning that $25 would be required to buy now what $1 could buy in 1914,

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. They shall be known as ***growth dividend*** deposits or ***proactive GDP investment*** deposits by Uncle Sam, and are based on the past or anticipated future growth in real output of the American Economy.

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 appendix to 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: 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 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 (d) 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. GDP boosting infrastructure projects; (Title 5)
4. Funding for the Office of Clean Energy and the Office of Technology Assessment (Title 6);
5. Funding for the Office of Full Employment (Title 7);
6. Funding for the Office of Poverty Alleviation (Title 8)
7. Funding for the Office of Conflict Resolution (Title 9)
8. Emergency health care projects' (natural disasters (Katrina), man-made disasters (Flint MI water supply), drug addiction epidemics, etc)
9. Emergency funding for government operations if and when the National Debt Limit is reached which would otherwise force a government shutdown

Section (e) 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 (f) 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 could be approximately as follows:

| Year after start of EPM issues | Checking account reserve requirement | Savings account reserve requirement |
|---|---|---|
| 1 | 4.3% | 2.15% |
| 2 | 6.3% | 3.15% |
| 3 | 9.1% | 4.55% |
| 4 | 13.0% | 6.50% |
| 5 | 18.3% | 9.15% |
| 6 | 25.0% | 12.50% |
| 7 | 33.33% | 16.67% |

These numbers would 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.

Section (g) The MCCA shall receive and evaluate funding proposals also from The Department of Health and Human Resources, The Office of Full Employment, The Office of Poverty Alleviation and the Office of Conflict Resolution. Where possible, private partners or private capital will be sought for partially funded projects.

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

### Title III: The Deficit Reduction Plan for cancellation of sequestration budget cuts

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 and deposited to the 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 Treasure 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 used instead of US Bonds at rates to be determined by the new Monetary Creation and Control Authority created for this purpose per Title IV below.

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 IV: The Debt Reduction Plan to eliminate 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 V: Proactive GDP Boosting Investments for closing the GDP Gap

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 $900 billion per year for four years.

Section (b): Project Proposals will be accepted by the CBO for evaluation and possible EPM funding from government agencies or from the 50 states and the territory of Puerto Rico. The CBO 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) The MCCA shall receive proactive GDP investment project proposals from the CBO which have been given GDP Impact Multiplier Ratings and make efforts (where possible) 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 MCCA shall prioritize the proactive GDP investment project proposals for EPM funding approval. 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, or some intermediate percentage approval meaning that part of the project cost can be funded with newly created EPM. Where possible, private partners or private capital will be sought for partially funded projects.

## Title VI: The Office of Clean Energy Science and Technology

Section (a) In order to accelerate the transition from fossil fuels to clean renewable resources for electrical power production, the Department of Energy shall establish an Office of Clean Energy Science and Technology.

Section (b) The primary function of this new office is to compile a database of all known clean power production technologies, and to fund development of the top five technologies, as well as their underlying scientific foundations.

Section (c) 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 150% of its former funding level.

## Title VII: The Office of Full Employment

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 three subgroups of the unemployed: (1) veterans, (2) homeless, and (3) 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 VIII: 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.

## Title IX: 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 first case adjudicated by The Office for Conflict Resolution shall be the Dakota Access Pipeline dispute between the Energy Transport Corporation and the indigenous peoples of the Dakotas. In this case the office will explore and evaluate the feasibility of using Electronic Public Money (EPM) to pay for the rerouting of the DAP so as to avoid polluting the water resources of the Dakotas upon which the indigenous populations depend.

Section (c) The second 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 (d) The third case adjudicated by The Office of Conflict Resolution shall be the case of Banks vs home owners involved in eviction and/or foreclosure disputes. The office will explore and evaluate the feasibility of using EPM to make refinancing arrangements so that a greater percentage of home owners will be able to remain in their homes, a lesser percentage having to suffer evictions and loss of homes.

## Title X: 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 III of this act.

## Title XI: 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.

END NOTES

This legislation accomplishes seven important objectives.

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

(2) Second, it creates a public interest body (the MCCA) to prevent excessive amounts of Electronic Public Money (EPM) by insuring 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;

(3) Third it closes the GDP Gap by providing EPM funding for all of the undone infrastructure projects pending over the next four years. Since the GDP Impact Multiplier for these projects is greater than a threshold set by the MCCA, this spending will not be inflationary;

(4) Fourthly, 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.

(5) Fifthly, 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.

(6) 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 insuring 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.

(7) Lastly, it provides a way of providing government funding for Clean Energy, Full Employment, Poverty Alleviation, and Conflict Resolution projects without borrowing and without diminishing any other budget item already receiving government funding. These investments will promote the general welfare by restoring harmony to a situation that is currently explosive. In turn, the harmonious conditions will tent to foster higher productivity thus increasing GDP growth rates and damping 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 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 announcement of the INFLATION PREVENTION INEQUALITY by the present author 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 insure that new EPM issues be directed towards activities directly related to the generation of real output in the economy. In this legislation, six areas of EPM investment are explicitly targeted: (1) infrastructure projects, (2) clean energy technology, (3) vocational training, (4) full employment job creation, (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 III 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 IV 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 affect by the loan repayments. The money repaid is for future time periods, not the current time frame.

Title V rationale for GDP boosting investments

The estimated backlog of needed infrastructure projects is $3.6 trillion. Allocating $1 trillion per year for four years gets all of that done while closing the GDP Gap that is currently running about $1 trillion per year. The remaining $400 billion 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

Title VI rationale for the Office of Clean Energy Science and Technology

In order to forestall the harmful effects of Global Warming, it is an urgent priority to replace fossil fuel technologies with 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 VII 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 VIII 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.

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 fund the rerouting of the Dakota Access Pipeline, so that both sides of the conflict can have what they want. For another 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. This bill allocates $100 billion per year for four years to test out this idea.

Title X 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 VIII is a step in this direction. Additional steps are anticipated in subsequent phases of the monetary reform process.

Title XI 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.

Another Title for Future Legislation

> 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 new United State Central Bank. This is provided for by the following title, to be implemented three to five years after the reintroduction of GCM into the American economy.

## Title XII: Creation of the United States Central Bank and Reconstitution of 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.