Byron Goines - Guaranteed Universal Basic Income Act

H.R.____ -- Guaranteed Universal Basic Income Act of 20__ (Introduced in House - IH)

HR ____ IH

1__th CONGRESS
__ Session
H. R. ____

A bill guaranteeing all United States citizens $2,000 in monthly income from the federal government.

IN THE HOUSE OF REPRESENTATIVES

_________ ___, 20__

Mr. Mrs. Ms. ________ introduced the following bill;

A BILL

A bill guaranteeing all United States citizens $2,000 in monthly income from the federal government.

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 `Guaranteed Universal Basic Income Act of 20__'.

SEC. 2. FINDINGS; SENSE OF CONGRESS.

SEC. 3. ______________________________

The Honorable Paul Ryan

U.S. House of Representatives

Washington, DC 20515

CC: House of Representatives Members, Senators, President of the United States

Speaker Ryan,

We believe this bill will go a long way towards reaching the goal in the United States federal government's war on poverty. The idea of a government guaranteed universal basic income has been around for a long time. Dr. Martin Luther King Jr. mentioned this concept in 1967 during a speech at Stanford University, as he stated the following words:

"There is a great deal that the society can and must do, if the negro is to gain the economic security that he needs. Now, one of the answers, it seems to me, is a guaranteed annual income...a guaranteed minimum income for all people and for all families of our country. It seems to me that the civil rights movement must now begin to organize for the guaranteed annual income, begin to organize people all over our country, and mobilize forces...so that we can bring to the attention of our nation, this need, and this something...which I believe will go a long, long, way

toward dealing with the negro's economic problem, and the economic problem which many other poor people confront in our nation."

According to a 2014 House Budget Committee report at https://budget.house.gov/uploadedfiles/war_on_poverty.pdf, entitled: "The War on Poverty: 50 Years Later," President Lyndon B. Johnson stated the following words in his 1964 book entitled: "My Hope for America,"

"We have declared unconditional war on poverty. Our objective is total victory . . . I believe that thirty years from now Americans will look back upon these 1960s as the time of the great American Breakthrough . . . toward the victory of prosperity over poverty."

President Johnson stated, "we have declared unconditional war on poverty." Merriam-Webster's online dictionary defines unconditional as "not conditional or limited." In other words, the war on poverty is not subject to any conditions. President Johnson knew that the war on poverty would need many great ideas and legislative efforts to bring the desired results.

According to the House Budget Committee website at https://budget.house.gov/initiatives/war-on-poverty/, President Lyndon B. Johnson stated the following words in his 1964 state of the union address:

"Our aim is not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it. No single piece of legislation, however, is going to suffice."

President Johnson's statement in and of itself, proved that the war on poverty was going to be one in which other pieces of legislation would be necessary to relieve, cure, and prevent poverty.

The 2014 House Budget Committee report at https://budget.house.gov/uploadedfiles/war_on_poverty.pdf, also states the following information:

"Today, the federal government's anti-poverty programs are duplicative and complex. There are at least 92 federal programs designed to help lower-income Americans. For instance, there are dozens of education and job-training programs, 17 different food-aid programs, and over 20 housing programs. The federal government spent $799 billion on these programs in fiscal year 2012."

The House Budget Committee website at https://budget.house.gov/initiatives/war-on-poverty/, also states the following information:

"But rather than provide a roadmap out of poverty, Washington has created a complex web of programs that are often difficult to navigate. Some programs provide critical aid to families in need. Others discourage families from getting ahead. And for many of these programs, we just don't know. There's little evidence either way."

The 2014 House Budget Committee clearly stated that for many of these programs they just don't know, "there's little evidence either way." Concerning

poverty, I believe there are three areas the United States federal government must address in its war on poverty. I believe most Americans would take advantage of an opportunity to get out of poverty if it were presented to them. The problem is, there has never been a United States federal government social program enacted that addresses these three areas. The three areas are a $2,000 monthly government guaranteed universal basic income program indexed to inflation, in conjunction with a $22 per hour minimum wage indexed to inflation, and K-16 public education. These three areas are necessary, and I believe they will go a long way towards ending poverty in the United States of America.

Concerning a $22.00 per hour minimum wage tied to employee productivity, a Center for Economic and Policy Research Issue Brief located at http://www.cepr.net/documents/publications/min-wage1-2012-03.pdf, states the following information:

"If the minimum wage had continued to move with average productivity after 1968, it would have reached $21.72 per hour in 2012."

The year is currently 2018 and employee productivity has been rising since 2012...so where would the minimum wage be today in 2018 if it had risen with employee productivity, if it would have reached $21.72 per hour in 2012? Another thing demonstrated by the constant rise in employee productivity, is the large amounts of employee productivity gained by businesses, to the detriment of the employees concerning wages. It is clearly unfair for employees to make starvation

wages, yet the businesses make billions of dollars, and CEO's are paid high salaries and bonuses.

The Economic Policy Institute at https://www.epi.org/productivity-pay-gap/, states the following information:

"from 1973 to 2016, net productivity rose 73.7 percent, while the hourly pay of typical workers essentially stagnated—increasing only 12.5 percent over 43 years (after adjusting for inflation). This means that although Americans are working more productively than ever, the fruits of their labors have primarily accrued to those at the top and to corporate profits, especially in recent years."

The Economic Policy Institute at https://www.epi.org/productivity-pay-gap/, also states the following information:

"For future productivity gains to lead to robust wage growth and widely shared prosperity, we need to institute policies that reconnect pay and productivity, such as those in EPI's Agenda to Raise America's Pay. Without such policies, efforts to spur economic growth or increase productivity (the largest factor driving growth) will fail to lift typical workers' wages."

The words from the Center for Economic and Policy Research Issue Brief, and the Economic Policy Institute, show that employee productivity and wages can, and should be tied together. Employee productivity and salaries are tied together concerning corporations and their CEO's, as one can easily see through the high salaries and bonuses CEO's are paid by corporations, along with other benefits. If

CEO's of corporations are paid high salaries and bonuses based upon how well they do for the corporations…then the employees all the way down the ladder should also be paid high wages and bonuses based upon how well they do for the corporations. The CEO's are compensated highly for their productivity, so it is only fair to compensate all employees highly for their productivity. The corporations could utilize a tiered system based upon seniority, job performance, and other fair factors the corporations may decide upon for employees, which should include the CEO's…and there should be a living wage within the corporations that no employees should drop below. Profit sharing should be fair across the board, from the CEO's all the way down the ladder, as the corporations exist because corporations utilize poor and middle-class labor to produce the goods and provide the services…and the corporations sell those goods and services produced by poor and middle-class labor, to the same poor and middle-class who provide the labor to produce the goods and provide the services. Corporations would not exist if not for the poor and middle-class, and neither would CEO's exist if not for the poor and middle class. If all employees of corporations quit, those corporations would cease to exist as a result, thereby eliminating the need for CEO's. Employees all the way down the ladder deserve to be respected by the corporations for whom they work, because the employees are supporting those corporations on both sides of the economic equation. They are spending money to buy goods and services from those corporations, which is the same money they earned from those corporations through their labor…so the money goes around and back into those corporations as profit

that is utilized to pay high salaries and bonuses for CEO's…yet the rank and file employees receive low wages, and no benefits in many instances. There are poor and middle-class employees throughout America who are not receiving a fair deal…and a United States federal minimum wage of $22 per hour indexed to inflation, will help right corporate wrongs heaped on employees.

When the goal of a $2,000 monthly government guaranteed universal basic income program indexed to inflation, in conjunction with a $22 per hour minimum wage indexed to inflation, and K-16 public education, is achieved in the United States…it can then be utilized as a template by other nations throughout the world to bring change to their economic environments. The United States of America should set the tone for the rest of the world in this area, as people may not have thought about the importance of these three areas concerning ending poverty…but passing these three bills into law will go a long way towards eliminating poverty in the United States of America.

I will be submitting separate bills addressing increasing the minimum wage to $22 per hour and expanding public education to K-16. For the purposes of this bill, I will explain how each of these separate bills will work together to benefit all Americans.

$2,000 in monthly government guaranteed universal basic income for every United States citizen will begin immediately after the bill is passed and signed into law. The "Minimum Wage Alignment Act," which addresses the federal minimum

wage, will begin immediately by indexing the federal minimum wage to inflation...and raising the federal minimum wage to $15 per hour for the first year after the "Minimum Wage Alignment Act" is passed and signed into law. Beginning with the second year, the federal minimum wage will be raised to $22 per hour. The $2,000 in monthly government guaranteed universal basic income will immediately begin to stimulate the economy after it becomes law, resulting in an increase in demand for goods and services. Businesses large and small will see an increase in business, resulting in an increase in profits. This will enable them to pay employees a $15 per hour minimum wage the first year, increasing to a $22 per hour minimum wage the second year, and hire more employees as necessary, as the customer demand will make it a necessity. Shareholders will gain excellent returns on their investments. Everyone on the economic ladder will benefit financially, from the bottom to the top. In conjunction with $2,000 in monthly government guaranteed universal basic income indexed to inflation, and a $22 per hour minimum wage indexed to inflation...K-16 public education is the third area necessary in the unconditional war on poverty in the United States.

The "K-16 Public Education Act" expands public education to a bachelor's degree instead of just a high school diploma. This bill will enable students to graduate college with no debt and enter the workforce in a better situation educationally and financially. K-16 Public Education, coupled with $2,000 in monthly government guaranteed universal basic income that will begin at the age of 18, and a $22 per hour federal minimum wage indexed to inflation, will enable

students to complete four years of college with no financial strain. This will also help parents throughout the United States who are struggling financially to pay for their children's college education. This bill includes a debt cancellation provision for all students and former students throughout the United States. No student should graduate college with student loan debt. When students have student loan debt, they are beginning their adult lives already in debt, that will be added to when they purchase other necessities to live. Major purchases such as houses, automobiles, furniture, major appliances, and other necessary items, result in debt for many Americans. Education is an area where students should not have any debt.

The economic model addressing these three areas is “demand-side economics,” which is also called “trickle-up economics,” and which addresses United States poverty in the way that it should be addressed. Place the money infusion at the bottom of the ladder to poor and middle-class Americans, and the money will trickle up to the top of the ladder to the rich. Economies grow through trickle-up economics, as the money infusion is input at the bottom of the ladder to the poor and middle class through $2,000 in monthly government guaranteed universal basic income, a $22 per hour federal minimum wage, and K-16 public education…as these three areas serve "the least of these," who are at the bottom of the economic ladder. The economy is then stimulated by the spending of the money into the economy, which is what the poor and middle-class do as the engine for the economy...as they buy groceries, pay rents and mortgages, pay car payments, pay for prescriptions, buy needed items and wanted items for themselves and their families…along with

paying for and buying other things as needed, which ultimately ends with money trickling up to the rich, who also benefit from trickle-up economics as they make a profit. The profit enables them to hire more workers resulting in job creation, as it enables them to produce more product or increase services, as the demand has made it a necessity...which automatically increases their business, and as a result everyone benefits from the bottom to the top of the ladder. This is "demand-side economics" or "trickle-up economics," and this is what drives the economy. Place the money infusion into the hands of those who spend money into the economy, thereby adding direct economic stimulation through the poor and middle class, who are undoubtedly the engine of the economy. If nobody purchases anything from a business, that business will undoubtedly go out of business…and the trickle-up, demand-side, economic model will ensure the economy continues to move in an upwardly mobile fashion...and as a result everyone on the economic ladder will benefit.

Throughout the United States automation has taken many jobs, and this is expected to increase because of technology. Automation is replacing human labor in many corporations throughout the United States and $2,000 in monthly government guaranteed universal basic income for all Americans would offset this. Americans would gain the ability to move financially freely into other areas of work after the loss of a job due to automation. Americans would gain the ability to start businesses…and do other things to contribute to the human family that they would not ordinarily do because of income, if they lost a job.

The question of how to pay for new and existing social programs today, was answered by President Franklin D. Roosevelt and President Richard Nixon…both of whom, had contributions towards ending the gold standard in the United States.

Back in the day, the gold standard is what placed the value on United States currency. In other words, the United States currency that was printed had to be backed by gold, so there had to be enough gold to cover the value of the United States currency that was printed. Gold was the standard at that time. President Franklin D. Roosevelt began the end of the gold standard on June 5, 1933. The History Channel website at https://www.history.com/this-day-in-history/fdr-takes-united-states-off-gold-standard, states the following information:

"On April 5, 1933, Roosevelt ordered all gold coins and gold certificates in denominations of more than $100 turned in for other money. It required all persons to deliver all gold coin, gold bullion and gold certificates owned by them to the Federal Reserve by May 1 for the set price of $20.67 per ounce."

Concerning the gold standard, the Federal Reserve website at https://www.federalreserve.gov/faqs/currency_12770.htm, states the following information:

"Federal Reserve notes are not redeemable in gold, silver, or any other commodity. Federal Reserve notes have not been redeemable in gold since January 30, 1934, when the Congress amended Section 16 of the Federal Reserve Act to read: "The said [Federal Reserve] notes shall be obligations of the United

States…They shall be redeemed in lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal Reserve bank." Federal Reserve notes have not been redeemable in silver since the 1960s."

The United States Department of State Office of the Historian website at https://history.state.gov/milestones/1969-1976/nixon-shock, states the following information:

"On August 15, 1971, President Richard M. Nixon announced his New Economic Policy, a program "to create a new prosperity without war." Known colloquially as the "Nixon shock," the initiative marked the beginning of the end for the Bretton Woods system of fixed exchange rates established at the end of World War II."

"Under the Bretton Woods system, the external values of foreign currencies were fixed in relation to the U.S. dollar, whose value was in turn expressed in gold at the congressionally-set price of $35 per ounce. By the 1960s, a surplus of U.S. dollars caused by foreign aid, military spending, and foreign investment threatened this system, as the United States did not have enough gold to cover the volume of dollars in worldwide circulation at the rate of $35 per ounce; as a result, the dollar was overvalued."

According to this information, there was not enough gold to cover the volume of U.S. dollars in circulation, as a result the dollar was overvalued. In other words,

there were a lot of U.S. dollars in circulation, that when added up, totaled more than the amount of U.S. gold available to cover the value of those U.S. dollars at $35 per ounce. The U.S. dollar was unable to be supported, as proven in the article at https://history.state.gov/milestones/1969-1976/nixon-shock, as it states:

"Presidents John F. Kennedy and Lyndon B. Johnson adopted a series of measures to support the dollar and sustain Bretton Woods: foreign investment disincentives; restrictions on foreign lending; efforts to stem the official outflow of dollars; international monetary reform; and cooperation with other countries. Nothing worked. Meanwhile, traders in foreign exchange markets, believing that the dollar's overvaluation would one day compel the U.S. government to devalue it, proved increasingly inclined to sell dollars. This resulted in periodic runs on the dollar."

This presented a problem. The overvalue of the U.S. dollar, resulting from not having enough gold to cover the U.S. dollars in circulation, effected the United States concerning foreign trade. The article at https://history.state.gov/milestones/1969-1976/nixon-shock, states:

"It was just such a run on the dollar, along with mounting evidence that the overvalued dollar was undermining the nation's foreign trading position, which prompted President Richard M. Nixon to act. On August 13, 1971, Nixon convened a meeting of his top economic advisers, including Secretary of the Treasury John

Connally and Office of Management and Budget Director George Shultz, at the Camp David presidential retreat to consider a program of action."

What did President Richard Nixon decide to do? The article at https://history.state.gov/milestones/1969-1976/nixon-shock, states:

"Nixon identified a three-fold task: "We must create more and better jobs; we must stop the rise in the cost of living; we must protect the dollar from the attacks of international money speculators." To achieve the first two goals, he proposed tax cuts and a 90-day freeze on prices and wages; to achieve the third, Nixon directed the suspension of the dollar's convertibility into gold. He also ordered that an extra 10 percent tariff be levied on all dutiable imports; like the suspension of the dollar's gold convertibility, this measure was intended to induce the United States' major trading partners to adjust the value of their currencies upward and the level of their trade barriers downward so as to allow for more imports from the United States."

The suspending of the U.S. Dollar's convertibility to gold had an impact on the Bretton Woods system of fixed exchange rates, as the article at https://history.state.gov/milestones/1969-1976/nixon-shock, states:

"Nevertheless, after months of negotiations, the Group of Ten (G–10) industrialized democracies agreed to a new set of fixed exchange rates centered on a devalued dollar in the December 1971 Smithsonian Agreement. Although characterized by Nixon as "the most significant monetary agreement in the history of the world," the exchange rates established in the Smithsonian Agreement did not

last long. Fifteen months later, in February 1973, speculative market pressure led to a further devaluation of the dollar and another set of exchange parities. Several weeks later, the dollar was yet again subjected to heavy pressure in financial markets; however, this time there would be no attempt to shore up Bretton Woods. In March 1973, the G–10 approved an arrangement wherein six members of the European Community tied their currencies together and jointly floated against the U.S. dollar, a decision that effectively signaled the abandonment of the Bretton Woods fixed exchange rate system in favor of the current system of floating exchange rates."

The Nixon administration's suspension of the gold standard resulted in "fiat money," which is money that is made to be legal tender by the government, even though it has no gold backing it. With more U.S. dollars in circulation than available U.S. gold to cover the value, the devaluation of the U.S. dollar was inevitable. A lot of ideas were tried within the system to make it work, but nothing worked. In the end, Nixon had to suspend the U.S. dollar's gold standard, which resulted in a devaluing of the U.S. dollar…which resulted in the end of the Bretton Woods fixed exchange rate system, replaced by a floating exchange rate system. Nixon's suspension of the U.S. dollar's gold standard paved the way for a $2,000 monthly U.S. federal government guaranteed universal basic income program indexed to inflation. Remember, there were more U.S. dollars in circulation than available U.S. gold to cover the value of those U.S. dollars, which resulted in a surplus of U.S. Dollars. As a result, surplus U.S. dollars were being utilized by

people, and there was no gold backing the value of those surplus U.S. dollars. As a result, Nixon suspended the gold standard to allow this system to survive. This is proof that the United States government can provide $2,000 in monthly guaranteed universal basic income for every U.S. citizen, and those U.S. dollars can be utilized by people.

With the end of the gold standard for the U.S. dollar, the amount of U.S. dollars in circulation and the value of those U.S. dollars in circulation, are determined by the United States Federal Reserve as prescribed by Congress. The United States Federal Reserve website at https://www.federalreserve.gov/faqs/currency_12770.htm, states the following information:

"The Congress has specified that Federal Reserve Banks must hold collateral equal in value to the Federal Reserve notes that the Federal Reserve Bank puts in to circulation. This collateral is chiefly held in the form of U.S. Treasury, federal agency, and government-sponsored enterprise securities."

The above information from the Federal Reserve website proves there is no gold standard, as it states that collateral in the form of U.S. Treasury, federal agency, and government-sponsored securities, must equal the value of the Federal Reserve Notes in circulation.

First, let's deal with U.S. Treasury Securities. The Treasury Direct website at https://www.treasurydirect.gov/indiv/products/products.htm, states the following information:

"U.S. Treasury securities are a great way to invest and save for the future. Here, you'll find overviews regarding U.S. Treasury bonds, notes, bills, TIPS, and Floating Rate Notes (FRNs), as well as U.S. Savings Bonds."

"Treasury Bills are short-term government securities with maturities ranging from a few days to 52 weeks. Bills are sold at a discount from their face value."

"Treasury Notes are government securities that are issued with maturities of 2, 3, 5, 7, and 10 years and pay interest every six months."

"Treasury Bonds pay interest every six months and mature in 30 years."

"Treasury Inflation-Protected Securities are marketable securities whose principal is adjusted by changes in the Consumer Price Index. TIPS pay interest every six months and are issued with maturities of 5, 10, and 30 years."

"Floating Rate Notes Interest payments on an FRN rise and fall based on discount rates for 13-week Treasury bills. FRNs are issued for a term of 2 years and pay interest quarterly."

"The U.S. Treasury began issuing Floating Rate Notes (FRNs) in January 2014. Issued for a term of two years, FRNs pay varying amounts of interest

quarterly until maturity. Interest payments rise and fall based on discount rates in auctions of 13-week Treasury bills."

"I Savings Bonds are a low-risk savings product that earn interest while protecting you from inflation. Sold at face value. Check out our table that is a comparison of TIPS and Series I Savings Bonds."

"As of January 1, 2012, paper savings bonds are no longer sold at financial institutions. This action supports Treasury's goal to increase the number of electronic transactions with citizens and businesses. See the press release."

"EE and E Savings Bonds are a secure savings product that pay interest based on current market rates for up to 30 years. Electronic EE Savings Bonds are sold at face value in Treasury Direct."

In short, the public can buy U.S. Treasury Securities, some of which, pay interest and have maturity dates up to 30 years. This is a form of collateral, as the public buys the U.S. Treasury Securities and holds on to them until they mature...and after the maturity date the public will receive money in exchange for the U.S. Treasury Securities.

Next, let's deal with federal agency securities. The Nasdaq website at https://www.nasdaq.com/investing/glossary/f/federal-agency-securities, states the following information concerning the definition of Federal agency securities:

"Securities issued by corporations and agencies created by the US government, such as the Federal Home Loan Bank Board and Ginnie Mae."

The U.S. Department of the Treasury website at https://www.treasury.gov/resource-center/faqs/Markets/Pages/fixedfederal.aspx, states the following concerning agency securities:

"The term "agency securities" is sometimes used by brokers, dealers and investment advisors to refer to securities issued or guaranteed by a variety of entities other than the U.S. Treasury. Agency securities are not the same as U.S. Treasury securities. An agency security represents a loan by the security purchaser (the investor) to the issuing entity and an investor should consider the different characteristics and different guarantees of agency securities. The term "agency securities" refers to securities issued by or guaranteed by:

Government corporations -- Examples of these include the Government National Mortgage Association (Ginnie Mae) and the Tennessee Valley Authority (TVA)

Government sponsored enterprises (GSEs) -- GSEs are privately owned, but were chartered by Congress to perform certain public functions in particular sectors of the economy."

These are forms of collateral, as it is talking about securities issued by or guaranteed by government corporations or government sponsored enterprises. As stated on the U.S. Department of the Treasury website, the "agency security represents a loan by the security purchaser (the investor) to the issuing entity."

Lastly, let's deal with government-sponsored enterprise securities. The Federal Budget Group website at https://fedweb.com/government-sponsored-enterprises/, states the following information:

"A government-sponsored enterprise (GSE) is a financial services corporation created by Congress.

The intended function is to:

enhance the flow of credit to particular sectors of the economy (agriculture, home finance, and education);

to make those segments of the capital market more efficient and transparent; and to reduce the risk to investors and other suppliers of capital.

The two most well-known GSEs are the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac."

Concerning Fannie Mae, the Federal Budget Group website at https://fedweb.com/government-sponsored-enterprises/, states the following information:

"Federal National Mortgage Association (Fannie Mae) is a United States government-sponsored enterprise (GSE) and, since 1968, a publicly traded company. Founded in 1938 during the Great Depression, the corporation's purpose is to expand the secondary mortgage market by securitizing mortgages in the form of mortgage-backed securities (MBS), allowing lenders to reinvest their assets into

more lending — increasing the number of lenders in the mortgage market by reducing the reliance on locally based savings and loan associations (or "thrifts")."

Concerning Freddie Mac, the Federal Budget Group website at https://fedweb.com/government-sponsored-enterprises/, states the following information:

"Federal Home Loan Mortgage Corporation (Freddie Mac) is a public government-sponsored enterprise (GSE). In 1970, Congress established the Federal Home Loan Mortgage Corporation (Freddie Mac) to help savings-and-loan banks manage interest-rate risk. Initially, the Federal Home Loan Banks owned Freddie, but in 1989, Congress reorganized Freddie as a shareholder-owned for-profit company. Along with Fannie Mae, Freddie Mac buys mortgages on the secondary market, pools them, and sells them as a mortgage-backed security to investors on the open market. This secondary mortgage market increases the supply of money available for mortgage lending and increases the money available for new home purchases. On September 7, 2008, the Federal Housing Finance Agency (FHFA) director announced he had put Fannie Mae and Freddie Mac under the conservatorship of the FHFA."

Concerning both Fannie Mae and Freddie Mac, the Federal Budget Group website at https://fedweb.com/government-sponsored-enterprises/, states the following information:

"As government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac have special privileges and obligations. Their congressional charters give them a close relationship to the federal government that is widely (but not universally) viewed as an implicit federal guarantee of their bonds and MBS. Broadly speaking, their role is to ensure appropriate availability of mortgages to creditworthy households. By law, the GSEs purchase mortgages from lenders, and either hold the mortgages as investments or pool the mortgages into mortgage-backed securities, which are sold to institutional investors. The GSEs guarantee that investors in these MBS will receive timely payment of principal and interest even if the borrower becomes delinquent."

Collateral is the gap-filler concerning United States Federal Reserve Notes in circulation, but the Federal Reserve Act can be amended by Congress. Concerning the federal Reserve Act, the Federal Reserve website at https://www.federalreserve.gov/aboutthefed/fract.htm, states the following information:

"The Federal Reserve Act of 1913 established the Federal Reserve System as the central bank of the United States to provide the nation with a safer, more flexible, and more stable monetary and financial system. The law sets out the purposes, structure, and functions of the System as well as outlines aspects of its operations and accountability. Congress has the power to amend the Federal Reserve Act, which it has done several times over the years."

I submit to you that the Federal Reserve Act can be amended to allow for the $2,000 monthly government Guaranteed Universal Basic Income Act, which will produce benefits that far outweigh any liabilities. With no U.S. gold standard, federal reserve notes can be printed and circulated to cover the $2,000 monthly government Guaranteed Universal Basic Income Act…without touching the collateral-based system that currently exists. History has shown through the Nixon administration's suspension of the gold standard, that U.S. dollars can be utilized by people without anything backing those U.S. dollars. Remember, the Nixon administration's suspension of the gold standard resulted in "fiat money," which is money that is made to be legal tender by the government, even though it has no gold backing it. The Federal Reserve Act has been amended in the past… and will undoubtedly have to be amended in the future, to adapt it to changing economic environments. The economic environment that exists today in the United States is in desperate need of the $2,000 monthly government Guaranteed Universal Basic Income Act, as the eradication of poverty in the United States should be a high priority on the United States governmental list of priorities. The Federal Reserve Act will be here for perpetuity, as there is no expiration date, so amending it to fit the economic environment is a necessity. The United States Federal Reserve website at https://www.federalreserve.gov/faqs/is-the-federal-reserve-act-going-to-expire.htm, states the following information:

"The Federal Reserve Act of 1913--which established the Federal Reserve as the central bank of the United States--originally chartered the Federal Reserve

Banks for 20 years. But in the McFadden Act of 1927, the Congress rechartered the Federal Reserve Banks into perpetuity, and so there is currently no "expiration date" or repeal date for the Federal Reserve."

Concerning monetary policy, the Federal Reserve website at https://www.federalreserve.gov/faqs/money_12845.htm, states the following information:

"The money supply is commonly defined to be a group of safe assets that households and businesses can use to make payments or to hold as short-term investments. For example, U.S. currency and balances held in checking accounts and savings accounts are included in many measures of the money supply."

In other words, the money supply is the total amount of money in circulation …including the public and banking institutions. There are several ways the United States Federal Reserve measures the money supply, as the United States Federal Reserve website at https://www.federalreserve.gov/faqs/money_12845.htm, goes on to state the following information:

"There are several standard measures of the money supply, including the monetary base, M1, and M2. The monetary base is defined as the sum of currency in circulation and reserve balances (deposits held by banks and other depository institutions in their accounts at the Federal Reserve). M1 is defined as the sum of currency held by the public and transaction deposits at depository institutions (which are financial institutions that obtain their funds mainly through deposits

from the public, such as commercial banks, savings and loan associations, savings banks, and credit unions). M2 is defined as M1 plus savings deposits, small-denomination time deposits (those issued in amounts of less than $100,000), and retail money market mutual fund shares."

Concerning the money supply and its ties to GDP growth and inflation, the United States Federal Reserve website at https://www.federalreserve.gov/faqs/money_12845.htm, states the following information:

"Over recent decades, however, the relationships between various measures of the money supply and variables such as GDP growth and inflation in the United States have been quite unstable. As a result, the importance of the money supply as a guide for the conduct of monetary policy in the United States has diminished over time. The Federal Open Market Committee, the monetary policymaking body of the Federal Reserve System, still regularly reviews money supply data in conducting monetary policy, but money supply figures are just part of a wide array of financial and economic data that policymakers review."

In other words, the instability of the relationship between the money supply and economic variables such as GDP growth and inflation, has led to the diminishment of the importance of the money supply as a guide for the conduct of monetary policy in the United States.

GDP (Gross Domestic Product) is defined by Merriam-Webster's online dictionary as:

"the broadest quantitative measure of a nation's total economic activity. More specifically, GDP represents the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time."

Inflation is defined by Merriam-Webster's online dictionary as:

"a continuing rise in the general price level usually attributed to an increase in the volume of money and credit relative to available goods and services."

Deflation is defined by Merriam-Webster's online dictionary as:

"a contraction in the volume of available money or credit that results in a general decline in prices"

The diminishment of the importance of the money supply as a guide for the conduct of monetary policy in the United States, because of the instability of the relationship between the money supply and economic variables such as GDP growth and inflation…opens the door for the money supply to be utilized to fund $2,000 in monthly government guaranteed universal basic income for every United States citizen.

I submit to you, that amending the Federal Reserve Act to increase the money supply by infusing $2,000 in monthly government guaranteed universal basic income for every United States citizen…will pay for itself and bring positive

results for everyone involved. It will lift the standard of living for Americans throughout the United States. There will be more mortgages, as more homes will be bought by Americans, resulting in more business for everyone involved in the real estate industry… from the new home builders, to the construction companies, to the real estate agents, to the banks and mortgage companies. The real estate industry will benefit greatly from a $2,000 monthly government guaranteed universal basic income program. Americans who are currently unemployed and homeless will go to apartment living and rental houses because they have an income, which will increase the number of residents living in apartments and rental houses…which will ultimately be of great benefit to property management companies. Cities throughout the United States will benefit greatly, as numerous homeless Americans leave the streets, because they now have an apartment or house to live in. This will lessen the amount of resources needed to address the homeless issue in cities throughout the United States. Businesses large and small throughout America will see an increase in business, and there will be a rebirth in "mom and pop" businesses. There are people who currently would like to start a "mom and pop" business, but they are unable to because of finances. $2,000 in monthly government guaranteed universal basic income would enable people seeking to do this, the opportunity to do so.

The FBI's Preliminary Semiannual Uniform Crime Report for January through June of 2017 at https://ucr.fbi.gov/crime-in-the-u.s/2017/preliminary-report, states the following information:

“Preliminary figures indicate that law enforcement agencies throughout the nation showed an overall decrease of 0.8 percent in the number of violent crimes brought to their attention for the first 6 months of 2017 when compared with figures reported for the same time in 2016. The violent crime category includes murder, rape (revised definition), robbery, and aggravated assault. The number of property crimes in the United States from January to June of 2017 dropped 2.9 percent when compared with data for the same time period in 2016. Property crimes include burglary, larceny-theft, and motor vehicle theft. Arson is also a property crime, but data for arson are not included in property crime totals due to fluctuations in reporting. Figures for 2017 indicate that arson decreased 3.5 percent when compared with 2016 figures for the same time period.”

According to the FBI’s Preliminary Semiannual Uniform Crime Report for January through June of 2017, there was an overall decrease of 0.8 percent in the number of violent crimes brought to their attention, when compared with the data for the same time period in 2016. Property crimes dropped 2.9 percent when compared with the data for the same time period in 2016. The crime areas that include lack of income or lack of money as the motivating factor, such as robberies or burglaries, will automatically decrease as a direct result of the $2,000 monthly government guaranteed universal basic income program. The reported crime percentage decreases of 0.8 percent for violent crimes and 2.9 percent for property crimes, will decrease much further because of the enactment of the $2,000 monthly government guaranteed universal basic income program, which will be a positive

benefit that will be felt throughout the United States. The resources necessary to address the crime areas that include lack of income or lack of money as the motivating factor, can be redirected to other necessary areas, because of the decrease in crime in these areas. This will have a direct positive impact on United States prisons, as the number of people committing crimes in these areas and becoming convicted felons will decrease. The decrease in people becoming convicted felons will automatically have a direct positive effect on United States prisons, as the number of people going to prison decrease, which will have a direct positive effect on the recidivism rate in United States prisons. In other words, since the people do not go to prison in the first place, they will undoubtedly not be going back to prison, and as a result they will not become a statistic in the recidivism rate.

Concerning convicted felons in prison and out of prison. The National Institute of Justice at https://www.nij.gov/topics/corrections/recidivism/Pages/welcome.aspx, states the following information:

"Recidivism is one of the most fundamental concepts in criminal justice. It refers to a person's relapse into criminal behavior, often after the person receives sanctions or undergoes intervention for a previous crime. Recidivism is measured by criminal acts that resulted in rearrest, reconviction or return to prison with or without a new sentence during a three-year period following the prisoner's release."

The National Institute of Justice at https://www.nij.gov/topics/corrections/recidivism/Pages/welcome.aspx, continues to state the following information:

"Bureau of Justice Statistics studies have found high rates of recidivism among released prisoners. One study tracked 404,638 prisoners in 30 states after their release from prison in 2005. The researchers found that:

Within three years of release, about two-thirds (67.8 percent) of released prisoners were rearrested.

Within five years of release, about three-quarters (76.6 percent) of released prisoners were rearrested.

Of those prisoners who were rearrested, more than half (56.7 percent) were arrested by the end of the first year.

Property offenders were the most likely to be rearrested, with 82.1 percent of released property offenders arrested for a new crime compared with 76.9 percent of drug offenders, 73.6 percent of public order offenders and 71.3 percent of violent offenders."

The above information from the National Institute of Justice shows the need to address the recidivism rate. Convicted felons have a rough time finding employment with a felony on their record, yet they are expected to make it financially when they are released from prison. This results in recidivism, as some

convicted felons return to crime to make it financially…and some convicted felons return to crime to return to prison, so they can have food and shelter, instead of being homeless on the streets. The recidivism rate for convicted felons in prison and out of prison, will decrease because of the enactment of the $2,000 monthly government guaranteed universal basic income program, which is a positive benefit that will be felt throughout the United States. Convicted felons in prison and out of prison are included in the program, as all that is required for the program is United States citizenship. $2,000 in monthly government guaranteed universal basic income for convicted felons who have paid their debt to society, will enable them to start over with an income that will have a direct positive impact on the recidivism rate.

In conclusion, there are many positive results that will come from enacting this legislation, as the benefits of passing this bill for $2,000 in monthly government guaranteed universal basic income for every United States citizen, far outweigh any liabilities.

We thank you for your time.

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