

Bear in mind that the “Treasury Department” is the IMF.

The U.S. Digital Service, an executive agency housed within the Executive Office of the President of the United States, is instructed to design and implement the digital wallet capability in collaboration with Treasury.

The Treasury Dollar Act of 2020

6 Pages

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Abstract

This Bill would convert the Department of Treasury's existing 'Treasury Direct' system of universally available transaction accounts in Treasury Securities into a publicly administered digital savings and payments platform. A platform of this type is an essential public utility, hence a requirement of justice, in any 'commercial society' or 'exchange economy' such as our own. It is also growth promoting, inasmuch as growth-tracking GDP is a measure of transaction volume, while transaction volume in turn is a positive function of speedier, more efficient, and more inclusive transacting. In this sense the prescribed system amounts both to a justice gain and to an efficiency gain.

The Bill prescribes achievement of its aim through two surprisingly simple steps, enabling full specification of what it mandates in only two pages exclusive of Findings and Definitions.

First, Treasury is instructed to issue a new class of zero coupon perpetual Treasury Bill - the 'Treasury Dollar Bill,' or 'Treasury Dollar' - valued at precisely one Federal Reserve Note (a.k.a. 'dollar bill') per Treasury Dollar. **The Treasury Dollar is deemed legal tender**, sufficient to discharge all obligations public and private, on a par with Federal Reserve Notes. It is in effect identical to the Federal Reserve Note (again, the current 'dollar bill') in respect of all attributes save its issuer.

Second, Treasury is instructed to add phone-accessible digital wallet capability to all Treasury Direct Accounts, such as to enable direct peer-to-peer transacting in 'real time' both among all wallet holders inter se and between wallet holders and the public fisc. **The U.S. Digital Service, an executive agency housed within the Executive Office of the President of the United States**, is instructed to design and implement the digital wallet capability in collaboration with Treasury.

In addition to all citizens and legal residents of the United States, all businesses too will receive Treasury Direct wallets, and all bank and thrift institutions will be required as a condition of chartering to afford the same access to ATM, e-banking and other services to customers transacting in Treasury Dollars as they do to customers transacting in Federal Reserve Notes.

What the bill prescribes is not as exotic as some might first think. In the roughly 70 years between the Banking, Currency, and Legal Tender Acts of the Civil War era and the founding, then Note-issuance, of the Federal Reserve System well into the 20th century, Treasury issued the nation's primary currencies - best known among them the 'Greenback.' (Hence the name of that Treasury office which serves as one of our three primary bank regulators - the 'Comptroller [i.e., Controller] of the Currency.) What this bill institutes is accordingly no more than the restoration of currency issuing authority, in parallel with the Fed's continuing such authority, to our more democratically accountable Treasury.

Where new issuance is concerned, Congress may choose to limit the use of this authority to crisis situations in which immediate 'helicopter money' drops are necessary or may authorize more continuous use of it for periodic disbursements of other kinds. In all such cases Treasury will of course have to coordinate with the Fed to avoid any possible disbursement-caused instability of the national money supply. What matters most at present is that the architecture be in place, so that all citizens, legal residents, and businesses operating in the United States have immediate access to savings and payments services free of any charge. Use of paper currency does not require fee payments; neither should use of digital currency.

Treasury Dollar Act – Hockett Draft 3/27/2020

A BILL

To establish a uniform, publicly administered mechanism through which relief payments and other public sector disbursements can be made to all citizens, legal residents, and businesses legally operating within the territorial jurisdiction of the United States; and in so doing to provide

the digital equivalent of a bank savings and transaction account to these same citizens, legal residents, and businesses henceforth.

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Treasury Dollar Act of 2020.”

SECTION 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) For over half a century from the mid-1860s into the early 20th century, the U.S. Treasury issued the principal legal tender currency used in the United States to settle all obligations, public and private; (2) After the Federal Reserve Note (“dollar bills”) began first to supplement, then to supplant Treasury currency as the nation’s principal legal tender in the second and third decades of the 20th century,

Treasury currency continued – and continues – to qualify as legal tender;

(3)The Treasury continues to issue trillions of dollars’ worth of other U.S. sovereign liabilities – including

Bills, Bonds, and Notes – which constitute the largest securities market in the world;

(4)The Treasury is both legally and logistically well positioned to issue any new sovereign liabilities, including zero-coupon, dollar- denominated liabilities counting as legal tender, in what ever 1

Treasury Dollar Act – Hockett Draft 3/27/2020

quantities Congress sees fit to authorize, be this ad hoc in crises or on a continuing basis;

(5)The Treasury also maintains a system of “Treasury Direct” accounts open to all citizens and legal residents of the United States, through which account-holders can transact in Treasury securities with the Treasury “24/7,” any time day or night;

(6)The United States is in need of a universally inclusive and efficient, “real time” means of transmitting purchasing power to citizens, legal residents, and businesses that suffer the income and liquidity consequences of crisis-wrought monetary, financial, and macroeconomic contraction;

(7)Any such system as that just described would be both more just and more growth-promoting than any less inclusive or less efficient system can be, because (a) a value storage and transfer architecture – that is, a savings and payment platform – is an essential public utility in any commercial society or exchange economy such as those of the United States, and (b) economic growth is measured by transaction volume, while transaction volume is a positive function of transaction velocity;

(8)Millions of citizens and legal residents of, and small businesses operating in, the United States have limited or no access to traditional banking and payments services of the kind necessary both to transact with each other and to receive income support, tax refunds, program and procurement payments, or other disbursements from the federal fisc, leaving these citizens, legal residents, and small businesses vulnerable to the exploitative practices of many payday lenders and payment service firms. (b) PURPOSE.—The purpose of this Act is to build upon the historical precedent and institutional architecture referenced in Findings (1) through (5) in order to rectify the deficiencies identified in findings (6) through (8).

SECTION 3. DEFINITIONS.

(a)Account.— 2

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- (b) Account Holder.—
 - (c) Bank Account.—
 - (d) Banking Association.— (e) Banking Services.— (f) Coupon.—
 - (g) Credit and Debit Card.— (h) Cryptographic.—
 - (i) Digital.—
 - (j) Digital Account Wallet.— (k) Digital Equivalent.— (l) Digital Payment System.— (m) Digital Wallet.— (n) Disbursements.— (o) Dollar.— (p) Dollar Bill.— (q) E-Banking.— (r) Electronic Banking.—
 - (s) Federal Reserve Note.— (t) Interest.—
 - (u) Interoperability.—
- 3

Treasury Dollar Act – Hockett Draft 3/27/2020

- (v) Issuable.—
- (w) Legal Tender.— (x) Payday Lender.— (y) Payment Service.—

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SECTION 4. TREASURY DOLLARS.

Congress shall authorize and instruct the Department of the Treasury to issue a new class of Treasury

Bill, to be designated a “Treasury Dollar Bill,” abbreviated as “Treasury Dollar.” Treasury Dollars shall— (a) Be valued at precisely one Federal Reserve Note (colloquially known as “the dollar bill”) per Treasury

Dollar, yielding no interest or “coupon” that Federal Reserve Notes do not, and differing from Federal Reserve Notes only in respect of their issuer;

- (b) Be designated as Legal Tender, sufficient to discharge all payment obligations, public and private, on precisely the same terms as Federal Reserve Notes;
- (c) Be issuable in both paper and digital form, and any other form in which Federal Reserve Notes are or shall in future be issued;
- (d) Serve as the unit of account in Treasury Direct Accounts as specified in Section 5 of this Act.

SECTION 5. TREASURY DIRECT ACCOUNTS.

Congress shall authorize and instruct the Department of the Treasury to expand its existing system of

Treasury Direct Accounts in the following three manners—

- (a) Bank and Thrift Account Interoperability.— All Treasury Direct Accounts shall retain the interoperability with Bank or Thrift Transaction Accounts

4

Treasury Dollar Act – Hockett Draft 3/27/2020

that they currently have, save that, pursuant to Section 4(b) of this Act declaring Treasury Dollars legal tender, there shall be no public or private sector requirement to convert Treasury Dollars into Federal Reserve Notes or their digital equivalent, or vice versa, as there presently is when transferring funds between Bank or Thrift Transaction Accounts and Treasury Direct Accounts in purchasing or redeeming present-day Treasury Securities that are not Treasury Dollars;

- (b) E-Banking, Phone Banking, Credit and Debit Card, Automatic Teller Machine, and Other Banking Services.—Pursuant to Section 4(b) of this Act declaring Treasury Dollars to be legal tender, no State or Nationally chartered Banking Association or Thrift Institution shall discriminate between

Treasury Dollars and Federal Reserve Notes or their digital equivalent in administering the Electronic Banking (“e-banking”), Phone or Other Device Banking, Credit and Debit Card, Automatic Teller Machine (ATM), or other traditional banking services that they offer customers;

(c) Digital Account Wallets.— The Treasury shall, with all deliberate speed—

(1) Add digital peer-to-peer (“P2P”) Interoperability to all Treasury Direct Accounts, enabling all Account

Holders to transact directly in real time both with the Treasury and with one another, so that Account

Holders without Savings or Transaction Accounts held with other institutions, including Banking Associations and Thrift Institutions, can transact directly both with Treasury and with one another in “real time” through their Treasury Direct Account Wallets;

(2) Retain the services of the U.S. Digital Service to design the P2P- Interoperable Digital Account Wallets referenced in Subsection (c)(1) of this Section immediately above;

(3) Cryptographically build into the Digital Account Wallet system all Privacy and “Hack-Proofing” protections that Treasury Direct Accounts currently offer or that Banking Associations and Thrift Institutions are currently required by law to provide in connection with the Transaction Accounts and Payment Services that they provide.

5

Treasury Dollar Act – Hockett Draft 3/27/2020

(d) Treasury Disbursements into Digital Account Wallets.—After the system of Digital Account Wallets described in Subsubsection (c)(e) of this Subsection is operational, Treasury shall make all future digital or electronic disbursements, including but not limited to crisis relief payments, into these Account Wallets, with the object of encouraging wide use of this system as the preferred, universally accessible digital payments platform for all e-payments made in the United States. 6

The End...