THE CITIZENS STANDARD

A Statutory Implementation Pathway

The Fourth Paper of the Citizens Standard Series

Neo-Solon

Neo-Solon@hotmail.com

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Series Note

This paper is the fourth in the Citizens Standard research program. The companion papers in the series are:

The Citizens Standard: One Model, Many Systems — A Constitutional Monetary Architecture (Neo-Solon, 2026a · SSRN 6702518). Establishes the full theoretical architecture: the Model's seven load-bearing properties, the K1/K2/K3/KI issuance channels, the tri-modal design, the Stable Floor account structure, the banking architecture, and the constitutional governance framework.

The Citizens Standard: A Historical Counterfactual — Empirical Analysis of an Alternative US Monetary Architecture, 1960–2055 (Neo-Solon, 2026b · SSRN 6735078). Models the system's performance using Monte Carlo simulation, historical back-testing across four birth cohorts, and comparative analysis against the current monetary system across twelve dimensions.

The Citizens Standard: Transition Architecture and Migration Mechanics (Neo-Solon, 2026c · SSRN 6810741). Maps the full transition from the current system to the Citizens Standard, including Federal Reserve wind-down, Treasury debt treatment, banking sector adjustment, credit contraction risk, and market exit design.

The Citizens Standard: A Macroeconomic Model of a Two-Circuit Monetary System (Neo-Solon, 2026e · SSRN 6939418). The companion macroeconomic model: the two-circuit decomposition of money by use, the formal price-stability and bounded-compression propositions, the convergence condition for the path-targeting dividend rule, and the conditional transition damper that closes the residual credit contraction this paper's lending facility does not fully cover.

The Citizens Standard: Full-Reserve Banking and the Two-Circuit System (Neo-Solon, 2026f · SSRN 6939498). The companion banking paper: how the framework's full-reserve architecture delivers complete monetary control and run-proof payments, and how credit is supplied from term deposits and equity when banks cannot create money.

The Citizens Standard: External Interoperability and the Common Anchor (Neo-Solon, 2026g · SSRN 6939600). The companion external paper: cross-border interoperability and the common price anchor, with the computed exchange-rate mechanism linking national Citizens Standard systems.

The Citizens Standard: The Structural Buyer — Asset-Market Dynamics, Price Discovery, and Universal Ownership (Neo-Solon, 2026h · SSRN 6945320). The companion structural-buyer paper: how a permanent, price-insensitive public buyer of total-market equity converges to a bounded valuation premium, preserves price discovery, funds real investment through primary issuance, and remains control-neutral via a mirror-voting rule.

The Citizens Standard: The Issuance Engine — Channel Mechanics, the Transactional-Money Locus, and Bounded Citizen Ownership (Neo-Solon, 2026i · SSRN 6973261). Specifies the computational core in full: one growth-tied money budget per year split across the K1/K2/K3/KI channels and routed between the transactional and asset circuits, with the price-

stability locus and the bounded structural buyer derived as outputs, and sensitivity analysis on the contested empirical inputs.

The Citizens Standard: Governance and the Political Economy of the Parameters — Who Sets the Dials, the Dividend Ratchet, and the Constitutional Lock as a Commitment Technology (Neo-Solon, 2026k · SSRN 6973318). Addresses who sets the constitutional parameters and what prevents their capture: the parameters as a joint monetary–distributional instrument, the dividend ratchet, and the constitutional lock as a commitment technology, disciplined by the records on central-bank independence, the Alaska dividend, and fiscal rules.

This paper — the fourth in the series — addresses the question the preceding three do not: how the Citizens Standard can be enacted into law. It develops a statutory implementation pathway that preserves the architecture's load-bearing properties within the existing legislative process, without requiring a constitutional amendment.

Each paper is independently readable. Readers new to the Citizens Standard are encouraged to begin with the architectural paper (Neo-Solon, 2026a). The framework’s situation among monetary-reform alternatives — the rules-versus-discretion tradition, free banking, the full-reserve school, and the broad-capital-ownership literature — is developed there, in its section Situating the Citizens Standard in the Literature, and is not repeated in this paper, which addresses only the statutory and constitutional implementation of that architecture. The formal macroeconomics of the framework — the two-circuit money decomposition, the price-stability and bounded-compression propositions, and the convergence of the path-targeting rule — are developed in the macroeconomic model (Neo-Solon, 2026e).

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The Citizens Standard: A Statutory Implementation Pathway — Neo-Solon (2026) · Working Paper · SSRN: 6873798

Executive Summary

The Citizens Standard is a constitutional monetary framework proposing formula-bounded, citizen-anchored money creation distributed equally to all verified citizens at issuance. The three preceding papers in this series establish its architecture, model its empirical performance, and map its transition dynamics. They do not address the question of enactment. The constitutional amendment process required to adopt the Citizens Standard — two-thirds of both chambers of Congress plus ratification by three-quarters of states — has proven prohibitive for monetary reform throughout American history. This paper develops a statutory implementation pathway that preserves the framework's load-bearing properties without requiring a constitutional amendment.

The statutory architecture rests on three tiers. The first anchors Stable Floor accounts as individually owned private property under the Fifth Amendment's Takings Clause, making uncompensated congressional seizure or redirection legally costly regardless of the political environment. The second protects formula parameters — the K1 and K2 issuance rates, the KI inflation target, and the Mode selection — behind a sixty-seven percent supermajority repeal threshold, a ninety-day mandatory deliberation period, and an independent certification requirement from the Federal Digital Currency Authority. The named modes — A, B, C, D, and the transition configuration T — are illustrative reference configurations; the architecture supports any valid parameterization that preserves the Model's load-bearing properties. Mode T is recommended for the transition period, landing automatically in the permanent Mode T-stable steady state (Mode Ω) once the public debt is retired. The third delegates implementation details to the FDCA, structured as a multi-member board consistent with the separation of powers requirements established in Seila Law LLC v. Consumer Financial Protection Bureau (2020).

The paper maps four constitutional vulnerabilities the framework is likely to face in litigation: challenges under the nondelegation doctrine, separation of powers objections to the FDCA's structure and certification function, Takings Clause questions regarding prospective distributions, and the foundational principle that one Congress cannot bind a future Congress. Each vulnerability is assessed and mitigated. None is fatal to the design given careful drafting.

A phased transition sequence addresses the Federal Reserve's institutional wind-down, the treatment of the existing federal debt, the twenty-year banking sector adjustment to full reserve requirements, and the sequencing of Stable Floor account launches. A minimum viable legislative first step — FDCA establishment, account opening, formula enactment, and a defined transition timeline with automatic milestones — provides a plausible legislative entry point that does not require the full architecture to be operative at enactment.

Five political constituencies have structural reasons to support the framework: fiscal conservatives seeking permanent elimination of deficit financing; progressives seeking reversal of the Cantillon Effect and universal asset ownership; libertarians seeking formula-based removal of Federal Reserve discretion; retirees and near-retirees seeking to create permanent wealth infrastructure for their children and grandchildren — a floor that every future citizen will hold where currently they hold nothing; and immigration hawks seeking explicit monetary accountability for immigration levels. The paper argues this coalition is structurally durable because each group's support is grounded in independent structural interests rather than shared ideological premises.

The paper identifies six failure modes — partial adoption, formula erosion, supermajority repeal, emergency power misuse, market exit failure, and account redirection — each with a design mitigation. The statutory version cannot match a constitutional amendment’s permanence; its long-run protection is the constituency created by universal account adoption: once Stable Floor accounts compound across the population, dismantling the system costs more than any realistic legislative coalition can bear.

Abstract

The Citizens Standard — a constitutional monetary framework proposing formula-bounded, citizen-anchored money creation distributed equally to all verified citizens at issuance — has been developed across three preceding papers establishing its architecture, empirical performance, and transition dynamics. The framework's constitutional design is theoretically optimal: its load-bearing properties are permanently protected, its formula is unamendable without supermajority citizen approval, and its emergency tools are bounded by enumerated provisions that cannot be expanded by executive or legislative action. The constitutional amendment process required to enact it, however, demands two-thirds of both chambers of Congress and ratification by three-quarters of states — a threshold that has proven prohibitive for monetary reform throughout American history.

This paper develops the statutory alternative. It proposes a three-tier legislative architecture that preserves the Citizens Standard's load-bearing properties within the constraints of ordinary statute: a property rights anchor that vests Stable Floor accounts as individually owned private property under the Fifth Amendment's Takings Clause, a supermajority entrenchment structure protecting formula parameters behind a sixty-seven percent repeal threshold with mandatory deliberation periods and independent certification requirements, and a Federal Digital Currency Authority structured as a multi-member board consistent with the separation of powers requirements established in Seila Law LLC v. Consumer Financial Protection Bureau (2020).

The paper makes four contributions. First, it establishes the legal defensibility of the statutory architecture against the four challenges most likely to be brought: nondelegation doctrine, separation of powers, takings jurisprudence, and the principle that one Congress cannot bind a future Congress. Second, it develops a transition mechanism and sequencing strategy specific enough to serve as the basis for drafting. Third, it identifies the five-group political coalition capable of achieving the sixty-seven percent threshold and explains why that coalition is structurally durable. Fourth, it maps six failure modes — partial adoption, formula erosion, supermajority threshold repeal, emergency power misuse, market exit failure, and Stable Floor account redirection — and specifies design mitigations for each.

The paper concludes that the statutory version's primary protection is neither legal nor procedural but political: as Stable Floor accounts compound across a universal citizen constituency, the cost of dismantling the system grows until repeal becomes practically irreversible regardless of its theoretical legal availability. The statutory pathway is not equivalent to the constitutional version. It is the available version — and available, carefully designed, and honestly defended is a stronger position than perfect and unreachable.

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Keywords: Citizens Standard; statutory implementation; monetary constitution; central bank independence; political economy; legislative entrenchment

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1. Introduction — The Constitutional vs. Statutory Tradeoff

The United States has not amended its Constitution on a matter of monetary or fiscal architecture since the Sixteenth Amendment authorized federal income taxation in 1913. In the century since, proposals to constitutionalize monetary policy — from gold standard restoration movements of the 1970s to balanced budget amendment campaigns that came within a single Senate vote of passage in 1995 — have failed without exception. The constitutional amendment process requires two-thirds of both chambers of Congress and ratification by three-quarters of states. For monetary reform, a subject on which the finance, insurance, and real estate sector alone spent over $700 million in lobbying in 2025, this threshold is not merely high. It is prohibitive.

The Citizens Standard, as developed in the preceding three papers of this series, proposes a constitutional monetary architecture: formula-bounded money creation distributed equally to all citizens at issuance, individual Stable Floor accounts held as private wealth, and an independent Federal Digital Currency Authority operating under rules rather than discretion. The architecture is designed to be constitutional precisely because constitutional protection is what gives it permanence. A monetary framework that can be repealed by a simple congressional majority in the next crisis is not a framework — it is a suggestion.

This creates a genuine dilemma. The constitutional version is the right answer. It is also, under current political conditions, an unreachable one.

This paper proposes a resolution. A statutory version of the Citizens Standard, carefully designed, can preserve the load-bearing properties of the constitutional architecture while operating within the existing legislative process. It cannot replicate constitutional permanence. What it can do is build the conditions under which permanence becomes unnecessary — because once three hundred million citizens hold individually owned Stable Floor accounts compounding over decades, the political cost of dismantling the system exceeds any conceivable benefit to any conceivable coalition.

The statutory path is not a compromise of the Citizens Standard. It is the realistic path to it.

What this paper contributes

The three preceding papers in this series establish the theoretical foundation, empirical modeling, and transition dynamics of the Citizens Standard. They answer what the architecture is, why it works, and what the transition looks like. They do not answer how it is enacted.

This paper answers that question. It develops a three-tier statutory architecture that anchors the hardest provisions in individual property rights, entrenches the formula parameters behind supermajority repeal thresholds, and contains emergency powers within enumerated and auto-expiring bounds. It maps the constitutional vulnerabilities that litigation will target and explains how the design mitigates each. It identifies the political coalition that can pass the framework and explains why that coalition is structurally durable. And it confronts honestly the failure modes that a statutory version faces — not to discourage adoption, but to show where the architecture needs to be strongest.

The Citizens Standard began as a monetary theory. This paper completes it as an institutional design.

2. Design Principles for a Statutory Version

A statutory version of the Citizens Standard is not simply the constitutional version with weaker protection. It is a deliberately engineered alternative that trades permanence for achievability while preserving, as far as statute allows, the load-bearing properties of the original architecture. Before describing what that architecture looks like, this section establishes the five principles that govern every design choice in it. These principles serve as a checklist: any provision that fails them should be revised or removed, regardless of how elegant it appears in isolation.

Preserve the load-bearing properties

The constitutional version of the Citizens Standard has seven properties that define its Model — the unamendable core identified in the preceding papers. These are: equal per-citizen issuance, formula-bounded money creation, the Stable Floor lock structure, payment-credit separation in banking, the Composite Productivity Index as the sole calibration input, the four-failure-mode organization of emergency tools, and the prohibition on discretionary monetary creation outside enumerated channels. A statutory version that preserves all seven is a strong statutory version. A version that compromises any one of them is not a statutory Citizens Standard — it is a different proposal wearing the same name.

Minimize political touchpoints

Every point at which Congress must affirmatively act to maintain the system is a point of vulnerability. The statutory architecture should be designed to run automatically once enacted, requiring congressional action only to change it, not to continue it. The formula runs. The FDCA operates. The Stable Floor accounts compound. None of this requires annual reauthorization.

One tension is worth acknowledging directly: early visible distribution — the fastest path to self-reinforcing adoption — requires initial legislative activity to establish the system. The resolution is sequencing: front-load the legislative work at enactment, design the ongoing operation to be automatic, and accept that the transition period carries higher political exposure than the steady state.

Build self-reinforcing adoption

The constitutional version protects itself through legal permanence. The statutory version must protect itself through political permanence — by creating constituencies so large and so directly invested in the system's continuation that dismantling it becomes electorally catastrophic. The Stable Floor accounts are the primary mechanism. Once a significant share of the voting population holds individually owned, compounding accounts — floors that protect and grow regardless of their exact size — the coalition against repeal exceeds the coalition for it. The floor is the constituency. Every citizen who holds one, however modest, has a direct financial stake in the system's continuation. This dynamic builds over years and accelerates as accounts mature and as the generational transfer of floor wealth begins.

Avoid discretionary drift

The central failure mode of every previous monetary reform statute is discretionary drift — the gradual re-expansion of official discretion through amendment, reinterpretation, or the accumulation of emergency exceptions that never expire. A century of amendment to the Federal Reserve Act — from the Banking Act of 1935 to the Federal Reserve Reform Act of 1977 to Dodd-Frank in 2010 — progressively expanded its discretionary authority far beyond what the original act contemplated. Every provision that introduces judgment — every open-ended emergency

clause — is a seed of future discretion. The design eliminates them where possible and constrains them where elimination is not achievable.

Maintain formula integrity

The Citizens Standard's formula is not a policy preference. It is the mechanism through which every other property of the system is maintained. A statutory version that allows the formula's parameters to be adjusted through ordinary legislation has no formula — it has a suggestion. Formula integrity requires that the K1 rate, the K2 capture rate, and the KI inflation target be insulated behind the highest available statutory barrier: supermajority repeal thresholds, mandatory deliberation periods, and independent certification requirements. These barriers cannot replicate constitutional protection. They can make formula erosion politically costly enough that it does not happen casually.

3. Precedent — Lessons from Statutory Entrenchment

The argument for a statutory Citizens Standard depends on a premise that skeptics will challenge immediately: that statutory entrenchment works. The history of attempts to bind future Congresses through legislation is not encouraging. This section examines five precedents, identifies why each failed, and explains what the statutory Citizens Standard does differently. The argument is not that statutory entrenchment always works. It is that statutory entrenchment fails in predictable ways, and that a design built to avoid those failure modes has a materially better chance than its predecessors.

The Congressional Budget Act of 1974

The Congressional Budget Act created statutory points of order — procedural rules requiring supermajority votes to waive budget constraints. These points of order have been waived hundreds of times. The constraint is real but not binding — it imposes friction, not prohibition. The lesson: procedural entrenchment without substantive protection is erosion in slow motion. The statutory Citizens Standard uses supermajority thresholds but combines them with the property rights anchor on Stable Floor accounts, which cannot be waived procedurally. The two layers together are harder to circumvent than either alone.

Gramm-Rudman-Hollings (1985 and 1987)

The Balanced Budget and Emergency Deficit Control Acts of 1985 and 1987 attempted to impose mandatory deficit reduction targets enforced by automatic sequestration. The Supreme Court struck down the original 1985 enforcement mechanism in Bowsher v. Synar (1986) on separation of powers grounds — the Comptroller General, an officer removable by Congress, could not exercise executive functions. The 1987 revision fixed the constitutional problem. Congress then repeatedly revised the targets upward when they became inconvenient, effectively abandoning the discipline the act was designed to impose.

Two lessons emerge. First, automatic enforcement mechanisms face serious constitutional scrutiny — the FDCA must account for Bowsher and its progeny. Second, numerical targets set in statute are easy to amend when they become politically painful. The statutory Citizens Standard avoids numerical targets where possible, instead anchoring parameters to economic formulas that adjust automatically.

The Gold Standard Acts

The domestic gold standard was effectively ended through a series of executive actions and legislation in 1933 and 1934, including the Emergency Banking Act and the Gold Reserve Act. International gold convertibility was ended unilaterally by President Nixon on August 15, 1971 — without congressional authorization. The lesson: a monetary rule embodied only in statute or international agreement is vulnerable to unilateral executive action in a declared emergency. The statutory Citizens Standard addresses this through its emergency powers containment design: emergency authority is enumerated, bounded, requires joint activation, and auto-expires. The President cannot unilaterally suspend the Citizens Standard's formula.

The Federal Reserve Act's amendment history

The Federal Reserve Act of 1913 created an institution with very limited powers. A century of amendment progressively expanded its discretionary authority far beyond what the original framers contemplated. No single change was dramatic. Each was modest and justifiable in context. The cumulative effect was transformation. This is why the statutory Citizens Standard

includes an FDCA certification requirement with cumulative impact analysis — so incremental erosion becomes visible before it becomes irreversible.

International examples

New Zealand's Reserve Bank Act of 1989 established an explicit inflation targeting regime and became a model for central bank reform globally. Its limitation is instructive: the Policy Targets Agreement is subject to periodic renegotiation, reintroducing political discretion at the target-setting stage. The Citizens Standard avoids this by embedding the target in the formula rather than in a renegotiable agreement.

The European Union's Stability and Growth Pact, established in 1997, imposed statutory deficit and debt limits. On November 25, 2003, the EU's Economic and Financial Affairs Council decided not to implement sanctions against France and Germany despite their violations. No member state was ever sanctioned. The lesson: statutory rules without credible, automatic enforcement are aspirational, not binding.

What this design does differently

The five precedents share a common failure architecture: they relied on political will to sustain constraints that political majorities found inconvenient. The statutory Citizens Standard relies on three mechanisms that operate independently of political will: the property rights anchor, the automatic formula, and the adoption dynamic. None of this guarantees permanence. What it does is change the political economy of repeal — from a situation where a motivated minority can quietly erode a constraint, to one where repeal requires actively harming hundreds of millions of account holders.

4. The Statutory Architecture — A Three-Tier Recast

The constitutional Citizens Standard organized its governance into three tiers: provisions that were unamendable, provisions amendable by supermajority citizen vote, and provisions updatable by the FDCA with public notice. That three-tier logic was not arbitrary. It reflected a principled distinction between the load-bearing properties of the architecture — which must not change — and the parameters and implementation details — which can change without destroying the system. A statutory version preserves this three-tier logic but replaces constitutional protection with the strongest available statutory substitutes.

Tier 1 — The Property Rights Anchor

The Act explicitly declares each citizen's Stable Floor account to be individually owned private property, vested at the moment of the citizen event — birth or naturalization. The government does not hold these accounts in trust. They are owned outright, in the same legal sense that a citizen owns a parcel of land or a securities account.

First, any congressional attempt to redirect, freeze, or seize Stable Floor account balances triggers Fifth Amendment scrutiny as a taking of private property requiring just compensation. Redirecting retirement wealth accumulated over decades into general revenue would require compensating hundreds of millions of account holders at fair market value — a fiscal and political cost that makes casual dismantling prohibitive.

Second, the equal per-citizen distribution requirement is embedded in the property right itself. Because the right vests equally at issuance, any legislation that distributes new issuance unequally faces both legal challenge and obvious political opposition from citizens whose distribution was reduced.

The limits of this protection must be stated honestly. The Fifth Amendment does not prevent Congress from changing the rules prospectively — it prevents uncompensated seizure of already-vested property. A future Congress could restructure the system going forward while leaving existing balances intact. This vulnerability is mitigated by the adoption dynamic: as Stable Floor accounts grow in value over decades, the constituency protecting them grows proportionally.

Tier 2 — Supermajority Entrenchment

The formula parameters are placed behind a four-layer entrenchment structure. Each layer independently raises the cost of amendment. Together they make casual or incremental erosion substantially harder than in ordinary legislation.

Layer one — Supermajority repeal threshold. Any amendment to Tier 2 parameters requires a sixty-seven percent majority in both chambers of Congress, exceeding the threshold for Senate cloture and requiring meaningful bipartisan support.

Layer two — Mandatory deliberation period. No amendment to Tier 2 parameters may take effect until ninety days after passage, allowing public scrutiny and creating a window for FDCA certification analysis before implementation.

Layer three — FDCA certification requirement. Before any Tier 2 amendment proceeds to a congressional vote, the FDCA must publish a formal certification analysis addressing whether the proposed amendment preserves each load-bearing property, including a cumulative impact analysis measuring the amendment's effect in combination with all Tier 2 amendments enacted in

the preceding ten years. An amendment that fails the test is not blocked — but the failure is public and must be explicitly overridden in the congressional record.

Layer four — Automatic reversion. If a Tier 2 amendment is repealed within four years of passage, the system reverts automatically to the prior parameters without requiring affirmative congressional action. This directly targets the incremental erosion pattern: a reform passes, proves inconvenient, and is quietly amended back toward the status quo ante.

The Mode vector amends as a whole. These Tier 2 parameters are not a loose set of independently adjustable dials. They form a Mode — one internally consistent calibration of the issuance channels, comprising the K1, K2, K3, and KI settings together with the consumer-dividend share κ_d — and the Act requires that they be amended only as a complete Mode, certified and ratified together, never one parameter at a time. This is forced by the macroeconomics rather than chosen for tidiness: the channels are coupled, because K2 and the consumer dividend K3 draw on a single growth-matched issuance budget, and K3 and KI share the circulating-pool ceiling that holds the price level. Moving one parameter in isolation could carry the configuration off the price-stability locus while each individual change still looked modest — the precise incremental-erosion pattern Layer four exists to defeat. Requiring the whole Mode to move at once means the Layer-three certification evaluates a coherent configuration against every load-bearing property, and a society seeking a different dividend share, inflation regime, or floor-build rate must ratify a different Mode in full, under the same supermajority and the same certification. The consumer-dividend share κ_d therefore has no standalone amendment path; it is a Mode-defining parameter, fixed within a Mode and changed only by adopting another.

Tier 3 — FDCA Operational Authority

Implementation details — the specific data sources within the Composite Productivity Index, the cryptographic infrastructure of identity verification, the implementation of the tamper-evident measurement pipeline for the Composite Productivity Index and price-level inputs, reporting formats, and publication schedules — are delegated to the FDCA with public notice requirements but without congressional approval for each update. The FDCA's operational authority is bounded by the Tier 1 and Tier 2 provisions above it and cannot be used to alter the formula, change the distribution channel, or modify the lock structure.

The FDCA must be structured as a multi-member board — not a single director — to survive scrutiny under Seila Law LLC v. Consumer Financial Protection Bureau (2020), which preserved for-cause removal protection only for multi-member bodies of experts appointed to staggered terms performing quasi-legislative and quasi-judicial functions. A single-director FDCA with for-cause removal protection would be unconstitutional under that precedent. The Federal Reserve Board of Governors, which uses exactly this multi-member structure, provides the appropriate model.

5. Emergency Powers Containment

Every serious statutory monetary reform faces the same political obstacle: no legislature will pass a framework that eliminates its ability to respond to a genuine crisis. This section proposes a design that contains the problem as tightly as statute allows, acknowledges where the containment is imperfect, and explains why the design is still materially better than the discretionary alternative.

The core failure mode of emergency powers

Emergency powers in monetary law follow a predictable lifecycle. The Federal Reserve's Section 13(3) emergency lending authority was added to the Federal Reserve Act in 1932, used sparingly in its early years — just 123 loans totaling $1.5 million between 1932 and 1936 — and then lay essentially dormant for seven decades. In 2008 it was deployed at a peak of $710 billion to extend credit to non-bank financial institutions including Bear Stearns and AIG, a use the original framers neither contemplated nor authorized in any meaningful sense. The statutory Citizens Standard must be designed to interrupt this lifecycle at each stage.

Enumerated tools only

The Act enumerates the emergency tools available. No tool not listed in the Act may be deployed, regardless of the severity of the crisis or the language of any emergency declaration. The enumerated tools are the sixteen bounded instruments specified in the constitutional version (Neo-Solon, 2026a, Section 10), grouped under the four failure-mode categories it identifies: demand collapse, inflation surge, banking liquidity, and credit cycle. A crisis that does not fit one of these four categories cannot be addressed through the Citizens Standard's emergency framework. Congress retains its ordinary legislative authority to respond to novel crises through new legislation — but that response cannot be laundered through the Citizens Standard's institutional architecture.

Joint activation requirement

No emergency tool may be activated by a single actor. Activation requires a formal declaration by the President and an affirmative vote of at least two-thirds of the FDCA's multi-member board. Both conditions must be satisfied simultaneously. The joint requirement prevents unilateral executive action of the kind that ended the gold standard in 1971 — a President cannot suspend the Citizens Standard's formula by executive order because the FDCA board must concur. It also prevents unilateral technocratic action without explicit presidential authorization and political accountability.

180-day auto-expiration

Every emergency tool activation expires automatically after 180 days. Continuation beyond 180 days requires fresh joint activation — a new presidential declaration and a new two-thirds FDCA board vote — treating each extension as a new decision rather than a continuation of the original one. One hundred and eighty days is long enough to address the acute phase of any plausible monetary crisis. It is short enough that extension requires active political decision rather than passive continuation. This activation cycle is the statutory layer on top of the tools' own automatic sunsets: the constitutional version already sets a hard outer bound on each tool — eighteen to thirty-six months depending on the instrument (Neo-Solon, 2026a, Section 10) — at which the tool lapses regardless of activation status. The 180-day cycle forces periodic re-authorization within that outer bound, and the renewal limit below caps consecutive re-authorizations.

Equal per-citizen channel only

All emergency issuance must flow through the same equal per-citizen distribution channel as standard K1, K2, K3, and KI issuance. No emergency tool may direct new money to specific institutions, regions, asset classes, or industries. There are no emergency facilities for banks, no targeted sector support programs, no asset purchase programs of the kind deployed by the Federal Reserve in 2008 and 2020. Banking system crises must be addressed through the payment-credit separation protocols — restricting credit creation and protecting the payments system — rather than through emergency lending to failing institutions.

No suspension authority

The Act contains no provision allowing suspension of the formula, suspension of Stable Floor account distributions, or suspension of the equal per-citizen issuance requirement under any circumstances. A Congress that wishes to suspend the formula must amend the Act through the Tier 2 supermajority process — it cannot do so through an emergency declaration. This addresses directly the Nixon precedent: the formula is not suspendable by executive action because the Act explicitly denies that authority.

The honest assessment

Emergency powers containment in a statutory framework is the weakest link in the design. A determined congressional majority facing a genuine crisis will feel enormous pressure to expand emergency authority beyond these bounds — and a statutory Act cannot ultimately prevent that if the majority is large enough and the crisis severe enough. What the design achieves is not prevention but accountability. Every expansion of emergency authority beyond the enumerated tools requires visible, affirmative legislative action. The political cost of expansion is higher than under current arrangements, and the historical record of that expansion is clearer.

6. Transition Mechanism and Sequencing

The constitutional Citizens Standard addressed transition risk honestly, assigning it a D grade in comparative analysis. A statutory version does not eliminate those dangers. What it does is make phased adoption possible in a way that a constitutional version, by its nature, cannot. The statutory pathway's primary advantage over the constitutional version is not its legal architecture — it is its ability to sequence.

Winding down Federal Reserve functions

The Federal Reserve performs three categories of functions. The monetary policy functions — setting the federal funds rate, conducting open market operations — are replaced by the Citizens Standard's formula and wind down as the formula takes over, not through a single transfer event but through a gradual reduction in the Fed's balance sheet. The supervisory and regulatory functions transfer to the FDCA and existing bank regulatory agencies over a transition period of three to five years, during which the Federal Reserve and FDCA operate in parallel with clearly defined jurisdictional boundaries. The payment system infrastructure — Fedwire, the automated clearing house system — should transfer through a formal operational handover rather than a parallel build, to avoid fragmentation of the payments system.

Treasury debt treatment

The relevant federal debt for the transition is the debt held by the public — approximately $31.4 trillion, or roughly 102 percent of GDP — not the $39 trillion gross total. The remaining $7.6 trillion is intragovernmental debt: non-marketable special-issue securities the government owes its own trust funds (Social Security, federal and military retirement, Medicare Hospital Insurance), which the Committee for a Responsible Federal Budget notes has no net effect on the government’s overall finances. It does not trade in the Treasury market and is redeemed internally. Of the public debt, approximately one-third matures annually, requiring refinancing of roughly $10 to 12 trillion per year. Against annual tax revenues near $5 trillion, there is no capacity to retire maturing debt from revenues alone, so a specific mechanism is required. The intragovernmental obligations are addressed separately by the Social Security consolidation provisions, not by the debt-refinancing mechanism.

The Dual-Clock Structure

At enactment, all pre-existing public debt is transferred to a legally distinct instrument designated the Legacy Debt Trust. The Trust is the sole entity permitted to refinance maturing pre-enactment securities. The Citizens Standard's no-new-debt constraint applies exclusively to post-enactment borrowing — the government may not issue new debt to fund current expenditures, but the Trust may refinance its existing $31.4 trillion stock on a managed wind-down schedule, never expanding it.

The Trust is funded by two sources. The first is the primary surplus generated by the Citizens Standard's balanced budget constraint, phasing in to approximately 1.5 percent of GDP over twenty-five years. The second, and the more powerful, is the KT channel — a transition-only issuance channel that creates money calibrated to a price-level path and directs it to bond redemption rather than to citizens. Operating at approximately 1.5 percent of M2 per year, KT retires legacy debt as an asset swap: the bondholder exchanges a bond for cash and, given a holder base dominated by foreign central banks, pension funds, and the central bank, predominantly reinvests. KT therefore retires debt while remaining consumer-price neutral, and it is self-throttling — issuance automatically reduces if consumer inflation rises.

As legacy securities at the roughly 4.5 percent average coupon mature and are refinanced, the Trust's average coupon falls toward the post-transition real yield of approximately 1.5 percent by Year 6, collapsing the interest-growth spread. With the KT channel operating alongside the primary surplus, principal retirement begins early rather than waiting decades for the surplus alone to exceed interest costs.

Under this mechanism, public debt-to-GDP falls from 102 percent at enactment to approximately 64 percent by Year 20, 39 percent by Year 30, and to a small operational floor of approximately 15 percent of GDP by approximately Year 45 — against the Congressional Budget Office's March 2025 projection of 156 percent by 2055 under current law. The KT channel accounts for roughly $18 trillion of cumulative redemption over the period; the remainder is retired by the primary surplus and by nominal output growth. Citizen K1 and K2 flows to Stable Floor accounts continue uninterrupted throughout.

The wind-down timeline depends on the KT calibration and the consumer-price response. Under the recommended calibration — KT at 1.5 percent of M2 with a holder base that predominantly reinvests — public debt is retired down to the operational floor by approximately Year 45, with consumer-price impact of roughly +0.04 percentage points in the expected case and no more than +0.16 percentage points under a pessimistic 15 percent marginal-propensity-to-consume assumption. Because KT is calibrated to a price-level path, it self-throttles: if consumer inflation rose, KT issuance would automatically slow and the timeline would lengthen toward the surplus-only case (approximately Year 66), while price stability would be preserved throughout. The transition paper (Neo-Solon, 2026c) specifies the full model. The mechanism cannot produce runaway inflation by construction; it degrades gracefully under adverse conditions rather than failing.

The Citizens Standard does not solve the existing debt problem quickly. What it does is stop the problem from growing — the CBO projects an additional $21 trillion in new debt by 2035 under current policy, a trajectory the Citizens Standard's no-new-debt constraint halts immediately. The Trust wind-down is a long but finite process. The alternative is not.

The KT channel, not citizen contributions, is the lever that accelerates the wind-down. Modeling confirms that diverting K2 from citizen Stable Floors to the Trust is not recommended — it saves at most one to two years while permanently reducing citizen accumulation. The KT channel achieves the acceleration without touching citizen accounts at all: K1 and K2 flow to Stable Floors uninterrupted while KT retires the debt. The Act therefore directs acceleration through KT calibration rather than through any diversion of citizen issuance.

Banking sector adjustment

The Citizens Standard's payment-credit separation requires banks to hold one hundred percent reserves against deposits used for payments. A rapid shift would trigger a severe credit contraction. The statutory version must include an explicit twenty-year transition timeline — the base-case conversion window the transition paper (SSRN 6810741, Sections 3 and 4) identifies as balancing credit-contraction risk against transition speed, and which it shows the faster ten-year path would not — during which reserve requirements rise incrementally at approximately 4.5 percentage points per year. This is consistent with the multi-year phased timelines used in major international banking reforms; Basel III's implementation arc alone spanned more than a decade from initial adoption in 2013 through the phased completion of its final reforms.

The twenty-year banking adjustment schedule should be written into the Act as a hard floor — reserve requirements may rise faster if banks choose to comply early, but may not be required to

rise faster by regulatory action. The FDCA's Tier 3 operational authority explicitly excludes the power to accelerate the transition timeline without a Tier 2 supermajority amendment.

Mortgage finance under full-reserve banking

The payment-credit separation raises a structural question the preceding subsection does not resolve: once banks can no longer fund long-duration lending with short-duration deposits, how are thirty-year mortgages financed? The answer is matched-maturity covered bonds, modeled on the Danish mortgage system, which has operated continuously since 1797 with no covered-bond default through every financial crisis including 2008. Under the balance principle, every mortgage is funded by a covered bond of identical maturity and cash-flow profile. There is no maturity transformation to backstop: a thirty-year mortgage is funded by thirty-year money, the investor holding the bond provides long-duration capital for a long-duration loan, and the bank-run vulnerability that fractional-reserve mortgage funding creates is eliminated at the source. Denmark runs this system at roughly 125 percent of GDP; the United States residential mortgage market is approximately 42 percent of GDP, well within demonstrated feasibility. The covered bond channel is therefore the dedicated long-duration complement to the Transition Lending Facility — the transition-period credit backstop developed in the transition paper (Neo-Solon, 2026c) for short-duration vulnerable channels such as small-business, agricultural, and community lending. Together they span the full maturity spectrum without reintroducing fractional-reserve money creation. The residual contraction beyond the lending facility's coverage is addressed by the conditional KI_T damper formalized in the macroeconomic model (Neo-Solon, 2026e, Section 4.7), an additive, self-extinguishing price-path stabilizer that does not draw on citizen K1 or K2 flows.

The migration path applies to the existing stock, not merely to new originations. Approximately $13 trillion in residential mortgages is outstanding, with roughly $1.7 trillion originated annually. The existing stock does not need to be refinanced wholesale at enactment; it migrates as it naturally turns over. Each year, mortgages that reach scheduled maturity, prepay, or are refinanced in the ordinary course are re-funded through the covered bond channel rather than through fractional-reserve deposits. At the historical turnover rate, the great majority of the stock migrates within the twenty-year banking-adjustment window specified in Schedule F, with the long-duration tail completing over the remaining mortgage lives. The Act does not compel early refinancing — doing so would impose prepayment costs on households for no systemic benefit. It requires only that re-funding, when it occurs for any reason, route through the matched-maturity channel. This converts a potential cliff into a glide path that tracks the same twenty-year arc as the reserve-requirement phase-in, so the two transitions complete in parallel rather than one straining against the other.

The yield term structure of covered bonds under the Citizens Standard differs from the current mortgage-backed-securities market in one consequential respect: it is anchored to a price-stable monetary regime rather than to an inflation-targeting one. Under Mode T and its Mode T-stable successor, which is Mode Ω (the price-stability steady state), the consumer price level is held stable for any transaction ratio (see the macroeconomic model and Architecture Section 8), so covered bonds need not carry an inflation-risk premium. The investor requires compensation for credit and liquidity risk and for the real time-value of money, but not for expected currency debasement. The result is a term structure built on a low and stable real yield — in the region of the post-transition real yield of approximately 1.5 percent established in the transition paper — across maturities from short tenors out to the thirty-year point. Because the price level is stable, nominal and real yields converge, and the long end of the curve does not embed the inflation-uncertainty premium that widens term spreads in the current regime. Borrowers face mortgage rates that reflect genuine credit and duration cost rather than the monetary system's own instability, and the

matched-maturity structure means those rates are locked for the life of the loan against a stable unit of account.

The Citizens Standard supplies a natural and substantial buyer for the long end of this term structure from within its own architecture. Stable Floor accounts are locked for up to sixty-five years — the longest-duration capital in the system — which is precisely the matched funding that thirty-year covered bonds require. A bounded allocation of Stable Floor balances to highly rated covered bonds would provide thirty-year money for thirty-year loans with no maturity mismatch, no fractional reserve, and a stable real return consistent with the accounts' purpose. This is internally elegant: the framework's own retirement architecture resolves the maturity-transformation problem that the banking separation creates, using a mechanism already inside the system rather than a facility bolted on from outside. Any such allocation operates within the Tier 1 investment mandate and its prohibition on government-issued or government-guaranteed instruments; covered bonds are private obligations of the issuing institution, secured by the underlying mortgage collateral under the balance principle, and are not government securities. The precise eligibility criteria, rating floors, and allocation ceilings are specified in Schedule H.

Stable Floor launch sequence

Stable Floor accounts should launch as early in the transition as possible, for two reasons. First, early launch begins building the constituent base that protects the system politically. Second, early launch demonstrates the system's core promise visibly and concretely. Abstract arguments about monetary architecture do not build political coalitions. Citizens watching their accounts grow do.

Recommended launch sequence: Stable Floor accounts open on day one of enactment, funded by K1 and full-rate K2. The framework launches in Mode T — the transition configuration — which runs K1 and full-rate K2 to citizen Stable Floors at approximately stable prices (near the one-half transaction-ratio balance point) while the KT channel retires the legacy debt. Running K1 and K2 together at the full real-growth-matched rate holds the consumer price level approximately stable (near the one-half transaction-ratio balance point), avoiding any deflationary pressure on top of the credit contraction inherent in the twenty-year banking adjustment. The KT channel retires the public debt — the $31.4 trillion held outside the government — down to a small operational floor of approximately 15 percent of GDP, reached by approximately Year 45, at which point the system continues as Mode T-stable, a permanent, price-stable steady state. The floor is retained deliberately: it eliminates debt as a fiscal burden while keeping a minimal standing stock of sovereign bills as the financial system's safe-asset benchmark and as the base for the symmetric reverse-KT drain (the contractionary instrument defined below). KT is therefore not retired but reoriented — dormant in normal conditions, and reversing to drain transactional money when consumer inflation runs above target. It does not retire the intragovernmental debt, which it never held: once the public stock is cleared, what remains on the gross books is the roughly $7.6 trillion of intragovernmental balances (approximately 11 percent of the grown GDP by Year 45), addressed separately by the Social Security consolidation provisions. The approximately 30-percent-of-GDP figure sometimes cited as a deactivation point marks where KT is no longer necessary for solvency rather than a hard stop; in the modeled trajectory the channel continues at its self-throttling level through the low-debt tail until the public stock is cleared. The society may then, by Tier 2 supermajority and informed by decades of observed performance, adopt a different steady-state configuration or remain in Mode T-stable. Mode selection is never a debt-management constraint: the Trust and KT retire the debt regardless of the eventual steady-state choice.

The minimum viable first step

The minimum viable legislative package has four components: establish the FDCA as an independent multi-member agency with its board structure, operational mandate, and initial staffing; open Stable Floor accounts for all citizens with a nominal initial deposit, establishing the property right and beginning the compounding clock; pass the formula parameters and the three-tier statutory architecture; and set a defined transition timeline with specific milestones and automatic triggers that advance the transition without requiring additional affirmative legislative action at each stage.

This minimum viable package does not deliver the full Citizens Standard immediately. It delivers the institutional foundation, the citizen property right, and the legal architecture — the three things that are hardest to build and easiest to erode if left until later.

7. Constitutional Vulnerability Map

A statutory Citizens Standard will be litigated. Any framework that restructures the Federal Reserve, creates a new independent agency with enforcement authority, mandates equal per-citizen distribution of newly created money, and constrains congressional spending flexibility will attract legal challenges from multiple directions. This section maps the four most significant constitutional vulnerabilities, assesses the strength of each challenge, and explains how the design mitigates the risk without eliminating it. The purpose is not to discourage enactment. It is to ensure that the legal architecture is built with known vulnerabilities in mind rather than discovered after the fact.

The nondelegation doctrine

The nondelegation doctrine holds that Congress cannot delegate its legislative power to another body without providing an intelligible principle to guide the exercise of that power. The Supreme Court has not used the doctrine to strike down a federal statute since Panama Refining Co. v. Ryan and A.L.A. Schechter Poultry Corp. v. United States in 1935, though Justice Gorsuch's dissent in Gundy v. United States (2019) has become the primary blueprint for those seeking to revive it. The related major questions doctrine, applied in West Virginia v. EPA (2022), has already been used to constrain broad agency authority absent clear congressional intent — suggesting that courts will scrutinize expansive FDCA authority claims carefully even without a formal nondelegation revival.

The Citizens Standard's formula delegates almost nothing. The formula runs automatically from objective economic inputs: new citizen events, real GDP growth, and a price-level path. The FDCA executes a calculation — it does not exercise judgment. The legal risk is in the Tier 3 operational details. The mitigation: specify in the Act itself the primary data sources — BEA GDP estimates, BLS CPI — while allowing the FDCA to update secondary sources with public notice. This keeps the core formula within the Act and limits the delegation to genuinely ministerial implementation details.

Separation of powers and the FDCA's structure

As established in Section 4, Seila Law (2020) requires the FDCA to be structured as a multi-member board. Two additional separation of powers risks warrant attention.

The FDCA's certification function under Tier 2 creates a situation in which an executive agency is conditioning the exercise of congressional power. The mitigation is framing: the certification requirement should be structured as a mandatory public report — the FDCA publishes its analysis, Congress reads it, and then votes. The report does not legally block legislation. It creates a public record and avoids the constitutional problem.

The automatic reversion provision raises questions about whether it improperly binds future Congresses. The answer: automatic reversion is drafted as a default rule that Congress can override by affirmative action. It does not prevent Congress from legislating — it establishes what happens in the absence of legislation.

The Takings Clause and Stable Floor accounts

The property rights anchor is straightforward for vested balances — amounts already distributed and held in individual accounts. It is more complex for prospective distributions. A court might hold that citizens have no constitutionally protected property interest in future distributions under a

statutory program, as the Supreme Court established in Flemming v. Nestor (1960) with respect to Social Security benefits.

The mitigation has two components. First, the Act should vest the K1 endowment as private property at the moment of the citizen event — not at the moment of distribution. Vesting at the citizen event rather than at distribution strengthens the property rights argument considerably. Second, the Act should explicitly distinguish Stable Floor accounts from federal benefit programs subject to the Flemming v. Nestor framework, framing them as individually owned private accounts held in custody — analogous to a 401(k) rather than a Social Security entitlement.

Binding future Congresses

The most fundamental constitutional vulnerability of any statutory entrenchment scheme is the principle that one Congress cannot bind a future Congress. A later statute supersedes an earlier one, and a simple majority can repeal what a supermajority enacted. The sixty-seven percent repeal threshold is a procedural rule, and procedural rules can be waived or changed by a later Congress.

This vulnerability cannot be fully mitigated within a statutory framework. What can be done is narrow the gap in practice through three mechanisms: the property rights anchor, which makes repeal expensive; the automatic formula, which requires affirmative action to change; and the adoption dynamic, which builds a constituency whose financial interests are tied to the system's continuation. The honest conclusion is that the statutory Citizens Standard cannot prevent a sufficiently determined future congressional supermajority from dismantling it. What it can do is ensure that dismantling requires visible, affirmative, politically costly action rather than quiet administrative erosion.

Litigation risk assessment

The nondelegation challenge presents the lowest immediate risk — the formula's automatic character is a near-perfect answer to a standardless delegation claim. The separation of powers challenge presents moderate risk, manageable through careful structural design of the FDCA as a multi-member board and framing of the certification function as a reporting requirement. The Takings Clause challenge presents moderate risk for prospective distributions and low risk for vested balances, manageable through careful drafting of the vesting mechanism. The binding future Congress challenge presents the highest theoretical risk but the lowest practical risk over time as adoption deepens.

8. Political Coalition Analysis

A monetary reform framework that cannot pass is not a reform framework. It is an academic exercise. The preceding sections have established that the statutory Citizens Standard is legally defensible, institutionally designable, and economically sound. This section asks the harder question: who votes for it?

Fiscal conservatives

The Citizens Standard's appeal to fiscal conservatives rests on three properties that no other monetary reform proposal delivers simultaneously: elimination of deficit financing as a structural feature of government, a hard formula that prevents discretionary monetary expansion that monetizes debt, and a balanced budget requirement embedded in the architecture rather than imposed as a procedural rule. The national debt has reached approximately $39 trillion and is growing at over $2 trillion annually. The Citizens Standard makes deficit spending structurally impossible by removing the mechanism rather than constraining the behavior.

The risk with this coalition group is that fiscal conservatives may resist Mode C's citizen dividend, which reads to some as a universal basic income program. The response: the citizen dividend is a distribution of seigniorage — the return on money creation — that currently accrues to the financial sector through the Cantillon Effect. The Citizens Standard does not create new spending. It redirects an existing flow.

Progressives

The Citizens Standard's appeal to progressives rests on its distributive properties. The current monetary system distributes the benefits of money creation hierarchically — new money enters through the financial sector, enriching asset holders before it reaches workers and consumers. The Cantillon Effect, the observation that those closest to the point of money creation benefit most from it, is a well-documented feature of fractional reserve banking cited by economists across the political spectrum. The bottom half of American households holds approximately 1 percent of all equities and mutual fund shares, while the top 1 percent holds nearly 50 percent, according to Federal Reserve distributional accounts data. The Stable Floor accounts give every citizen, from birth, a compounding equity stake in the total market. The empirical modeling paper of this series projects, for a citizen born at enactment and living through the debt-retirement transition (the Part II forward projection), an accumulated Stable Floor of approximately $328,000 in launch-year purchasing power on the realizable basis — ranging from roughly $223,000 at the low end of the realizable band to $456,000 at the high end of the realizable band — at the full-rate K2 calibration of Mode T. The floor concept is the point: every citizen receives something where currently they receive nothing, and that something compounds over a lifetime of legally protected accumulation.

Libertarians

The Citizens Standard's appeal to libertarians rests on its rules-versus-discretion architecture. The Federal Reserve is an unelected body with substantial discretionary authority whose emergency authority has expanded dramatically beyond its original statutory mandate. For libertarians who have advocated for audit-the-Fed legislation, gold standard restoration, or cryptocurrency adoption as alternatives to central bank discretion, the Citizens Standard offers something more structurally sound than any of those alternatives: a formula-based system that removes discretion entirely rather than adding oversight to it.

Retirees and near-retirees

Americans over fifty represent a disproportionate share of the voting population and have demonstrated consistent willingness to defend programs that protect retirement security — their own and their families'. The Citizens Standard does not deliver a meaningful Stable Floor balance to a citizen who is sixty years old at enactment. There is not enough compounding time. A fifty-year-old accumulates a modest Stable Floor by retirement — meaningful as a floor, but not a fortune. A sixty-year-old accumulates less still. The framework should not obscure this.

The honest political argument for this coalition is intergenerational, not personal. A sixty-year-old citizen at enactment has children in their thirties and grandchildren who may not yet be born. Every child born after enactment receives a K1 deposit at birth and a lifetime of K2 compounding. Under the empirical paper's forward transition projection, a grandchild born the year the framework is enacted reaches age sixty-five with approximately $328,000 in launch-year purchasing power on the realizable basis — individually owned, legally protected, structurally inaccessible to political erosion. A near-retiree who votes for the Citizens Standard is not voting for their own Stable Floor. They are voting for a permanent change in the material conditions their descendants inherit.

The floor framing is essential here. A grandchild born at enactment will have something — a legally protected, individually owned, compounding equity stake — where currently they would have nothing. Whether that floor reaches $223,000 or $456,000 depends on equity market returns over sixty-five years. That it exists, compounds, and cannot be taken without legal and political cost is structural. The exact height is secondary to the fact of the floor itself.

This argument has historical precedent. The generation that built Social Security in the 1930s received little from it personally — early benefit structures were modest and many died before collecting significant amounts. They supported it because they were building an institution. The Citizens Standard asks the same of near-retirees: support the architecture, not for what it delivers to you in the next decade, but for what it delivers to everyone who comes after you permanently.

There is a secondary benefit that is also honest. Mode T's approximately stable prices (near the one-half transaction-ratio balance point) mean fixed income streams — Social Security, pensions, savings — hold their real value rather than eroding at 2 to 3 percent annually as under current monetary arrangements. Over a twenty-year retirement, even mild price stability is worth several thousand dollars per year in preserved purchasing power for a typical retiree living on fixed income. This is not a transformative benefit. It is a real one.

Immigration hawks

The Citizens Standard's K1 issuance mechanism ties new money creation directly to new citizen events — births and naturalizations. Immigration policy therefore becomes explicitly monetary policy: the rate of new citizen creation affects the rate of K1 issuance, which affects the money supply's growth rate. This framing must be handled carefully. The formula does not cap immigration. It makes the monetary consequences of immigration levels visible and formula-governed rather than discretionary and hidden. That is a transparency argument, not a restriction argument.

Why the coalition is structurally durable

These five groups do not typically vote together. What makes the Citizens Standard coalition unusual is that each group is supporting it for reasons that do not require the other groups to agree. The fiscal conservative does not need to endorse the citizen dividend to support the formula's deficit elimination. The progressive does not need to endorse the rules-versus-discretion

architecture to support equal distribution. The libertarian does not need to endorse the Stable Floor's wealth equalization effect to support the removal of Fed discretion. Each group gets something structural from the framework that it cannot get from any alternative proposal. This is the design of a durable coalition: not agreement on values, but convergence on outcomes.

9. Failure Modes and Robustness

A policy paper that does not stress-test its own design is advocacy, not analysis. The statutory Citizens Standard has genuine vulnerabilities — points at which the architecture can fail, erode, or be dismantled in ways that leave citizens worse off than if the system had never been enacted. This section maps six failure modes in order of likelihood, assesses what breaks first in each case, and explains what design features provide the most resistance. The purpose is not to discourage enactment. It is to identify which provisions of the Act require the most careful drafting, the most vigilant defense during the legislative process, and the most active monitoring after passage.

Failure mode 1: Partial adoption

The failure mode is enacting the foundation — FDCA establishment, Stable Floor accounts, formula parameters — without completing the structure: never advancing the banking transition or transferring monetary policy functions from the Federal Reserve. The result is a citizen dividend program layered on top of the existing system, with the Cantillon Effect still operating, the debt still accumulating, and the Fed's discretionary authority still intact. The mitigation is sequencing with automatic triggers — defined milestones at which the next transition stage activates automatically, converting partial adoption from a stable resting point into a waystation on a defined path.

Failure mode 2: Formula erosion

The failure mode is not a frontal attack on the formula but incremental adjustment over time — individually modest, cumulatively undermining. The K2 capture rate is the specific risk: each amendment that adjusts it downward may pass the certification test in isolation while the cumulative effect over a decade is a formula that distributes a fraction of its original intent. The mitigation: the FDCA certification requirement includes a cumulative impact analysis, and if the K2 capture rate falls more than fifteen percentage points below its enactment value over any rolling ten-year period — a threshold requiring legislative calibration — automatic reversion triggers without requiring congressional action.

Failure mode 3: Repeal of the supermajority threshold

A future Congress could first repeal the supermajority threshold with a simple majority, then repeal the Citizens Standard itself with the same simple majority. This is the most fundamental statutory entrenchment vulnerability. The mitigation is political rather than legal: the property rights anchor and adoption dynamic must be sufficiently advanced that the political cost of even the first step is visible and prohibitive. The Act should require that any bill to repeal or modify the supermajority threshold be explicitly titled as such and be subject to mandatory public comment and a defined waiting period — making the political accountability for dismantling the protection explicit rather than buried in an unrelated legislative vehicle.

Failure mode 4: Emergency power misuse

The failure mode is normalization of 180-day renewals until emergency activation becomes a permanent operating mode. The Federal Reserve's 2008 emergency facilities — deployed at a peak of $710 billion — demonstrated that formally temporary emergency authority can become a sustained operating mode before legislative action constrains it. Dodd-Frank addressed this in 2010 by prohibiting loans to individual firms except through broadly available programs. The Citizens Standard's mitigation is a renewal limit: no emergency tool activation may be renewed more than three consecutive times — eighteen months total — without a full Tier 2 supermajority amendment treating the continued activation as a permanent parameter change.

Failure mode 5: Market exit failure

If the banking transition timeline is compressed by political pressure, or if banks front-run the reserve requirements in ways that accelerate credit contraction, the transition itself becomes the crisis. The mitigation: the twenty-year banking adjustment schedule is written into the Act as a hard floor. The FDCA's Tier 3 operational authority explicitly excludes the power to accelerate the transition timeline without a Tier 2 supermajority amendment. This prevents an aggressive FDCA board from compressing the transition and triggering the deflationary spiral the timeline was designed to prevent.

Failure mode 6: Stable Floor account redirection

A future Congress might not seize the accounts outright but instead restructure the investment mandate, impose fees, redirect returns, or require purchase of government-approved assets rather than a total market index. Each step falls short of a traditional taking but cumulatively converts an individually owned equity stake into a government-directed savings program. The mitigation: the investment mandate — total market index funds, no government securities, no sector restrictions — is specified in Tier 1 of the Act as a load-bearing property. Any change requires the full Tier 2 supermajority process.

The self-correcting properties

Against these six failure modes, the architecture has three self-correcting properties that operate independently of political will. First, account growth: every year that Stable Floor accounts compound, the financial stake of every account holder in the system's continuation increases. Second, formula transparency: the formula is public, simple, and independently verifiable — any deviation is immediately visible to anyone who checks the FDCA's published calculations against the formula. Third, the property rights anchor: each account holder is a potential plaintiff, distributing the litigation cost of systematic account redirection across every affected citizen and creating a structural deterrent to abuse that does not depend on political mobilization.

10. Securing Positive Net Issuance — The Repurchase Constraint

The structural-buyer analysis (Neo-Solon, 2026h) shows that the equity-transmission mechanism funds real investment only if aggregate net equity issuance responds positively to the buyer's valuation premium. In the prevailing regime it does not: for domestic nonfinancial corporations the series has been negative since the mid-1990s (Federal Reserve EFA; SEC 2020), with net repurchases averaging about 1.5% of market capitalization per year over 2010—2019 (BIS 2020) against a structural-buyer flow near 0.39% (Neo-Solon, 2026b; 2026c). This section specifies the statutory instrument that restores a positive net-issuance response. It uses two complementary tools, neither sufficient alone.

1. A graduated repurchase charge (the comprehensive instrument). The instrument builds directly on existing law. The Inflation Reduction Act of 2022 (P.L. 117-169) enacted Internal Revenue Code §4501, a 1% excise on the value of stock repurchased by publicly traded corporations, computed on a net "shares-in, shares-out" basis that already offsets repurchases against issuances within the taxable year (IRC §4501; Treasury/IRS proposed regulations, 2024). The Citizens Standard replaces the flat 1% with a fixed graduated schedule rising with the ratio of net repurchases to issuance, calibrated to the level at which the corporate sector's net issuance turns positive under the structural-buyer premium. A 4% rate — already proposed in the Stock Buyback Accountability Act and the FY2024—FY2025 budgets (CRS 2023; Penn Wharton Budget Model 2023) — is a reference point on that schedule, not its ceiling. Because the base is the net "shares-in, shares-out" measure, the charge bears directly on the variable the mechanism requires, and because it is levied through the tax code it reaches all repurchases, not only those conducted under a securities-law safe harbor.

2. A hard ceiling (the certainty instrument). Empirically, the existing 1% charge reduced repurchases but did not by itself raise investment: a 2025 study of the 2023 excise finds a significant decline in repurchases, only a modest rise in dividends, and no change in investment among the large majority of firms that cut buybacks (Autore, Barnes, Clarke & Schrowang, 2025; see Neo-Solon, 2026h, §10.2). A price signal alone may therefore be too weak to flip a deeply entrenched payout regime. The statute accordingly imposes a hard ceiling on net repurchases as a share of market capitalization, implemented as a prohibitive marginal rate at the top of the §4501 schedule — keeping the ceiling comprehensive, since it binds through the same tax instrument that reaches all repurchases. The SEC's Rule 10b-18 safe harbor (17 CFR 240.10b-18) is conformed to the ceiling so that safe-harbor repurchases must also respect it; but the safe harbor is not the primary enforcement lever, because it is voluntary and does not cover privately negotiated or off-market repurchases (SEC, Rule 10b-18 FAQ), and a firm could otherwise evade a securities-law-only cap by exiting the safe harbor. The tax instrument closes that gap; the safe-harbor conformity is a complement, not the binding constraint.

Calibration and the honest limit. The constraint does not, by itself, manufacture investment. Removing the buyback offset is necessary but not sufficient; the corporate sector must also issue, which is what the FDCA's permanent premium induces through the equity-market-timing channel. That channel is robust in the aggregate — firms issue equity when valuations are high — but it is concentrated among firms with an existing need for capital, not universal; the empirical grounding for both points is set out in the structural-buyer paper (Neo-Solon, 2026h, §10.2). The three elements therefore operate together: the demand-side premium pulls issuance from firms with fundable investment opportunities, the graduated charge removes the repurchase offset, and the ceiling guarantees a positive net-issuance floor if the charge falls short. The falsification point is explicit: if net issuance fails to turn positive under a binding ceiling and a sustained premium — for instance, in an economy with few fundable opportunities — the equity-transmission mechanism

finances repricing rather than investment, Proposition 2 (Neo-Solon, 2026h) fails, and the valuation premium is correspondingly larger.

No discretionary authority is created. The graduated schedule and the ceiling are fixed statutory parameters, alterable only through the constitutional amendment process (Neo-Solon, 2026a, §16.6). The charge is administered by the Treasury and the Internal Revenue Service under the existing §4501 machinery; any conforming safe-harbor condition by the Securities and Exchange Commission under its existing Rule 10b-18 authority. No official has discretion to set, waive, or vary either instrument for particular firms, and the monetary authority and the FDCA have no role in either. The constraint adds no case-by-case power to any institution; it is a published rule operating through established channels.

11. Conclusion — Adoption as Protection

This paper began with a dilemma. The constitutional Citizens Standard is the right answer to the monetary reform problem. It is also, under current political conditions, an unreachable one. The statutory pathway developed in the preceding nine sections is an attempt to resolve that dilemma — not by abandoning the constitutional vision, but by building toward it through a legal architecture that can actually be enacted.

The constituency that does not exist yet

The Citizens Standard's most powerful protection is not the Fifth Amendment, not the supermajority threshold, not the FDCA certification requirement. It is the citizens who will hold Stable Floor accounts once the system reaches full adoption. Every birth, every naturalization, every year of compounding adds to a constituency whose financial interests are directly and quantifiably tied to the system's continuation. This constituency is universal in a way that no existing federal program is — and universality is the most durable form of political protection available in a democracy.

The political economy of irreversibility

A congressional majority that proposes to dismantle the system must explain to every citizen why their individually owned, legally protected, compounding account should be restructured, redirected, or eliminated. The answer to that question does not exist in any political environment in which the system has been operating honestly for two decades. The history of Social Security and Medicare, despite decades of reform attempts, demonstrates exactly this dynamic at work in programs far less individually owned and far less financially transparent than the Citizens Standard.

What this paper has established

The preceding ten sections have collectively established four things. First, a statutory Citizens Standard is legally defensible — the constitutional challenges most likely to be brought are identified, assessed, and mitigated. Second, it is institutionally designable — the three-tier architecture, transition sequencing, and minimum viable first step are specific enough to serve as the basis for legislative drafting. Third, it is politically achievable — the five coalition groups identified in Section 8 converge on the Citizens Standard for structural reasons that do not require ideological agreement. Fourth, it is robust to its own failure modes — each of the six failure modes has a specific design mitigation, none is fatal to the architecture, and most are self-correcting as adoption deepens.

The honest final assessment

The statutory Citizens Standard is not as good as the constitutional version. It cannot be. What this paper has argued is that the statutory version is good enough — good enough to enact, good enough to protect the load-bearing properties of the architecture during the period when it is most vulnerable, and good enough to create the conditions under which permanence becomes a practical rather than a legal question.

The constitutional amendment process is a dead end for monetary reform. It has been a dead end for over a century. Waiting for it to become viable is not a strategy. It is a way of ensuring that nothing changes.

The statutory pathway is not perfect. It is available. And available, carefully designed, and honestly defended is a stronger position than perfect and unreachable.

The Citizens Standard began as a monetary theory. The three preceding papers established its architecture, modeled its outcomes, and mapped its transition. This paper has shown how the Citizens Standard can be enacted into law, what it looks like as statute, how it survives legal challenge, how it builds its own protection through adoption, and what its realistic failure modes are.

The project is complete. The work that remains is legislative.

Glossary of Key Terms

Adaptive Smoothing Rule. A formula provision that prevents oscillation in K2 issuance by averaging growth inputs across multiple periods rather than responding to a single year's GDP figure. Prevents the formula from amplifying economic volatility rather than dampening it.

Cantillon Effect. The observation, originating with Irish-French economist Richard Cantillon writing in the early eighteenth century in Essai sur la Nature du Commerce en Général (Essay on the Nature of Trade in General), that newly created money benefits those closest to its point of creation before inflationary effects reach the broader economy. Under fractional reserve banking, new money enters through the financial sector, systematically advantaging asset holders over wage earners. The Citizens Standard eliminates this effect by distributing new issuance equally to all citizens at the moment of creation.

Citizens Standard. The monetary reform framework developed across this eight-paper series. Core features: formula-bounded money creation anchored to objective economic inputs, equal per-citizen distribution of all new issuance, individually owned Stable Floor accounts compounding over a citizen's lifetime, payment-credit separation in banking, and a Federal Digital Currency Authority operating under rules rather than discretion.

Composite Productivity Index (CPI-CS). The economic input used to calibrate K2 issuance. A weighted measure of real economic growth drawing on Bureau of Economic Analysis GDP estimates and related productivity data. Distinguished from the consumer price index, which is abbreviated CPI in other contexts.

Constitutional protocol. In the constitutional version of the Citizens Standard, the supreme governing instrument encoding the Model's load-bearing properties as unamendable provisions. In the statutory version developed in this paper, the functional equivalent is achieved through the combination of the property rights anchor, the supermajority entrenchment provisions, and the FDCA certification requirement.

Covered bond. A debt security issued by a mortgage lender and secured by a dedicated pool of mortgage collateral, under which every mortgage is funded by a bond of identical maturity and cash-flow profile (the balance principle). Because the bond and the loan share the same maturity, no maturity transformation occurs: long-duration loans are funded by long-duration money rather than by short-duration deposits. Modeled on the Danish mortgage system in continuous operation since 1797, covered bonds are the dedicated long-duration mortgage-finance mechanism under the Citizens Standard’s payment-credit separation, complementing the Transition Lending Facility, which addresses short-duration vulnerable credit. Covered bonds are private obligations of the issuing institution, not government securities, and are therefore eligible for bounded allocation within the Stable Floor investment mandate as specified in Schedule H.

Discretionary drift. The gradual re-expansion of official monetary discretion through amendment, reinterpretation, or the accumulation of emergency exceptions that never expire. Identified as the central failure mode of every previous monetary reform statute. The Citizens Standard's formula and enumerated emergency tools are designed specifically to resist discretionary drift.

Dual mandate. The Federal Reserve's statutory obligation, established by the Federal Reserve Reform Act of 1977, to promote maximum employment and stable prices. Technically the statute specifies three goals — adding moderate long-term interest rates — but the framework is universally referred to as the dual mandate because the third goal is understood to follow

automatically from the first two. The Citizens Standard replaces the dual mandate with a single formula that automatically achieves price stability as a byproduct of its issuance rules rather than as a target pursued through committee discretion.

Federal Digital Currency Authority (FDCA). The independent agency that replaces the Federal Reserve's monetary policy functions under the Citizens Standard. Structured as a multi-member board appointed by the President and confirmed by the Senate, removable only for cause, consistent with the separation of powers requirements established in Seila Law LLC v. Consumer Financial Protection Bureau (2020). The FDCA executes the formula and operates the distribution infrastructure. It has no discretionary monetary authority.

Formula integrity. One of the five design principles established in Section 2. The requirement that the K1 rate, K2 capture rate, and KI inflation target be insulated behind the highest available statutory barriers so that parameter changes require visible, costly political action rather than incremental administrative adjustment.

Issuance channels (K1, K2, K3, KI, KT). The mechanisms through which new money enters the Citizens Standard's system. K1 issues at each new-citizen event calibrated to 2.5 percent of GDP per capita, producing approximately $2,250 per new citizen at launch parameters. K2 issues annually calibrated to a fraction of measured real economic growth, with the capture rate varying by Mode as specified in Schedule B; under Mode T it operates at the full real-growth-matched rate to hold the consumer price level stable. KI issues in Mode C only, calibrated by a price-level path targeting formula, distributed as a current citizen dividend. KT is a transition-only channel, active in Mode T, that creates money directed to Legacy Trust bond redemption rather than to citizens; it is calibrated to a price-level path at approximately 1.5 percent of M2, is self-throttling on consumer inflation, and retires the public debt down to a small operational floor (~15 percent of GDP) rather than to zero. In the steady state it operates symmetrically: dormant in normal conditions, it reverses — issuing bills above the floor to drain transactional money — when consumer inflation runs above target, supplying the rules-based contractionary instrument.

Load-bearing properties. The seven architectural features of the Citizens Standard that define its Model and must be preserved in any implementation. They are: equal per-citizen issuance, formula-bounded money creation, the Stable Floor lock structure, payment-credit separation in banking, the Composite Productivity Index as the sole calibration input, the four-failure-mode organization of emergency tools, and the prohibition on discretionary monetary creation outside enumerated channels.

Market exit. The mechanism by which the Citizens Standard can be wound down in an orderly fashion if adoption fails or the architecture proves unworkable. Designed to prevent a disorderly credit contraction during any transition back to an alternative system.

Mode A / Mode B / Mode C / Mode T. Illustrative operating configurations of the Citizens Standard. The architecture supports any valid parameterization that preserves the seven load-bearing properties — the named modes are reference points, not an exhaustive menu. Mode A targets approximately 1.9 percent annual deflation; its defining benefit is delivered not through the locked floor but through the circulating pool, where mild deflation lifts the real value of wages and cash across the working life. Its Stable Floor is correspondingly modest — approximately $233,000 in launch-year purchasing power at age 65 on the general-equilibrium realizable return, among the smallest of the base Modes by design. Mode B targets approximately stable prices (near the one-half transaction-ratio balance point) at the full real-growth-matched K2 calibration — the same steady state the system lands in after the transition (Mode T-stable) — and builds the largest Stable Floor of the base Modes, approximately $413,000 at launch parameters on the

realizable return, directing 60 percent of the growth-matched budget to the locked floor and 40 percent to a standing consumer dividend of approximately $42.75 per month per citizen at launch so that price stability is paired with current spendable income; against historical US data the empirical paper documents approximately $210,000 for the earliest cohort on the realizable return. Mode C targets approximately 2 percent inflation, activating KI to produce a current citizen dividend of approximately $108 per month per citizen at launch, scaling past roughly $115 per month within about two years as it tracks a growing transactional circuit at a flat rate. Mode C shares Mode A's K1 and K2 calibration, so it builds the same Stable Floor — approximately $230,000 on the realizable return; because that floor holds total-market equity whose real value compounds independently of the price-level regime, Mode C's inflation does not erode it. Mode T is the transition configuration recommended for launch: it runs K1 and full-rate K2 to Stable Floors at approximately stable prices (near the one-half transaction-ratio balance point) while the KT channel retires the legacy public debt, then deactivates KT automatically once the public debt stock is retired and continues as Mode T-stable, a permanent price-stable steady state. Mode selection is a Tier 2 decision requiring a 67 percent supermajority and may be revisited at any time through the standard amendment process.

Model vs. System. A distinction central to the Citizens Standard's architecture. The Model is the unamendable load-bearing structure — the seven properties that define what the Citizens Standard is. The System is the operating configuration chosen from the defined menu of Modes. A society may accept the Model while choosing among Systems without altering the Model.

Payment-credit separation. The architectural feature that separates accounts used for payments — held at 100 percent reserve — from accounts used for credit intermediation — funded by equity and term deposits rather than demand deposits. Eliminates fractional reserve money creation by commercial banks and removes the mechanism through which banking crises transmit into monetary crises.

Property rights anchor. The Tier 1 protection mechanism of the statutory architecture. The Act explicitly declares each citizen's Stable Floor account to be individually owned private property, vested at the moment of the citizen event, triggering Fifth Amendment Takings Clause protection against uncompensated congressional seizure or redirection.

Seigniorage. The profit derived from the creation of money — specifically, the difference between the face value of newly created currency and the cost of its production. Under the current system, seigniorage accrues primarily to the government and the financial sector. The Citizens Standard redirects seigniorage to equal per-citizen distribution at the moment of issuance.

Stable Floor account. The individually owned, locked equity account that constitutes each citizen's accumulated wealth stake under the Citizens Standard. Funded by K1 at birth or naturalization and by the citizen's share of K2 annually. Invested in total market index funds. Locked until retirement age. The empirical modeling paper of this series projects, for a citizen born at enactment and living through the debt-retirement transition (the Part II forward projection), an accumulated Stable Floor of approximately $328,000 in launch-year purchasing power on the realizable basis — ranging from roughly $223,000 at the low end of the realizable band to $456,000 at the high end of the realizable band — at the full-rate K2 calibration of Mode T. The floor concept is the point: every citizen receives something where currently they receive nothing, and that something compounds over a lifetime of legally protected accumulation.

Three-tier statutory architecture. The governance structure developed in this paper. Tier 1 — the property rights anchor — protects vested account balances under the Fifth Amendment. Tier 2 — supermajority entrenchment — protects formula parameters behind a sixty-seven percent

repeal threshold with mandatory deliberation and FDCA certification. Tier 3 — FDCA operational authority — governs implementation details with public notice requirements.

Tri-modal architecture. The design feature that allows a society ratifying the Citizens Standard to choose among three operating Modes while preserving the same underlying Model. The choice of Mode is a Tier 2 decision, reversible by the same supermajority process.

Cross-Reference Table

The Citizens Standard is an eight-paper research program. Each paper is independently readable. The table below directs readers who wish to examine the theoretical foundations, empirical modeling, or transition dynamics underlying the statutory design developed in this paper.

This paper (Statutory)	Reference paper (SSRN)	What to read there
Section 2 — Design principles	Architecture (6702518), Sections 3.1, 3.2	Full specification of the Model's seven load-bearing properties and the constitutional protocol from which they derive
Section 4 — K1/K2/K3/KI formula; FDCA	Architecture (6702518), Sections 3.3, 3.4	Original three-tier constitutional framework; full K1, K2, K3, KI formula derivations; FDCA authority specification
Section 4 — Stable Floor accounts	Architecture (6702518), Sections 3.6, 3.7	Stable Floor account architecture, lock period design, total market index fund mandate, and retirement unlock mechanism
Section 4 — Mode selection	Architecture (6702518), Sections 4–7, 15.3	Full specification of the four base modes, their inflation targets, and the values question underlying mode selection
Section 4 — Emergency tools	Architecture (6702518), Section 12	Constitutional specification of the four failure modes and the bounded tools assigned to each
Section 5 — Emergency powers containment	Transition (6810741), Section 4	Transition-period emergency dynamics; interaction between emergency tools and the banking adjustment timeline
Section 6 — Transition mechanism	Transition (6810741), Sections 2, 3, 5, 6	Full transition modeling: Federal Reserve function transfer, Treasury debt treatment, banking sector adjustment, credit contraction risk
Section 6 — Public debt figure (~$31.4T)	Transition (6810741), Section 4.1	Public-debt-only framing; Legacy Debt Trust and KT channel; D/GDP trajectory to a small operational floor (~15% of GDP) by ~Year 45
Section 6 — Mortgage finance (covered bonds)	Transition (6810741), Section 3	Banking separation and maturity transformation; full-reserve credit dynamics underlying the matched-maturity covered bond mechanism
Section 8 — Retirement balance (~$328K central, born-at-enactment)	Counterfactual (6735078), Section 8 (Part II)	Forward projection for cohorts born at/after enactment, full-rate Mode T with paydown-window compression
Section 8 — Citizen dividend (~$108/mo launch; ~$115/mo by ~2 yr)	Counterfactual (6735078), Section 7	KI calibration methodology; Mode C dividend projections at launch and steady-state parameters
Section 9 — Market exit failure	Transition (6810741), Section 7	Market exit mechanism design; orderly wind-down conditions; credit contraction modeling under compressed timelines
Section 9 — Formula erosion (K2 capture rate)	Architecture (6702518), Sec. 15.2; Counterfactual (6735078), Sec. 8	Constitutional Tier 2 parameter specifications; sensitivity modeling under reduced K2 capture rates

Defined Legislative Terms

The following terms are used with specific technical meanings throughout this paper. In any legislative drafting based on this framework, these definitions should appear in Section 2 of the Act (Definitions) and govern interpretation of all subsequent provisions.

Act. The Citizens Standard Implementation Act, as enacted and as amended from time to time in accordance with the amendment procedures specified herein.

Citizen event. A birth registered with federal authorities to a citizen parent, or a naturalization completed under the Immigration and Nationality Act. The triggering condition for K1 issuance. A citizen event occurs once per individual and cannot be retroactively recognized or accelerated.

Circulating money pool. The total stock of Citizens Standard currency in active circulation, excluding amounts held in Stable Floor accounts. The pool from which KI distributions are made in Mode C and against which emergency tool ceilings are calculated.

Composite Productivity Index. The economic input used to calibrate K2 issuance, calculated quarterly by the FDCA using Bureau of Economic Analysis GDP estimates as the primary data source. Secondary data sources may be updated by the FDCA through Tier 3 operational authority with public notice. No amendment to the primary data source is permissible without a Tier 2 supermajority process.

Covered bond. A debt security issued by a mortgage lender against a dedicated collateral pool under the balance principle, by which each mortgage is funded by a bond of matching maturity and cash-flow profile. Covered bonds constitute the long-duration mortgage-finance mechanism under the payment-credit separation and are issued exclusively as matched-maturity instruments; no instrument introducing a maturity mismatch between the bond and its underlying mortgage collateral constitutes a covered bond under the Act. Covered bonds are private obligations of the issuing institution and are not government securities, agency securities, or instruments guaranteed by a government entity, and are therefore not excluded from Stable Floor investment by the investment mandate. Eligibility criteria, rating floors, and the ceiling on Stable Floor allocation to covered bonds are specified in Schedule H. The covered bond framework is a Tier 2 parameter set subject to the supermajority amendment process.

Cumulative parameter drift. A condition that occurs when the K2 capture rate, measured against its value at enactment, has declined by more than fifteen percentage points over any rolling ten-year period. This threshold is a design judgment requiring legislative calibration, not a derived parameter. Upon a finding of cumulative parameter drift by the FDCA, automatic reversion to enactment-level parameters is triggered without requiring affirmative congressional action.

Emergency activation. The joint declaration by the President of the United States and an affirmative two-thirds vote of the FDCA board authorizing deployment of one or more enumerated emergency tools. Each emergency activation is a discrete event. Renewal after 180 days constitutes a new emergency activation and requires fresh joint declaration.

Emergency tool. One of the enumerated instruments available during an emergency activation. The enumerated tools are the sixteen bounded instruments of the constitutional version, grouped under the four failure-mode categories: demand collapse, inflation surge, banking liquidity, and credit cycle. No instrument not enumerated in Schedule A of the Act constitutes an emergency tool regardless of the nature or severity of the declared emergency.

Enactment value. The value of any Tier 2 parameter as specified in the Act on the date of its entry into force. Used as the baseline for cumulative parameter drift calculations and as the reversion target for automatic reversion provisions.

Equal per-citizen distribution. The requirement that all K1, K2, K3, KI, and emergency tool issuance be distributed in identical amounts to every eligible citizen simultaneously, without differentiation by income, geography, age, employment status, or any other characteristic. No waiver of the equal per-citizen distribution requirement is available under any provision of the Act including emergency activation.

FDCA board. The multi-member governing body of the Federal Digital Currency Authority, consisting of not fewer than 5 and not more than 7 members appointed by the President and confirmed by the Senate, serving staggered terms of not more than 14 years, and removable only for inefficiency, neglect of duty, or malfeasance in office. No more than a simple majority of members may be affiliated with the same political party at the time of appointment. Board size and term length are Tier 2 parameters subject to the supermajority amendment process.

FDCA certification. The formal written analysis published by the FDCA board within the mandatory deliberation period following introduction of a proposed Tier 2 amendment, addressing whether the proposed amendment preserves each of the seven load-bearing properties of the Model and including a cumulative impact analysis measuring the proposed amendment's effect in combination with all Tier 2 amendments enacted in the preceding ten years. An FDCA certification finding of non-preservation does not legally block the proposed amendment but must be explicitly acknowledged and overridden in the congressional record before a vote may proceed.

Formula. The four-channel issuance mechanism consisting of K1, K2, K3, and KI (K3 active only when the ratified Mode sets $\kappa_d > 0$), governed by the parameters specified in Schedule B of the Act. The formula runs automatically from objective economic inputs and requires no affirmative FDCA discretionary action to execute. Any provision purporting to grant the FDCA discretionary authority over formula outputs is void as inconsistent with the Act.

Investment mandate. The requirement that all Stable Floor account balances be invested in total market index funds as defined in Schedule C of the Act, without restriction by sector, geography, or asset class, and without allocation to government securities, agency securities, or any instrument issued or guaranteed by a government entity. The investment mandate is a Tier 1 load-bearing property and may not be altered by Tier 3 operational authority or by emergency activation.

K1. The citizenship endowment channel. Issues at each citizen event. Calibrated to 2.5 percent of GDP per capita at the time of the citizen event, producing approximately $2,250 per new citizen at launch parameters. Deposited directly into the new citizen's Stable Floor account. Not distributable as current income under any mode or emergency activation.

K2. The growth dividend channel. Issues annually. Calibrated to a fraction of measured real economic growth as measured by the Composite Productivity Index for the preceding calendar year, with the capture rate varying by Mode as specified in Schedule B; under Mode T it operates at the full real-growth-matched rate, holding the consumer price level stable. Split between Stable Floor deposits and circulating distribution in proportions specified for the operative Mode. Subject to the Adaptive Smoothing Rule specified in Schedule D.

K3. The consumer dividend channel. Issues annually, indexed to measured real growth, and distributed as current income to all eligible citizens in equal monthly installments. Unlike KI, which is triggered by an inflation gap, K3 draws a Mode-set share κ_d of the same real-growth budget

that funds K2, so it pays out within the growth-matched line rather than above it. Active in any Mode whose calibration sets κ_d greater than zero; κ_d = 0 in the base configurations. Distinct from KI (inflation-gap stabilizer) and from KT (transition-only debt retirement).

KI. The inflation-gap stabilizer channel. Active in Mode C only. Issues annually. Calibrated by the price-level path targeting formula specified in Schedule E and derived in Paper 1, §6.1 (Neo-Solon, 2026), targeting approximately two percent annual inflation. Distributed as current income to all eligible citizens in equal monthly installments. Inactive in Mode A, Mode B, Mode D, and Mode T. The inflation rule KI implements is two-sided: where a below-target price level triggers additive KI issuance, an above-target price level triggers the symmetric reverse-KT drain (see Reverse-KT), so the price-stabilizing rule can both inject and withdraw money. Distinct from KT, which is a transition-only debt-retirement channel directed to bond redemption rather than to citizens.

κ_d (consumer-dividend share). The fraction of the real-growth issuance budget paid out through K3 rather than deposited into Stable Floors through K2. A Tier 2, Mode-defining parameter: it is fixed within a Mode and has no standalone amendment path, changeable only by ratifying a different Mode in full (Section 4, Tier 2).

KT. The transition-only debt-retirement channel. Active in Mode T only. Creates money calibrated to a price-level path at approximately 1.5 percent of M2 and directs it to the Legacy Debt Trust for redemption of public debt, rather than to citizens. Because redemption is an asset swap absorbed by a predominantly reinvesting holder base, KT is consumer-price neutral; because it is calibrated to a price-level path, it self-throttles if inflation rises. KT retires the public debt down to a small operational floor of approximately 15 percent of GDP — reached by approximately Year 45 under the recommended calibration — rather than to zero, the floor being retained as the safe-asset benchmark and as the base for symmetric operations. The roughly 30-percent-of-GDP figure sometimes cited marks the point at which KT is no longer necessary for solvency, not a hard stop. In Mode T-stable, KT operates symmetrically (see Reverse-KT): dormant in normal conditions, reversing to drain transactional money when consumer inflation runs above target. Distinct from KI.

Reverse-KT (symmetric contraction instrument). The rules-based contractionary tool that gives the steady state two-sided monetary control. Once KT has retired the public debt to its operational floor, the channel runs symmetrically: when the consumer price level rises above the KI target path, the FDCA issues short-term sovereign bills above the operational floor — selling them into the market and extinguishing the proceeds — which drains transactional money from circulation, the functional equivalent of central-bank quantitative tightening. When inflation returns to target the bills are unwound and the stock returns to the operational floor. The drain operates only on transactional balances and never on the locked Stable Floors, so price control is achieved without touching citizen capital. Its trigger is the same Schedule E price-level path that governs KI, applied in the opposite direction, and its intensity is a Tier 2 ratifiable parameter. Reverse-KT resolves the asymmetry of an issuance-led system — which can expand the money supply through K1, K2, K3, and KI but, absent this instrument, lacks a symmetric means to contract it — and requires no new institutional machinery, reusing the Legacy Trust's bill-issuance capacity retained as the operational floor. Distinct from the emergency tools, which inject rather than drain, and from KI, which it mirrors.

Load-bearing properties. The seven architectural features of the Model that must be preserved by any Tier 1, Tier 2, or Tier 3 provision and that constitute the mandatory subject matter of FDCA certification: equal per-citizen issuance, formula-bounded money creation, the Stable Floor lock structure, payment-credit separation in banking, the Composite Productivity Index as the sole

calibration input, the four-failure-mode organization of emergency tools, and the prohibition on discretionary monetary creation outside enumerated channels.

Mandatory deliberation period. The 90-day period following introduction of a proposed Tier 2 amendment during which the FDCA must publish its certification analysis and public comment must be accepted. No Tier 2 amendment may be scheduled for a congressional vote before the expiration of the mandatory deliberation period.

Mode. The operating configuration of the Citizens Standard, selected from the illustrative menu of Mode A, Mode B, Mode C, Mode D, and the transition configuration Mode T as specified in Schedule B. Mode selection is a Tier 2 decision. The operative Mode governs the K2 calibration and split ratio and the activation status of KI and KT. The Model is unchanged across all Modes. Mode T is recommended for the transition; it lands automatically in Mode T-stable once public debt is retired.

Model. The seven load-bearing properties of the Citizens Standard architecture. The Model is not a Mode. The Model is preserved across all Modes and across all Tier 2 amendments. A provision that alters any load-bearing property is an amendment to the Model and is void unless enacted through a process that explicitly identifies it as such and satisfies a 90-day deliberation period with FDCA certification.

Payment-credit separation. The structural requirement that accounts designated for payment purposes be held at 100 percent reserve and that credit intermediation be funded exclusively through equity and term deposits. Commercial banks operating within the Citizens Standard architecture may not create money through fractional reserve lending. The transition timeline for achieving full payment-credit separation is specified in Schedule F.

Renewal limit. The maximum number of consecutive 180-day emergency activations permitted for any single enumerated emergency tool without a Tier 2 supermajority amendment treating the continued activation as a permanent parameter change. The renewal limit is 3 consecutive activations — 18 months total — for any tool in any rolling 24-month period.

Stable Floor account. The individually owned, locked equity account established for each citizen at the moment of their citizen event, held in custody by the FDCA on behalf of the individual citizen as private property under the Fifth Amendment to the Constitution of the United States. Balances vest at the moment of the citizen event. No federal agency, including the FDCA, may redirect, encumber, tax, offset, or otherwise impair a vested Stable Floor account balance without the account holder's written consent, except as required by a valid order of a court of competent jurisdiction in a proceeding to which the account holder is a party.

Supermajority threshold. The requirement that any amendment to a Tier 2 parameter receive the affirmative vote of sixty-seven percent of the members of each chamber of Congress present and voting, with a quorum present. The supermajority threshold is a substantive requirement of the Act and may not be waived by chamber rule, unanimous consent, or any other procedural mechanism. Any bill to modify the supermajority threshold must be titled as an amendment to the Citizens Standard Implementation Act and must itself satisfy the supermajority threshold to be enacted.

Tier 1. The property rights protection layer. Governs Stable Floor account balances as individually owned private property. Not subject to amendment by any legislative process. Alterable only through judicial interpretation of the Fifth Amendment.

Tier 2. The supermajority entrenchment layer. Governs formula parameters, Mode selection, emergency tool ceilings and triggers, bank reserve transition timeline, and FDCA board structure. Amendable only through the supermajority threshold process with mandatory deliberation period and FDCA certification.

Tier 3. The operational authority layer. Governs implementation details including secondary data sources, cryptographic infrastructure, distribution logistics, reporting formats, and publication schedules. Updatable by FDCA with public notice. May not be used to alter any Tier 1 or Tier 2 provision.

Transition period. The period beginning on the date of enactment and ending on the date certified by the FDCA as the date of full payment-credit separation, estimated at 20 years from enactment under the schedule specified in Schedule F. During the transition period, the Federal Reserve and the FDCA operate in parallel with jurisdictional boundaries as specified in Schedule G. The framework launches in Mode T, the transition configuration, which lands automatically in Mode T-stable once the public debt stock is retired. Mode selection remains a Tier 2 supermajority decision throughout and may be revisited at any time through the standard amendment process.

Note on Schedules

The Defined Legislative Terms throughout this paper reference eight technical schedules designated Schedule A through Schedule H. These schedules would be populated from the parameter specifications and formula derivations established in the preceding papers of this series and incorporated by reference into the Act.

Schedule A — Enumerated Emergency Tools. The complete list of permitted emergency tools — the sixteen bounded instruments grouped under the four failure-mode categories: demand collapse, inflation surge, banking liquidity, and credit cycle. Includes ceiling amounts, trigger conditions, and reversal requirements for each tool. Derived from the Architecture paper (SSRN 6702518), Section 12.

Schedule B — Formula Parameters by Mode. The K1 base rate, K2 capture rate, K2 split ratio, KI inflation target, and Mode-specific calibration details for Mode A, Mode B, Mode C, and Mode D. Includes the Composite Productivity Index weighting methodology. Derived from the Architecture paper (SSRN 6702518), Sections 4 and 5, and the Counterfactual paper (SSRN 6735078), Sections 5 through 7.

Schedule C — Investment Mandate Specification. The precise definition of total market index funds eligible for Stable Floor account investment, including index construction methodology, rebalancing frequency, fee cap requirements, and prohibited asset classes. Derived from the Architecture paper (SSRN 6702518), Section 6.

Schedule D — Adaptive Smoothing Rule. The multi-period averaging methodology applied to K2 issuance to prevent oscillation during volatile growth periods. Includes the lookback window, weighting formula, and override conditions. Derived from the Architecture paper (SSRN 6702518), Section 5.

Schedule E — KI Price-Level Path Targeting Formula. The precise formula governing KI issuance in Mode C, including the price-level path target, the CPI measurement methodology, the calibration cadence, and the auto-correction mechanism that reduces KI when actual inflation exceeds the target path. The same price-level path, applied in the opposite direction, triggers the symmetric reverse-KT drain in the post-transition steady state, so the schedule governs both injection and withdrawal. Derived from the Architecture paper (SSRN 6702518), Section 9, and the Counterfactual paper (SSRN 6735078), Section 7.

Schedule F — Banking Transition Timeline. The twenty-year phased reserve requirement schedule, including the annual increment of approximately 4.5 percentage points per year, the certification milestones, the hard floor provisions, and the conditions under which the FDCA may certify completion of the transition period. Derived from the Transition paper (SSRN 6810741), Sections 3 and 4.

Schedule G — Transition Period Jurisdictional Boundaries. The precise allocation of regulatory and operational authority between the Federal Reserve and the FDCA during the transition period, including the transfer timeline for each function category and the dispute resolution mechanism for jurisdictional conflicts. Derived from the Transition paper (SSRN 6810741), Section 2.

Schedule H — Covered Bond Framework. The matched-maturity covered bond mechanism for mortgage finance under full-reserve banking, including the balance principle requiring identical

maturity and cash-flow profile between each covered bond and its underlying mortgage, the migration schedule by which the existing residential mortgage stock re-funds through the covered bond channel as it naturally turns over across the twenty-year banking-adjustment window, the eligibility criteria and rating floors for covered bonds held in Stable Floor accounts, and the ceiling on Stable Floor allocation to covered bonds. Derived from the Transition paper (SSRN 6810741) and the covered bond mechanism developed in Section 6 of this paper.

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