

James A. Titus
564 Duane Street
Astoria, Oregon

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February 2, 1939

Marriner S. Eccles
Chairman, Federal Reserve Board
Washington, D.C.

Dear Mr. Eccles:

I read your Radio address of January 23, with probably more pleasure than any other individual in this good old U.S.A., and the logic and sincerity of ^{your} reasoning is so far above the expressions of most of our public servants that it almost takes the breath from a person who has closely followed the "Antic's" of most of our "Big Men" during the last ten years.

I am taking the liberty of writing this letter to you because of the fact that your address convinced ~~the~~ me that you are one thinking man in a high position who is really sincere, really "BIG", and one who has sense enough to know that the welfare of the "Common People" is the key to the welfare of the Nation and all of its people both great and small, and that the only possible solution to our economic difficulties will be to raise the standards of living of the great mass of common people to somewhere near our ability to produce. You did not say it in just these words, but the thought and principle of it was very evident throughout your address, and I hope and pray that you will come right out with it in another address in the near future, because when it comes from a man in your position,-- "IT HAS WEIGHT",-- and that is what is needed to pound it into the heads of both voters and big men in public offices. Some of them dont know, some of them know and dont care, and more of them wait for "Sentiment from the People", but the whole cause and solution of our distress is so simple, that it makes one shudder with grief and remorse to think it has to continue in this great land of plenty. The thought of men and women taking the lives of their loved ones and committing suicide in fits of despondency because of ~~human~~ poverty due to unemployment, and aged people dying from lack of medical attention and proper food, warmth and clothing, --- with idle men and women begging and praying for work, --- machinery idle and rusting ready to go, and potential wealth at every hand awaiting the opportunity to provide good things in abundance for everyone. Is it not enough to make your heart bleed with shame for our public servants, if they know the solution and refuse to act. If they know how to reduce murders, suicides and kidnapping etc., and do not act,-- are they not parties to the crimes, and before GOD, they should be held responsible, if not before their fellowman.

Now, as ^{previously} stated the remedy is so simple that a blind man can see it if he wants to, yet to arrive at a cure, lets go back and find out just what made our Nation and all its people sick,-- two words will answer it,-- "COLLATERAL CONSUMED" is the answer.

We kept pace with production as a result of improved methods--

of quick manufacture and production as long as we had collateral to pledge, get credit in our bank books and write checks, but there came a day when the saturation point was reached and the debts of the Nation, public and private, (Barring the U.S. Government) reached about three fifths of the wealth of the Nation, a full saturation point, then what happened, --- more stocks, more lands, more merchandise, more everything had to be given for the dollar to meet the obligation and the big sacrifice was on, and buying power down in the "Dumps", That was the cause of our depression, -- "COLLATERAL CONSUMED". Inability to keep up with improved methods for quick manufacture and mass production has brought about most of our ills, including increased crime, confiscation of land and property, poverty and needless suffering, and high taxation.

Now, shifting, does no good as a whole, and more debts only feeds the Nation more of the same poison that made the patient sick. I agree with you that we need a certain amount of Government Bonds for Bank Credit etc., but too many will bring about just what the listed Foreign Bonds indicate, -- higher rate of interest with face value cut in half, and almost confiscation of low rate interest bearing bonds, which will knock the props from under our banks and insurance companies who hold the low rate of interest bearing bonds, and that is sure to happen if our national debts continue to soar at the present rate. ANY GOVERNMENT BOND ISSUE SOLD FOR RELIEF PURPOSES, takes more from the relieved than it gives, -- Principal, plus interest, plus distribution cost. It also raises the cost of living by taxation, thereby decreasing buying power and increasing relievers.

Think what is most needed ~~now~~ at the present time, -- Property and land brought back to its Post War values, -- Debts brought back down to the average value at the time of the obligation, --- Hoarded money brought out of hiding and buying power increased to the point of almost keeping up with production. Now the solution. AND THIS IS WHAT YOU WILL AS A BANKER DISAGREE WITH, but "WHY", that's one thing I cannot guess. Why do bankers want high priced dollars. Did not the high price dollar break over one half of the banks in the nation during the Hoover administration. Did it not confiscate land, stocks and bonds and their own lands and collateral with which their loans were supposedly secured and increase their own taxes and costs of doing business. Well, anyway, an expansion of currency is just what is needed as the first step. When the dollar comes down by an increase of its numbers, all the land and stocks and bonds in the nation will go up thereby creating collateral for loans and buying power thus shortening the bread line and lowering taxes, for land will go back on the tax rolls. Out will come most of the idle and hoarded dollars for the hoarded dollar will shrink while the invested dollar will grow. Two hundred billion dollars worth of debts will be eased, and when "A" pays "B", "B" will buy a car and put men and women to work, this will decrease unemployment, decrease government spending (Relievers) and increase government income by the increased buying power. The present method of cheapening the dollar by taxation of food and clothing and necessities of life only decreases buying power and increases unemployment, while cheapening the dollar by increasing its numbers will bring up all of the property in the United States, bring down the dollar and bring out idle money. There is no danger of a runaway for the government can call in money by issuing bonds any time it desires and bring on a panic any time it likes.

This method was proven during the early months of 1933, when our government expanded currency a little and times from March until August went up like a rocket. Government Bonds advanced from 85 to over 100, Stocks, Bonds, Lands and Commodities advanced until over one hundred billion dollars had been added to values before the tide was turned back by calling in gold and gold notes with borrowed money, thus undoing all -

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the good and more than had been accomplished in the first four months. Now there is no use in denying this statement, that is why our administration is getting nowhere, except farther into debt and nearer a "BOND INFLATION CRASH". More of anything makes it cheaper, less of anything makes it dearer, that fact cannot be refuted.

If our government called all of our medium of exchange in except one thousand dollars, the whole state of Oregon could be bought for ten dollars. How then could any fixed taxes or obligations be paid. On the other hand if our government doubled the amount of currency and put it into circulation by and through paying it out for relief and government payrolls, the sicological effect as well as the increase would bring back to land, stock & Bond values over one hundred billion dollars in wealth besides easing all debts and obligations creating collateral and starting a building boom, ~~business~~ bringing out most hidden and idle dollars, together with reducing taxes and increasing our governments income about one hundred per cent. This would not be unfair to bankers by paying them back obligations with a cheapened dollar, for the increase of business and collateral value together with enhanced securites and other assets would more than make up the difference.

If something like this does not take place, then we will go back over the same old Hoover, high priced dollar "BLOW UP". A high priced dollar as measured by fixed figures and obligations will practically confiscate all land, stock, bond and security values, then "BOOM" will go the banks, "BANG" the insurance companies, and "BLUEY" our governments income, and the high priced dollar "Gone with the Wind", locked up or frozen up in the process of Bank liquididation and bankrupt business institutions.

An expansion of currency is only the first step, but ^{it} is the most essential, in fact it cannot be escaped, because debts must be eased, and buying power stepped up to keep up with production, and without sufficient tools, (Money) increased buying power cannot take place.

Of course it sounds fine to interest gatherers, to compel people to pledge collateral and pay interest in order to procure a check book and make their own money by writing checks, but, with collateral consumed, it cannot be did, therefor our depression.

After debts have been eased, lands back on the taxrolls, hidden and idle money brought out, taxes reduced, buying power increased etc. by and through an increase of currency and an icrease of collateral value for bank credit and still more buying power, some government regulation of prices and labor will no doubt have to take place.

We must not say that we cannot have prosperity because of runaway prices and labor rackets, or it would bar all future prosperity. We must have prosperity first by being enabled to consume to somewhere near our ability to produce, then regulate racketeering as best we can and most of our troubles will be over.

If you will come right out flatfooted and tell America just what caused our depression, and just what will cure it as outlined in this letter, you will be herelded as the savior of this country and go down in history as the worlds greatest man, ~~you~~ be the first big man to get off the dodging and shifting band wagon, call a spade a spade, get off the mushroon and onto solid ground, apply common horse sence and the battle will be won hands down. There is no other way. All other methods of shifting have proven futile. Provide the buying power, then regulate. Regulation first gets us nowhere except backward.

SINCERELY YOURS

James A. Gatus
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February 11, 1939.

Mr. James A. Titus
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My dear Mr. Titus:

Mr. Eccles has asked me to acknowledge and thank you for your letter of February 2 in which you comment on his ~~recent~~ recent radio address. It is noted that you feel that recovery has been hindered by regulation and that you feel that buying power must first be restored without regulation and then regulation imposed to prevent abuses. These comments have been noted.

Yours very truly,

Lawrence Clayton
Assistant to the Chairman

LC/fgf

Received in
Chairman's Office
FEB 7 - 1939
Board of Governors
of the
Federal Reserve System