

# AUGUST WALTERS

Advocating a Sound Financial Policy for Governments  
Eliminating National Taxation

Newark, N. J., U.S.A.  
38 East Park Street  
Tel. MArket 2-1922

Newark N.J. March 29th, 1941.

Hon. Marriner S. Eccles  
Federal Reserve Board  
Washington D.C.

Dear Sir:

The controversy between you and Mr. Patman is very interesting. The enclosed paper illustrates my views of the matter. There is no question in my mind that you are alarmed at the reckless spending now in process. One thing is certain. The present orthodox system will never be able to take care of this spending without creating chaos in the future.

There is no way to finance this program without making the bankers and money lenders the ultimate losers. What do the people care how you get the money as long as they do not have to pay for it. Consequently only those will suffer, who have funds to invest.

In the past I have corresponded with your assistants and arrived nowhere. Now I take the liberty to ask you to investigate my rational finance plan how to finance any nation. You are a highly intelligent man and in spite of the fact that your training has been orthodox, there is no reason why you should not grasp the novel idea I have worked out over a period of about 15 years.

I also assume you are big enough to admit the truth when it is presented to you. Of course I fully understand that you may be highly insulted if I call the present monetary system, as far as financing the government is concerned, a flim flam game of the highest intelligent order.

You also know that Congress or the Senate knows very little about money. If they ever had presented a plan that was rational, you would have acted long ago.

In my opinion, this matter of financing the government should be worked out between the banks and the Treasury Dep. without calling upon Congress to solve the problems. They will approve a rational plan and most of the monetary experts in Congress consider my proposals as highly interesting.

My correspondence with the orthodox economists has also be very interesting and again shows a hopeless confusion of ideas.

Hoping to be favored with an early reply, I am  
Yours very respectfully

*August Walters*

March 31, 1941.

Mr. August Walters,  
38 East Park Street,  
Newark, New Jersey.

Dear Mr. Walters:

Chairman Eccles is temporarily absent on a visit to the West and, accordingly, I wish to acknowledge receipt of your letter to him of March 29 and of the copy of your statement on the subject matter dealt with in his recent letter to Mr. Patman.

It occurs to me that you may be interested in seeing the full text of this letter and I am, therefore, enclosing a copy.

Sincerely yours,

(Signed) Elliott Thurston

Elliott Thurston,  
Special Assistant  
to the Chairman.

enclosure

ET:b

Received in  
Chairman's Office  
MAR 31 1941  
Board of Governors  
of the  
Federal Reserve System

In regard to the controversy between Congressman Mr. Wright Patman and Marriner S. Eccles.

Having studied monetary plans and systems for many years and claiming to have produced a rational finance system for governments, I am greatly interested in the dispute between these two gentlemen. They both try to improve a finance system which is unfair, unjust and based on wrong economic thinking.

The proposal by Mr. Patman is economically unsound and as Mr Eccles says" economically disastrous". Mr. Eccles counter proposals are equally unsound from a rational point of view. His idea that the banks should use the people's monies and savings through a middleman, the banks, is based on a fallacious idea. Why give the banks national bonds as security for the use of our own money and national credit? Why pay the banks interest besides on our own money? It shows distinctly the confusion prevailing among all bankers, monetary reformers and economists. They are all laboring under the illusion that the harder we work the more money we make and by working 24 hours a day, we can eventually work ourselves out of debt.

This is a fallacy upon which all reformers have based their plans for new ways to finance a government. It is just the opposite. The entire world is laboring under this illusion. The present monetary system creates nothing but debts as far as financing the government is concerned.

For that reason, Mr. Eccles answer, that, if Mr. Patman's idea had any value, Germany or other countries would have adopted such a plan long ago is very logical. Mr Eccles is also correct when he states that the German government is still maintaining a strictly orthodox monetary standard. This will be the downfall of his government. Mr. Hitler may have the best intentions to help his people and other nations, but his ambitions will be frustrated by his own financial advisers who are just as high hatted as the financial advisers of all other governments on the face of the earth. The international money

brain trusters. Mr. Hitler's new world order will only lead to further enslavement, this time not through the international bankers but through his own government. Mr Hitler's new world order can not work, will not work, and will prove his own downfall, brought about by his own financial advisers and tax collectors.

The writer has tried for may years to obtain a hearing before Treasury officials, the Federal Reserve Board, many committees in Congress and the Senate, but so far, the orthodox powers in command of our financial institutions have refused to listen to a rational monetary proposal which would save the nation billions in taxation.

The writers plan does not involve the purchase of the Federal Reserve Banks, raising the national debt, borrowing from banks or printing a single dollar bill. The writers plan could even pay off the national debt without disturbing the economic life of the nation.

The program itself should prove of tremendous interest to the bankers and a demand for further details as to how all this can be accomplished, but all, including our leading of fi-als have declined to grant me an opportunity to present this plan.

The present banking system might have served in the days of the oxcart, but certainly is out of joint with present modern, streamlined conditions.

Respectfully submitted:

August Walters

38 East Park Street, Newark N.J.

March 28th, 1941.

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# AUGUST WALTERS

Advocating a Sound Financial Policy for Governments  
Eliminating National Taxation

Newark, N. J., U.S.A.  
38 East Park Street  
Tel. Market 2-1922

Newark N.J. April 2nd, 1941.

Mr. Elliott Thurston  
Federal Reserve System  
Washington D.C.

Dear Mr. Thurston:

I was certainly delighted to receive your letter with Mr. Eccles text of his letter to Congressman Patman. I know Mr. Eccles will support my plan immediately after I have made known to him the details of my investigation. The consensus of our leading local bankers is that the plan proposed by me is the most ingenious ever offered to any nation.

If we maintain this lopsided finance plan as now in force, the bankers will be the ultimate losers. In fact the government will practically confiscate all monies regardless of what the bankers want. The national debt will have to be cancelled.

My plan provides rational payment of the present national debt to a penny. My plan prevents further debts, and all those phantoms of fear as to what might happen if the bankers do not finance the government are simply based on wrong economic thinking.

The upheavals in this world are all caused by the misuse of money. My plan will make us the world leaders in the creation of a new world order based on peaceful penetration in the entire world.

All the isms including communism are based on orthodox ideas.

They are all failures.

I hope to hear from Mr. Eccles as soon as he returns to his office.

Yours very respectfully

*August Walters*

143 Franklin Ave

Morton Pa.

3/26/41

File

Mr. Mortimer S. Eccles

Dear Sir

I notice, in your reply to Senator Patman's proposal for the government to issue new money and non-interest bearing bonds, you say the plan would lead to incalculable losses for the country as a whole. You infer our present system is the better of the two. Was it not under that system that a 20 billion deflation took place in '32-'33? Perhaps you don't consider deflation as injurious as inflation. And as you mention inflation then I charge your system was guilty of that too. Witness the stock boom of '28-'29. Who encouraged that? Were was the Federal Reserve Board then?

You may say we have Deposit Insurance now. True; but can a 400 million corporation take care of a 20 billion deflation? The chances are the next deflation will be still greater.

You also state that the government can raise funds by taxation and borrowing existing funds. What backs these funds if it isn't the government bond? and the bond

bond is backed by the resources of the country.

I believe the banks can issue paper money against the face value of these bonds. If that is so, why can't the government do so and avoid the interest charge on the bond.

The interest on present existing bonds now amounts to a billion and a quarter dollars. Heavens knows what it will amount to in a year or so.

What is the difference, Mr. Fraser, between \$1000 bill and \$1000 bond? Is not the wealth of the country behind both.

Yours truly

Joseph Duffy