

January 10, 1942.

Hon. Franklin D. Roosevelt,
The White House,
Washington, D. C.

My dear Mr. President:

In raising the billions required for financing the war, unavoidable expansion of money in circulation far beyond normal will ensue. Fixing prices, rationing goods, high taxes, selling stamps and bonds to bank depositors will be useful to abating the unavoidable lowering of the dollar index, but I wish to suggest another step which should go contemporaneously with the steps now contemplated and above referred to as follows:

In "Conquest of Poverty" by Mayor McGee, of Vancouver, British Columbia, is an abstract of Abraham Lincoln's monetary policy which was verified by the Legislative Reference of the Congressional Library at the instance of Hon. Kent Keller, Chairman of the Library Committee of the House. In Senate Document 23, 76th Congress, the full citation is given from which, page 91, I submit the following abstract:

"Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise need not and should not borrow capital at interest as the means of financing governmental work and public enterprise. The government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity."

The constitutionality, the truth and the wisdom of Abraham Lincoln's views has been completely verified by the experience of this government since his assassination. As Chairman of the Committee on Banking and Currency of the United States Senate, I was responsible for writing into that Act governmental control of the reserve banks and governmental issue of federal reserve notes. My demand that this money should be legal tender was finally enacted into law in the first year of your Administration.

You have repeatedly demanded the restoration of a pre-depression dollar and its maintenance as a permanent, debt-paying,

purchasing monetary unit and medium of exchange. While your views on this question is in fundamental accord with the Constitution, with Lincoln's views, with reason and with justice and is fully sustained by statistical fact, THE TIME HAS COME when Congressional action should supplement and make effective your demand for the governmental control and regulation of the value of money.

On the 25th Anniversary of the signing by Woodrow Wilson of the Federal Reserve Act, I wrote a thesis on Modern Monetary Science in relation to our national economy and banking system, published by the United States Senate at the instance of Senator M. W. Logan, as Senate Document 23, 76th Congress, fully supporting your views on restoring the pre-depression price level so-called and its maintenance.

In that document I cited the highest authorities in the world on monetary science; the evidence that all the great farm organizations have urged this reform; that all political parties have substantially endorsed it; that the most notable men in our national and financial life as members of "The Stable Money Association" demanded stable money. I enclose, Mr. President, the record of the dollar index, month by month, for the last fifty years, recently compiled by the Department of Labor, showing that the dollar's purchasing power has varied so that at one time it would buy nearly three or four times as much as at another time in wholesale commodities. This table shows that the price level has varied of course in the same identical manner, representing the instability in dollar of the total products of human labor moving through the wholesale primary market.

I now point out that what Lincoln said was true and fully worthy of your support as a measure of limiting by half to the taxpayer the unavoidable cost of this war.

I suggest that the Secretary of the Treasury be authorized by law to deposit with the reserve banks certificates of indebtedness non-interest bearing and that he receive therefor credit. His checks would become the deposits of member banks and such credits would be returned to the reserve banks from which they came forth and without penalty the United States from taxes could liquidate the certificate of indebtedness of the Treasury at convenient times without an interest penalty.

In this manner, you could save the taxpayers of the country probably 50 billion dollars which otherwise they would have to pay.

Trusting that you may find something of value in this suggestion, I remain, as ever,

Faithfully yours,

RLO:TT

Robert L. Owen.