

To Whom It May Concern

I HAVE been officially informed that I cannot borrow money, and give my promissory note, with which to carry on an educational campaign to arouse America to the need of the Townsend Plan. I want to obey the law. Before I announced my desire to borrow money for this purpose, I was informed by my Chicago attorney there were no legal restrictions if I personally borrowed money to carry on an educational campaign. Upon this advice, I published the announcement in the Townsend Weekly dated April 5.

Later, my attorney was informed by the Securities Commission in Chicago, that I could not do this; that the ____ would have to be made by the T. N. R. P., Inc., a non-profit corporation. Accordingly, the announcement changed in the Townsend National Weekly in the issue dated April 12, and the revised announcement was ____ through the mails to Townsend Clubs and others.

After this change was made the Securities Commission at Washington officially notified my Washington representative that I was violating the law; that neither the T. N. R. P., Inc., nor I, as an individual, could borrow money for any purpose without its permission. I was further informed that I had committed a felony and was subject to prosecution, with a penalty of five years in jail or \$5,000 fine, or both.

I acted in good faith; I acted upon legal advice, but it is very confusing when the government's agents in Chicago and Washington disagree as to what the law is—as applied to me. However, I have no desire to violate the law. I am asking for no more loans until this matter is cleared up. All those who sent me money, and who _____ my promissory note in return, are being notified that their money will be returned—if they do not wish to ____ it to me as a donation to my campaign. I will give no notes to anyone, if in doing so I violate any law.

I am informed there is no law, however, to prevent anyone from contributing, or to prevent me from accepting, contributions to carry on the work I am doing in behalf of the Townsend Plan. I, therefore, call on all supporters of the Townsend Plan to send their contributions at once so that the great nation-wide ____cational program I have planned may be carried forward without delay.

Send your contributions to me personally at 720 North Michigan Ave., Chicago, Ill. Make your contributions as large as possible. Your contribution will be acknowledged, and as soon as possible I will send each contributor, who send in \$10 or more, my personally signed receipt. I would like to give all contributors a personal receipt, but it would be too great a burden for me to personally sign receipts for small amounts, under \$10. But I want these small contributions from those who cannot afford to give \$10 or more. We need all the money we can raise—and many small contributions mean more than a few large ones.

I hope this announcement makes clear to all that I have not intentionally violated any law. If we have unjust laws we must change them, not violate them.

Dr. Francis E. Townsend
1937-

The Townsend National Recovery Plan

The Townsend Plan is more than an old-age pension proposal. It is a national recovery program. The Townsend Plan is a business program. It is a social security plan. It will give us all prosperity by putting money into circulation—**and men to work**. It will put the wheels of industry into motion by putting money—buying power—into the hands of the masses.

Man Is in Want Amidst Plenty! There is food enough and more to feed every hungry and under-nourished person; there is enough wool, cotton and fibre to clothe every man, woman and child in the United States—and more; there are building materials in mine and forest, mill and factory warehouse to house every family in America in a modern home; there are raw products, factories and modern machines—now unused and idle—sufficient to manufacture modern appliances and equipment that are needed for all these modern homes; there are idle railroad engines and freight cars and great railroad systems—now threatened with or in bankruptcy—waiting to transport these needs of man to every nook and corner of the United States. **And there are ten billions of dollars in gold in government vaults out of circulation owned by your government—owned by you collectively;** and the banks of this country have the greatest reserve—**money on hand**—that they ever had in history. **Amidst all this wealth in money, modern machines, God's abundance of nature's products, and idle man power, we are afflicted with want, hunger and misery!** The financiers, the business experts, the so-called “economists,” and the politicians offer no workable solution to this malady which is afflicting the country. **Hide away the gold, destroy food production, and plow under cotton seem to be their only remedy!**

Buying Power in the Hands of the Masses Must Be Restored

The answer to our present national stagnation is obvious. **Money does not Circulate.** It stagnates in bank and government vaults. The masses who create wealth do not have access to that which they create. They create wealth but do not have buying power. Consequently they cannot buy. Banks cannot loan to people who have no jobs or income, nor to factories that have no market for the goods they make. Banks cannot make money if they have no income from loans. Manufacturers and merchants cannot make money unless they can manufacture and sell merchandise. **Thus, the vicious round of national stagnation is complete.** Consumption lags far behind ability to produce.

Plunging the country into debt by throwing out gigantic scoopfuls of money from the national treasury—in spots where the destitution seems the most intense—does not permanently solve the problem nor put business in motion, nor put either a sufficient or constant buying power into the hands of the people. Curtailing production—and destroying so-called surpluses—will not feed the hungry nor clothe the unemployed. **There is only one common sense answer. Buying power must be put into the hands of the masses. A system of keeping money in circulation must be established. National, dependable—legal—machinery must be devised that will keep the money in circulation after it is put into the hands of the people.**

Water in motion produces wealth from the ground. It produces nothing in a stagnate pool. If God's rain, after falling upon the earth, was not sucked up by the sun and redistributed

again and again over the earth, man would perish for want of food. If, after falling upon the ground, it flowed into a pool in the center of the earth—instead of into rivers, lakes and the ocean—**the circulation of water would stop**—and man would perish. If the blood that God created in man, was drained from the body—**the circulation of the blood would stop**—and man would die. **Likewise, if the medium of exchange – money and credit – the life blood of business and commerce—is drained off into bank vaults and government depositories—and its circulation stopped—business and commerce will die.** We see now, in this depression, the nation gasping for life—**for the want of a livelier circulation of cash and credit—the lifeblood of business.** It has been drained off into bank and government vaults—into stagnate pools.

The Townsend Plan Will Save the Nation

The Townsend Plan calls upon the national government to assume the responsibility of maintaining the circulation of money throughout the entire nation, so that at all times the masses will have buying power to absorb the output of farm and factory. **And the Townsend Plan gives to the government the legislative and administrative machinery which—when enacted into law—will carry the plan out and make it a permanent program.** First, it deals with the unemployment question in an intelligent manner. Machine production cannot use **all the man power in America.** Instead of putting young men and women on the dole—during their productive years of life—the Townsend Plan proposes to put these men and women to work and take out of employment the old people who have already given a life of service to the nation. **The Townsend Plan proposes to do this by permitting every citizen, male or female, who has attained the age of 60 years or over, to apply for and receive a pension of \$200 per month until death—**upon the condition that he or she will refrain from gainful occupation and take oath that they will **spend the entire amount of the pension for commodities or services within the confines of the United States within 30 days after it is received.** Those who are over 60 and do not wish to retire, **are not compelled to do so.** But all who wish, after 60, may retire and receive the \$200 per month.

Where the Government Will Get the Money

The Townsend Plan proposes when the law goes into effect, to levy a two per cent transaction tax on all business transacted in the United States. Every manufacturer, wholesaler, retailer, and all others in business, selling goods, merchandise and other property must pay this 2% transaction tax. When a merchant makes a dollar sale he must pay a 2¢ tax; when a clothier sells a suit of clothes for \$20; he will pay a 40¢ tax; when a ship builder sells a yacht to a millionaire for \$100,000, he must pay a \$2,000 tax, etc., etc. Leading statisticians employed by American business institutions—and government bureaus—estimate the annual transactions in the United States in 1929—before the depression—at approximately **1,200 billions of dollars.** Two per cent of this amount paid in the form of a transaction tax—by everybody in proportion to his business volume—will put into the **Townsend Old Age Pension Fund** approximately **24 billions of dollars—or two billion dollars a month.** This two billion dollars a month **will not come from the public treasury from the sale of bonds.** Who will object to the paying of this small tax as a guarantee for leisure and happiness in old age? Who will object to paying this tax when it will give jobs to everybody and thus bring back prosperity? For generations it has been a business custom to offer 2% discount on bills of account if paid within 10 days. Business men everywhere have always been glad to pay a percentage for cash turnover, or new business.

People Over 60 Will Spend Billions Monthly

There are ten million three hundred thousand people of 60 years or over in the United States. Many eligible as to age will not apply for the pension because of the demand for their services in posts of importance, paying more than the pension; others have large incomes from business activities; many others are not citizens. It is, therefore, estimated that not over **eight millions** will apply and qualify for the pensions. This would require, at \$200 per month, **one billion six hundred million dollars each month** (from the two billion collected each month by the transaction tax) to pay the eight million pensioners. **This would put into circulation, directly into the channels of trade, one billion six hundred million dollars every month**—and would immediately start a tremendous volume of buying. Retailers would have to buy more from wholesalers, and wholesalers would have to immediately place large orders with manufacturers; and the manufacturers would in turn buy from the producers of raw products— from mine, forest and farm. Machine production would go into high speed. Workers would be called to man the machines. Railroads would be called upon to haul and distribute everything from raw products to the finished merchandise. Jobs would again become plentiful at good wages. **And as the transaction tax would be collected from this new and ever growing volume of business, it would be paid** continually, month by month, back to the pensioners who would, month by month, spend it again into the channels of trade. Some people are frightened at big figures. They are afraid to do things in a big way. They don't realize that this is a big country.

Why Pay Pensions of \$200 Per Month

The primary reason for \$200 per month is not just to give the people over 60 years “plenty of money,” to spend, but rather to put sufficient buying power into the hands of the masses so that the spending by these elders will create jobs for the youth, and those under 60 years of age. Statisticians estimate that at January, 1935 levels it required approximately \$1800.00 per annum or \$150 per month continuously invested in the average line of retail industry to supply a well paid job for one worker. All prices were below normal in January, 1935; therefore, it is assumed that with business on a high level—as would be the case upon enacting the Townsend Plan—the amount of retail expenditures necessary to create a well paid job for one worker, might advance to even \$200 per month or \$2400.00 per annum. The first thought is to cure the economic evil of unemployment, but while so doing also cure the evil of poverty, by using the aged as a means of equally distributing this new **buying power** to every nook and corner of our country. **This mighty flow of money will assure business stability, eliminate fear of launching new works and enterprises, and by retiring the old people, give opportunity and work in all fields for the youth of the nation.** If the pension were fixed at \$30 per month it would only keep the old people alive—in their misery—and **would create no buying power or new business.** We are now feeding **twenty million people** with government funds. But just feeding people does not give them buying power nor ability to enjoy the abundance which this machine age can produce for all.

Townsend National Recovery Plan, Inc.

A non-profit organization, the sole purpose of which is the securing of the enactment of this legislation.

HOW CAN YOU HELP?

Organize a Townsend Club in your community. If you do not know the address of your State Office, information can be obtained from:

NATIONAL HEADQUARTERS

720 N. Michigan Ave.

Chicago, Ill.

***For full information write to the
above address or see your
local Townsend Club***

(This leaflet is for free distribution)