

STRONG PAPERS, Norman to Strong, 1925 (List redone 5/2004, to include all materials)

1925

[January 15 (from Anderson)]	[September 25 (from Anderson)]
January 18	October 18
January 24	October 19
February 10	October 21
February 26	October 25
March 9	(October 30)
(March 18)	November 1
[April 3 from Osborne, with clipping and Monthly Review of Midland Bank]	November 8
(April 6)	(Undated page 2 & 3)
April 8	November 12
April 8	November 18
April 15	November 23
April 15, with February 5, 1925 draft of "Report of Committee on the Currency and Bank of England Note Issues"	November 28
April 20	(December 2)
April 22	(December 3)
April 24	[December 10]
(April 27)	[December 22 (from Anderson)]
April 30	[December 29 (from Anderson), w/ 2 cables to Norman]
May 5	December 19C
May 8	
May 11, with memo on Cooperation between Central Banks	
May 13	
May 15 [copies of Report with Norman's compliments]	
May 19	
May 26	
(May 28, with clipping)	
May 28, with copy of May 13, 1925 Gold Standard Act	
June 4	
June 5	
[July 28]	
August 15	
August 16	
August 17	
(August 17)	
August 19C	
August 20C	
August 21	
August 22C	
September 19, w/ September 8 German communiqué, September 14 cable to Schacht, and latter's September 15 reply	
September 21	

Strong Papers Key:

[ ] = At earlier date, item was listed as present but no original or copy is now in Papers

06/01/04

( ) = At earlier date, item was not on list but original is in Papers and was copied if no copy existed

STRONG PAPERS, Norman to Strong, 1925 - 1926

1925

Jan.15 (from Anderson) *[see other file]*  
 Jan.18  
 Jan. 24  
 Feb. 10  
 Feb. 26  
 Mar.9  
 Apr.3 from Osborne, with clipping and Monthly  
 Review of Midland Bank  
 Apr.8  
 Apr.8  
 Apr.15  
 Apr.15, with draft Report of Committee  
 Feb. 5, 1925  
 Apr.20  
 Apr. 22  
 Apr. 24  
 Apr. 30  
 May 5  
 May 8  
 May 11, with memo on Cooperation between Central  
 Banks  
 May 13  
 May 15, Copies of Report with Norman's Compliments  
 (Not in this file)  
 May 19  
 May 26, with clipping  
 May 28, with 2 copies of Gold Standard Act, May 13, 1925  
 June 4  
 June 5  
 July 28  
 Aug. 15  
 Aug.16  
 Aug. 17  
 Aug. 19 C  
 Aug.20 C  
 Aug. 21  
 Aug.22 C  
 Sept.19, with German communique, Sept.8, and cable to  
 Schacht Sept.14 and latter's reply, Sept.15  
 Sept. 21  
 Sept.25 (from Anderson)  
 Oct.18  
 Oct.19  
~~Oct.21~~  
 Oct.25  
 Nov. 1  
 Nov. 8  
 Nov. 12  
 Nov. 18  
 Nov. 23  
 Nov. 27  
~~Dec. 3~~  
 Dec.10  
 Dec.22 (from Anderson)  
 Dec.29 (from Anderson), with 2 cables to Norman  
 Dec.19 C

*Anderson + Osborne in another file*

1926

Jan. 21  
 Jan.29 (from Anderson)  
 Feb.2  
 Feb.5, with letters to Lepreux  
 Dec.8 and Hautain's reply  
 Dec.15, Jan.30-and-Janssen's  
 letter, Feb.3, 1926--  
 Feb.5, with Janssen's letter, Feb.  
 Feb.11, Belgium, General Summary  
 Feb. 11 (from Anderson)  
 Feb. 19, with memo on Belgian L  
 Mar.4 (copy?)  
 Mar.5  
 Mar.9, with memo on Belgium  
 Mar.9  
 Mar.11  
 Mar.18 (3 cables)  
 Mar.23, more on Belgium, with M  
 letter to Norman, Mar.16  
 Mar.24, with questions for Amer  
 witnesses  
 Mar.30 C (from Anderson)  
 Apr.1 C (from Anderson)  
 Apr.1 (from Anderson) with memo of  
 Norman's and Addis' evidence  
 May 10 (from Harvey (with Ryti's  
 letter, May 4, Norman to  
 Hautain, May 8, 10 +12 and  
 Hautain's cable May 10  
 May 19 (from Harvey)  
 May 19 (from Harvey)  
 May 20  
 May 31  
 May 31 (from Harvey)  
 June 8  
 June 12, with A. Miller's letter  
 June 3  
 July 3 (from Harvey)  
 July 19  
 Aug.19 C (to Harrison)  
 Aug.30, with letter to Harrison  
 Aug.23, and Harvey to Byti  
 27  
 Oct.10  
 Oct.17, with note to Harrison, C  
 Oct.21, with clipping  
~~Nov.17 (Peacock to Mrs. Lundie)~~  
 Nov.17  
 Nov.28  
 Dec.12  
 Dec.15 (from Lubbock)  
 Also. Hautain to Norman, Dec.1  
 with amendments  
~~Oct. 8 (from Peacock)~~  
~~Oct.25 (from Peacock)~~  
 Nov.1 (from Peacock)

(Handwritten letter)

B rd S. S. France le 18 Jan 1925 ack by hand 2/18/25 TSS  
French Line

My dear Ben

You wont be expecting me to write you a letter? This beast of a shop rolls so much that I can hardly sit on a chair - much less write at a table. But whatever this year may bring forth for us , I am glad to have begun it with you: it is always true to say that we dont meet often enough. I certainly am not blessed with a "machine" which so far runs itself that I am free to be away from London as much as I would like, whether with you in N.Y. or on a vacation. We ought indeed to get together once a quarter if we are to keep together all the year: that much we shall hardly manage: I guess once in 6 months is more pro. At least we have made a good beginning for 1925.

I am glad to have seen something of Phil & wish time there had been time to have some talk with Ben. I think Phil had better keep house with you (for the sake of both of you ) rather than pack up now & go abroad. Remember it is not good for man to be alone of an evening! I have tried it & can speak! And if you are writing to that girl or woman out in Minnesota, wont you give her affectionate greetings from me? I have so often thought of her since the day she plunged into the stream of Life- I wish you joy down in Florida & a store of health. I will cable you in a week or so, & if our s subject begins to show a definite course. And you know Ben, I am grateful for all your welcome & hospitality: & for all you do for me & are to me.

Gld bless you

MN

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in Florida & a store of health. I  
will cable you in a week or so, &  
our subject begins to show a  
definite course. And you know  
Ben, I am grateful for all your  
welcome & hospitality: & for all  
you do for me & are to me.

God bless you

Wm.



FRENCH LINE

BORD S.S. "FRANCE"

LE 18 Jan 1925

Delivered by hand

1/18/25 T.S.S.

My dear Ben

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write you a letter? This beast of  
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And if you are writing to that girl or woman  
out in Minnesota, would you give her affectionate  
greetings from me? I have so often thought of  
her since the day she plunged into the stream

(Copy of handwritten letter)

Thorpe Lodge, Campden Hill, W. 24 Jan 25

Dear Ben



Since I wrote on the steamer a further crime has been discovered. The second evening I was home, as usual I changed clothes in the evening & on going downstairs discovered myself in the disguise of a gentleman if not a dude! This was due to a velvet jacket of good style, fit & finish: In other words, Ben, I can only look respectable with the help of your wardrobe!

What am I to say to you. I will keep the jacket - at any rate until you come again - & I will wear it whenever I want to look nice or to recall 270 Park Avenue. Further I am thankful, as you know.

The last 3 or 4 days have shown here at the Bank a general approval in principle but a strange opposition in detail to the scheme you & I discussed. It is so easy for them to be critics of any scheme - as they are not called upon to produce another - & to cry for the best of both worlds! But with or without concessions I begin to feel that they will be worn down... & then will begin the real tug of war... parliamentary & political.

I hope the sun shines at Everglades: Perhaps you will gather as many fish stories as most travelers seem to do when they take to a boat in Florida instead of a golf links?

Ever yours

MN

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Ever yours  
H. F.

24. Jan 25

THORPE LODGE,  
CAMPDEN HILL. W.

Mr Ben

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for the best of both worlds!

CONFIDENTIAL.

ACKNOWLEDGED

FEB 24 1925

Bank of England,  
London, E.C. 2.

10th February, 1925.

My dear Strong,

I have discussed, in confidence, with certain of my colleagues, the three points mentioned in your letter of the 15th January, and we have noted with pleasure that you have thus raised only such questions as by their importance demand consideration and solution. It is difficult to give precise answers to the points raised, as the questions depend on conditions in the future which cannot be accurately foreseen, but I will give you the best answers I can.

(1) My colleagues are entirely of your opinion as to the importance of securing continuity in the management of the Bank. Every precaution has, as you know, already been taken for providing this continuity for another twelve months, and steps are being considered to provide the same for a further period.

(2) The question of a temporary limit to the Fiduciary Issue of Currency Notes pending the adoption of a permanent limit, applicable both to the Bank and Currency Note Issues, has had our serious consideration. If the British Government should decide to restore gold payment in the near future under some such scheme as has been confidentially

communicated

Page 2.

Benjamin Strong, Esq.

10th February, 1925.

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communicated to you, it is our hope that this scheme would include an arrangement whereby the existing limit (fixed in accordance with the Report of the Cunliffe Committee) could not be exceeded without the sanction of the Bank of England as well as of the Chancellor of the Exchequer.

I trust some such arrangement as this would meet the object you have in view, pending the time when a limit can be fixed by Statute to the amalgamated issues above mentioned.

(3) In the event of revolving credits being satisfactorily arranged on the lines already discussed with you (which at the moment does not seem probable), I have in all discussions here made it a point that before it is decided which credit should from time to time be used, the Federal Reserve Bank of New York should be consulted, and I have no doubt that we should be guided by your advice.

With kindest regards,

Yours very sincerely,

*W. H. C. Woodman*

Benjamin Strong, Esq.

ACKNOWLEDGED  
MAR - 9 1925  
17 2

CONFIDENTIAL.

Bank of England,  
London, E.C. 2.  
26th February, 1925.

My dear Strong,

In the course of a few days, Gaspard Farrer is sailing for New York and plans to stay there, or thereabouts, for a couple of weeks. I have asked him to call upon you and you can discuss any matters you like with him perfectly frankly and safely. He has been a member of the Secret Committee which for months past has been considering our future gold policy, and any action that may be taken by our Government (on the lines, for instance, which I have already cabled to you) would be on the advice of this Committee.

I hope you are all the better for a vacation in Florida: you needed it badly when I came away. That infernal French boat I came home on gave me such an experience of "perpetu motion" that I am still tired, and in a couple of days I am going to the South of France until the 15th March.

Our cables have lately been so complete that there is nothing which I can usefully add to this letter.

With kindest regards,

Yours most sincerely,

Dioman.

Benjamin Strong, Esq.

9 March 1925

C  
O  
P  
Y

LE BOGAGO,  
COSTEBELLE,  
HYÈRES.

Acknowledged: Mar. 21, 1925 B.

My dear Ben, You see from this that I am in the Riviera. I was so weary and done up last month that I had to go to bed for 8 days and then came here. On the 14th, I shall be in London again: and cannot stay away longer because the change from Lubbock to Anderson is so near.

All official consideration of a gold programme was deliberately pushed over to this month, so that nothing about it should come out until your Congress shall have adjourned. Once the programme is taken up for consideration, I don't think it will take long to reach a Cabinet decision in principle, but it may take 2 or 3 weeks to have the administrative details settled. So I told you (from London) that if we begin consideration next week (as I expect), we cannot expect a final decision before early, or middle, April. Meanwhile I shall hope to have it all kept secret, and of course out of Parliament till the end.

I hope you are the better for Florida: you needed a change. I was distressed to see your greater trouble in walking about (partly, as I believe, due to "Camels"! ) On the other hand, your organisation is wonderful — well ahead of ours: For we are hampered by a tradition which helps us only to do what has become less than we need to do and beyond that, hampers us. I enjoyed every hour with you and am the better for it. Also I was glad to come closer to Phil: let me know what line he decides to follow. And give my love to that girl in Minnesota, although she has gone away and left Park Ave. the poorer! Moreau was here for half an hour a couple of days ago on his way back to Paris: he needs longer. [Delan

Ever yours,  
MN

9 March 1925.

LE BOCAGE,  
COSTEBELLE,  
HYÈRES.

ACKNOWLEDGED

MAR 21 1925

B S

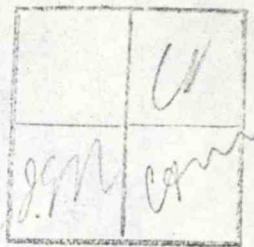
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Ever yours



18th March, 1925.



My dear Strong,

Many thanks for your note of the 27th February, for the Report of your Bank, and for your promise to send the Report of the Federal Reserve Board for the same period.

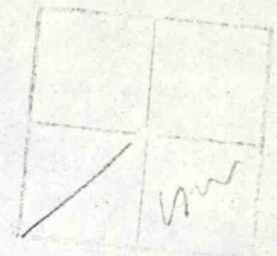
I am sorry we cannot reciprocate. As I thought you were aware, we publish nothing ourselves beyond the weekly Return.

Believe me,

Yours sincerely,

Benjamin Strong, Esq.

A.H.



6th April, 1935.

X

Dear Mr. Governor,

I write to thank you for sending to me a bound volume of the Federal Reserve Bulletin for last year. These weekly Reports are of great interest to us here and in their bound form have a permanent value.

Believe me, Dear Mr. Governor,

Yours most faithfully,

(SIGNED) M. NORMAN.

Benjamin Strong, Esq.,

*Handwritten initials*

CONFIDENTIAL

Bank of England,  
London, E.C. 2.

8th April, 1925.

ACKNOWLEDGED

APR 21 1925

My dear Strong,

Referring to our recent exchange of cables and especially to your 58 and 61 and to my 3, I now enclose a formal letter addressed to yourself as Governor on the lines of your draft of the 13th January as subsequently amended.

I assume you will reply to this enclosure in accordance with the letter drafted for this purpose on the 13th January last: it is important to us to have the statement that the discount earned on any sterling Commercial Bills is to reduce the interest on amounts outstanding in New York.

I am grateful to you for all the trouble which you have so kindly and willingly taken in connection with these arrangements. So far as concerns the arrangements between our two Banks, there is not really any difference of opinion worth speaking about: but when it comes to the arrangements between the British Government and J.P.Morgan & Co., then I find myself between the devil and the deep sea. I think the trouble really arises from the difference between the business and the official mind. The former (J.P.Morgan & Co., or you, or me) thinks it fair and reasonable to pay some commission for the right to call for an advance: the latter (in this case a Minister, an Official or

a Parliamentarian) thinks it indefensible. If it were not for this wretched commission on the Morgan Credit, I should be having next to no difficulty in fixing up all the arrangements for Revolving Credits of \$500,000,000: this has already forced me to reduce the total from \$500,000,000 to \$300,000,000 in order to minimise the commission.

Believe me,

Yours most sincerely,

*W. S. Hoar*

Benjamin Strong, Esq.

P.S. I take this occasion to tell you that our friend, E.R. Peacock, is sailing for New York in three or four days and I have asked him to be sure and call upon you. It is, of course, within your memory that he spent some time with you and me on Long Island a few years ago, and I have long been sorrowful that he was no longer my Colleague.

*W.S.*

17  
Bank of England,  
London, E.C. 2.  
8th April, 1925.

READ AND NOTED,  
4/20/25 B. S.

My dear Ben,

It is very good of you to have sent an addition to the 'Presidential' medals which you kindly presented to the Bank last July.

These gifts come at a very opportune moment for, now that the rebuilding has begun in earnest, we are gathering together all our treasures with a view to forming a museum in the new building.

Thus we shall have a store-house which will contain not only memories of the past, but also many gifts that will serve to remind us of the many kind friends who are still with us.

With warmest regards,

Yours very sincerely,

*Hisoman*

Benjamin Strong, Esq.

collected  
abc

Bank of England,  
London, E.C. 2.

ACKNOWLEDGED

APR 27 1925

□ □

15th April, 1925.

My dear Strong,

In a cable, No.87 of the 21st March, I mentioned to you the idea of an informal Conference of Central Bankers next October or thereabouts. I do not know whether this idea will eventuate: it must depend to some extent on the course of events in Europe, which to-day seem particularly uncertain in France and may turn out to be politically uncertain in Italy. But, if possible, I think it would do us all good to meet for discussion, without publicity and without commitments - conversations but no resolutions.

Some reason for the dividing line between the sheep who were invited and the goats who were not invited would have to be found: it would probably have to depend on gold. That would allow us to invite Holland, Sweden and Switzerland. But I think it would be essential to have Germany too, though she is not by way of a free gold market at present. Then there would arise a certain number of border-line cases: for instance, Austria, Danzig, Finland, Hungary, Japan and Poland, to say nothing of three more remote Dominions, all of whom are likely to be on a free gold basis - Australia, India and South Africa.

This is only thinking aloud. I should like to

narrow

narrow the numbers down to half-a-dozen, but I should need to find a reason for excluding the rest. So far I have spoken to nobody but Holland and Switzerland. Please turn it over in your mind and let me hear what you think.

With kindest regards,

Yours very sincerely,

Divoroman.

Benjamin Strong, Esq.

CONFIDENTIAL.

Bank of England,  
London, E.C. 2.

15th April, 1925.

ACKNOWLEDGED

APR 27 1925

R S

My dear Strong,

I send for your own private eyes a draft Report of the Committee mentioned in my letter of the 26th February which was set up in effect to settle about a free gold market. This draft you will see has the appearance of being final - signed and dated. But as a matter of fact the Report never has been signed and is still in process of alteration: it will probably be completed and issued by about the 28th of this month.

Yours most sincerely,

Di Roman.

Benjamin Strong, Esq.

A.N.

[See *Memorandum* letter Apr. 15, 1924]

SECRET.

REPORT OF THE COMMITTEE  
ON THE  
CURRENCY AND BANK OF  
ENGLAND NOTE ISSUES.

81

COMMITTEE ON THE CURRENCY AND  
BANK OF ENGLAND NOTE ISSUE

TREASURY MINUTE DATED THE 10TH JUNE, 1924.

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THE Chancellor of the Exchequer proposes to the Board that the following Committee should be appointed to consider whether the time has now come to amalgamate the Treasury Note Issue with the Bank of England Note Issue, and, if so, on what terms and conditions the amalgamation should be carried out:—

The Right Hon. AUSTEN CHAMBERLAIN, M.P. (*Chairman*).

Sir JOHN BRADBURY, G.C.B.

Mr. GASPARD FARRER.

Sir O. E. NIEMEYER, K.C.B.

Mr. A. C. PIGOU.

My Lords concur.

## COMMITTEE ON THE CURRENCY AND BANK OF ENGLAND NOTE ISSUES.

MAY IT PLEASE YOUR LORDSHIPS,

1. By Treasury Minute of the 10th June, 1924, we were appointed a Committee to consider whether the time has now come to amalgamate the Treasury note issue with the Bank of England note issue, and, if so, on what terms and conditions the amalgamation should be carried out.

2. We have held nine meetings and have heard thirteen witnesses, including the Governor of the Bank of England, Mr. McKenna, Sir Robert Horne, Professor Cannan, Sir George Paish, Mr. Keynes and representatives of the Clearing Banks, the Association of British Chambers of Commerce and the Federation of British Industries.

3. The greater part of our evidence was taken during the months of June, July and September, 1924, when the sterling dollar exchange was still at a discount of 10 to 12 per cent., but we heard the Governor of the Bank of England a second time on the 28th January, 1925.

On accepting office as Secretary of State for Foreign Affairs, Mr. Chamberlain ceased to act as a member of the Committee. Sir John (now Lord) Bradbury took the chair at the remaining meetings.

### *The Cunliffe Committee's Recommendation.*

4. The natural starting point of our enquiry was the recommendation of the Committee on Currency and Foreign Exchanges after the War (the Cunliffe Committee), that the Currency Note Issue should be transferred to the Bank of England when it had been ascertained, from experience in a free gold export market, what fiduciary issue is compatible with the maintenance of a central gold reserve of £150,000,000.

5. These conditions have not yet been fulfilled, and we have found it necessary to enter somewhat fully into the questions whether a return to the gold standard on the basis of the pre-war sovereign is, in present circumstances, no less desirable than at the time of the Cunliffe Committee's Report; and if so, how and when the steps required to achieve it should be taken.

### *The Gold Standard.*

6. The alternatives are—

(a.) To return to the gold standard on the basis of a devalued sovereign, *i.e.*, the re-establishment of a free gold market with a unit identical in name but of a lesser gold content than the pre-war unit, and

(b.) To attempt to find a basis for the currency unit other than gold.

7. The former need not, now that the current exchange rates are already within a small percentage of the pre-war parity, be seriously considered. It was never, in our opinion, a policy which the United Kingdom could have adopted.

8. The latter, in the form of proposals for substituting the price level of commodities in general for gold as the regulating principle of the currency, has been fully and carefully explained in evidence before us. We need not here set out the arguments by which it is supported, which have been published and are now well known. We need only say that, as a practical present-day policy for this country, there is, in our opinion, no alternative comparable with a return to the former gold parity of the sovereign. In this conclusion we are supported by the overwhelming majority of opinion, both financial and industrial, represented in evidence before us.

9. Starting from this fundamental position, we propose to confine ourselves to answering the questions when and how this restoration is to be brought about.

10. When we first began to consider our Report in September last, the ruling rates of exchange on New York were still 10 to 12 per cent. below gold parity, and there was some anxiety whether the normal autumn pressure would not result in a renewed depreciation of the pound, and whether the limitation on the amount of the fiduciary issue of currency notes prescribed by the Treasury Minute of the 15th December, 1919, could be maintained over Christmas without giving rise to conditions necessitating a sharp rise of money rates.

11. We entertained no doubt, however, even at that time, of the ability of Great Britain, notwithstanding the fact that her international financial situation is in some respects less satisfactory than it was before the war, to restore and maintain the gold standard at the pre-war parity, at any time it might be thought prudent to do so.

12. In spite of the special influences which have, during the last few years, exercised an adverse influence (of which the principal are industrial stagnation and the disturbance of international trade resulting from post-war conditions, and the fact that we are paying interest and sinking fund on our war debt to America without as yet receiving an adequate counterpart from our Continental debtors), our existing volume of exports, visible and invisible, together with the income we derive from foreign investments is still undoubtedly sufficient to meet our foreign debts and pay for our necessary imports, and even to supply a moderate balance for new foreign investment.

13. In these circumstances a free gold market could readily be established and maintained at the pre-war parity, provided that by control of credit we adjusted the internal purchasing power of the pound to its exchange parity, and restricted our foreign investments to our normal export surplus.

14. Further, we were satisfied that the mere announcement that the power to prohibit the export of gold would not be continued beyond the 31st December, 1925, would automatically and rapidly

bring about the credit conditions necessary to effect these adjustments, and that the effective gold standard could thus be restored without further danger or inconvenience than that which is inevitable in any period of credit restriction and falling prices.

15. At that time the British and American price levels appeared on the surface—though it is not safe to attempt to draw precise conclusions from a comparison of index figures compiled on different bases—to be fairly well adjusted to the current rate of exchange; and it was, therefore, to be expected that a fall in sterling prices of some 10 or 12 per cent., or a similar rise in dollar prices, would have had to take place before equilibrium could be secured with the exchanges at the pre-war parity.

16. The problem as it then presented itself was whether the undoubted advantages of an immediate return to parity were a sufficient compensation for the inconveniences—temporary though possibly severe while they lasted—of the measure of “deflation” necessary to bring about the adjustment, or whether it would not be more prudent to pursue, at least for a few months longer, a waiting policy in the hope that the disparity would disappear through a rise in American prices (of the probability of which there appeared to be indications).

17. Our provisional conclusion was that the return to parity and resumption of the free gold market, though it ought not to be much longer deferred, could not be regarded as a matter of such extreme urgency as to justify a credit policy calculated to bring down domestic prices if the same practical result could reasonably be expected to be attained within a very few months by a policy designed merely to prevent them from rising concurrently with a rise elsewhere.

18. The favourable course since September of the dollar exchange (which now stands only  $1\frac{1}{2}$  per cent. below gold parity) and the fact that the restrictions on the fiduciary issue of currency notes have been maintained without inconvenience have, however, altered the situation. Indeed, if British domestic prices had already adjusted themselves to the improved exchange value of sterling, the problem would have been solved and we are satisfied that the free export of gold could have been resumed forthwith without danger either of appreciable depletion of our existing gold reserves or of making recourse necessary to any special measures in restriction of credit.

19. The discrepancy between British and American gold prices which existed in September has not, however, disappeared, though it has been reduced. We must still be prepared to face a fall in the final price level here of a significant, though not very large, amount, unless it should happen that a corresponding rise takes place in America, if the rate of exchange is to be restored to and held at the pre-war parity.

20. In present conditions, however, this argument against immediate action has not, in our opinion, great weight. For the adjustment of price levels required to restore and maintain pre-war

parity needs to be only some  $1\frac{1}{2}$  per cent. larger than that required to hold the exchange at its present rate. If the adjustment of price levels necessary to this end is long deferred, the exchange will inevitably fall back to the rate justified by the comparative price levels—or below it, since the psychological causes which have operated to force it up will tend to act in the other direction—and a period of fluctuating values is likely to ensue. To allow the exchange to fall back now with the certainty of having later on to raise it again would be a short-sighted policy, injurious to trade and industry. But, if this view is accepted and we are prepared to face any price adjustment which may be necessary to maintain the present exchange rate, there is nothing to be said for refusing to accept the very small ( $1\frac{1}{2}$  per cent.) extra adjustment involved in the re-establishment of an effective gold standard.

21. The attitude of the Dominions and foreign countries towards the question of an early return to the gold standard is also a material consideration. The Union of South Africa has already decided to take the step in the course of this summer. Other Dominions will undoubtedly follow our lead and may if we delay precede us. The same is true of Holland and Switzerland and possibly other European countries. Although the convertibility of the new German currency into gold is under existing legislation suspended, a high degree of stability has been attained and the establishment of the full gold standard—effectively and even formally—may take place in the early future.

22. Economic conditions in America give promise of a period of financial stability, thus reducing the risk of dangerous reactions during the initial months of a free gold market; and prevailing sentiment there would be likely to be helpful.

23. We therefore recommend that the early return to the gold basis should forthwith be declared to be the irrevocable policy of His Majesty's Government and that it should be definitely stated that the existing restrictions on the export of gold, which expire on the 31st December next, will not be renewed. A general licence should at the same time be given to export gold sold by the Bank for export and the Bank should between now and the date of expiry of the export prohibition avail themselves freely of it whenever the exchange is below the normal export specie point, making good any consequential drafts upon the reserve in the Banking Department in accordance with traditional practice.

24. We are satisfied that this policy can, given the loyal co-operation of the principal British Institutions which control the supply of credit, be carried through without risk by the Bank of England without external assistance. Indeed such assistance, if it took the form of foreign credits to be used on any considerable scale to mitigate the effect of the policy upon credit conditions in the United Kingdom, would really serve to counteract the very forces on the operation of which we rely for its success.

25. On the other hand, the existence of a substantial American credit known to be available for use in sudden emergencies would tend to discourage speculation and contribute to the creation of a

general atmosphere of confidence favourable to the smooth working of the operation.

26. The appreciation of sterling which has taken place since November, 1924, has been due partly to the belief that an effective gold standard will shortly be restored in this country, and only partly to a lessening of the difference between the purchasing power of sterling and of gold.

27. Insofar as this confidence in the future of sterling has allowed the resumption of those normal operations between New York and London which had been interrupted by political uncertainty and distrust in the preceding 12 months, no reactionary consequences are to be feared.

28. There has, however, undoubtedly been a considerable element of speculation in connection with that movement, the extent of which cannot be exactly determined. To this unknown extent there may be a tendency, when parity has been reached, for realisation of the speculative positions to throw a concentrated strain on the exchange.

29. The proper safeguard against such a danger is in the size of the gold reserves and in the resolute use of these reserves (if required) for the purposes for which they have been accumulated.

30. We believe that the existing gold reserves are amply sufficient for this purpose, and that a conviction that there will be no hesitation in using them, even though this may involve a temporary increase in Bank Rate, will go far to obviate the danger we refer to. If, however, it is thought necessary to make assurance doubly sure by the provision of a gold credit, we feel strongly that recourse should not be made to it unless and until substantial gold exports have taken place and are already producing their normal effects on the monetary situation at home, and in the event of the credit being actually drawn upon, the amount drawn should, until it has been repaid, be treated from the point of view of the Bank of England's monetary policy as equivalent to a corresponding loss from its own reserves.

31. Unless these precautions are taken, borrowing abroad will, as has again and again happened when it has been resorted to as a remedy for exchange difficulties, merely aggravate the mischief which it has been applied to cure.

32. In making these observations and suggesting these precautions, we must not be understood as anticipating that either the steps which we propose should be taken at once to prepare the way for the return to a free gold market at the end of the year or the actual return on that date may be expected to lead either to a heavy loss of gold or to a serious consequential restriction of domestic credit. British experience of the restoration of the gold standard after the French wars, 100 years ago, and the recent experience of continental countries which have taken steps, under far more difficult conditions, to rehabilitate their currencies, have shown that a courageous policy in currency matters surmounts apparently formidable obstacles with surprising ease. We believe that on this point history will repeat itself. It is possible that some temporary

increase in money rates will be necessary to bring about the necessary adjustment of sterling prices to the gold level. We are satisfied, however, that the assimilation of British currency to the gold currencies of the world is so necessary for the ultimate prosperity of British trade that any temporary disadvantage, if such arise, from the measures necessary to maintain parity will be many times outweighed.

33. Indeed, such credit restriction as may become necessary to adjust the general level of sterling prices to a free gold market may well be less drastic than that which would be required in order to maintain a "managed" pound in the neighbourhood of parity. If the gold standard is firmly re-established, the danger of apprehensions as to the future of exchange leading to sudden withdrawals of foreign balances or foreign investment money will be eliminated, and the risk—inevitable under the present régime—of excessive British lending to foreign countries will be reduced.

34. With a free gold market, any tendency to lend abroad more than we can afford leads to a drain of gold, which, unless redressed by the sale of existing foreign investments, reacts on the general credit situation in London in such a way as to put a stop to new foreign borrowing.

35. Under existing conditions the result of excessive lending to foreign countries, instead of giving an immediate danger signal through its effect on the gold reserves, is more obscurely reflected in the general disturbance of the exchanges.

36. We are of opinion that unless a free gold market is restored, the danger of such overlending on foreign account in the near future will be considerable and a situation may easily develop in which the pressure on our foreign exchanges, resulting from overlending to foreign countries, will necessitate a restriction of general credit.

#### *The Amalgamation of the Note Issues.*

37. We return now to the recommendation of the Cunliffe Committee with respect to the amalgamation of the note issues. We have to consider whether the assumption by the Bank of England of the Currency Note Issue must await the experience of the problem of maintaining a minimum gold reserve, whether of £150,000,000 as recommended by the Cunliffe Committee, or of some other figure.

38. It is clear that throughout their Report the Cunliffe Committee contemplated a much earlier removal of the prohibition of gold exports than has actually been deemed expedient, and suggestions have been made to us that the amalgamation of the issues should precede instead of following the restoration of the free gold market, with a view to indicating that the policy of the Government is to restore parity and for the sake of the effect of such an indication upon the foreign exchanges.

39. If our recommendation in regard to the non-renewal of the prohibition of gold exports is adopted, the arguments for altering the sequence of events proposed by the Cunliffe Committee

cease to operate and the precise date of amalgamation loses most of its importance. We associate ourselves with the decided preference expressed by the Cunliffe Committee for the principle of a fixed fiduciary issue, and it is as true to-day as five years ago that the permanent fiduciary issue cannot be fixed, except with reference to the actual conditions of a free gold market. It is hardly more feasible to legislate for a progressive reduction to the final figure by definite stages, at any of which the process may be subjected to unforeseen disturbances. The Treasury cannot escape from the responsibility for the existing issue; we doubt whether the Bank would accept it, until the time when effective control can also be given to them.

40. In this connection we think it necessary to observe that the ultimate dimensions both of the central gold reserve and of the fiduciary issue must be to some extent dependent on whether, after the restoration of the gold standard, gold is or is not largely used for internal circulation.

41. The figure of £150,000,000 suggested for the gold reserve by the Cunliffe Committee is based on the assumption that it will not be so used. If it were, a lower figure would suffice, regard being had to the value of gold in circulation as an emergency reserve, as was demonstrated in 1914. On the other hand, the total note circulation would be *pro tanto* reduced and the fiduciary portion would have to be smaller, both absolutely and proportionally than if there were no gold in circulation.

42. Any considerable flow of gold into domestic circulation would thus necessitate imports of the metal which would place an unnecessary burden on our foreign exchanges in a very difficult period.

43. We are of opinion that the use of gold for domestic circulation is a luxury which can well be dispensed with, and which we are in fact, at any rate during the next few years, not likely to be able to afford.

44. The payment of notes in gold coin upon demand is not in itself essential to the maintenance of the gold standard under modern conditions. An obligation upon the Bank of Issue to buy and sell gold at a fixed price is all that is necessary, and if in fact specie payments had been suspended during the war, we should not have recommended their resumption.

45. As, however, the right to obtain gold coin for notes still subsists, we hesitate—though mainly for historical and sentimental reasons—to propose its abrogation.

46. We think, however, that in future all Bank of England notes (including the £1 and 10s. notes ultimately to be substituted for currency notes) should be exchangeable for gold coin only at the Head Office of the Bank, and that the Joint Stock Banks should abstain from asking for gold coin in exchange for notes either for themselves or for their customers, and from holding gold themselves.

~~47. We believe that all the Clearing Banks would be prepared to give an undertaking to this effect.~~

47. 48. This, coupled with the national habit of using paper

currency, which is now firmly established, should suffice to prevent the absorption of any appreciable quantities of gold into domestic circulation.

48 ~~49~~. In any case the coinage of standard half-sovereigns should not be resumed.

49 ~~50~~. Subject to this observation, we recommend that the policy with regard to the transfer of the Currency Note issue to the Bank of England should remain as recommended by the Cunliffe Committee. We should mention that the machinery of issue by the Bank of England of £1 and 10s. Bank of England notes cannot be improvised at short notice. We understand that if the Bank is to print its own notes at least a year will be required to set up the necessary organisation, and this must be borne in mind in order that sufficient notice may be given to the Bank. As soon as parity is restored we recommend that the Bank be authorised to begin the provision of this machinery. Legislation would also be required to enable the Bank to issue notes below £5, and to make those notes legal tender.

50 ~~51~~. We anticipate that if the free gold market is restored at the end of 1925, the experience necessary to enable the amount of the fiduciary issue to be definitely fixed will have been obtained by the end of 1927. The transfer of the issue could then take place early in 1928. But it may well be possible to accelerate these dates in the light of experience.

*February 5, 1925.*

BRADBURY.  
GASPARD FARRER.  
O. E. NIEMEYER.  
A. C. PIGOU.

N. E. YOUNG,  
*Secretary.*



The following information was obtained from the records of the  
 Federal Reserve Bank of St. Louis, Missouri, on the date  
 mentioned herein. The information is being furnished to you  
 for your information only. It is not to be used for any other  
 purpose. The information is not to be distributed to any other  
 person without the written consent of the Federal Reserve  
 Bank of St. Louis.



CONFIDENTIAL

Bank of England,  
London, E.C. 2.

20th April, 1925.

ACKNOWLEDGED  
APR 30 1925  
R 2

My dear Strong,

I beg you to refer for one moment to your letter of the 15th January and to my letter of the 10th February, paragraph 2, regarding a possible arrangement whereby the consent of the Bank of England would be a requirement of any fiduciary issue of Currency Notes in excess of the limit fixed in accordance with the Report of the Cunliffe Committee.

The above was not written without a reasonable expectation that it could be carried out and there seems no opposition in principle to a strengthening of the fiduciary limit during the two or three year period which is expected to end with the amalgamation of the Bank and Currency Note issues and the establishment of a new fiduciary limit. But its carrying out broke down really on the question of publicity. No such limit, you realise, would be effective without Statutory action, and being a highly controversial point it was evidently unwise to raise it at this moment. Similarly the Chancellor of the Exchequer did not feel that he could make such an arrangement without announcing it, and the mere fact of announcement raised, as I have said, a highly controversial point at a moment when sleeping dogs had better be left alone. This situation accounts for my cable (No.92) of the 27th March and I am grateful for the

terms

Page 2

Benjamin Strong, Esq.

20th April, 1925.

terms of your answer (cable No.53, paragraph 2).

But I may add that I have been trying and am still hoping to have a definite recommendation of the above limit to the fiduciary issue included in the Report of the Currency Committee, of which I sent you, confidentially, a draft in my letter of the 15th April. As this Report is most likely to be adopted by our Government as a whole and as their policy, we should I think, be well satisfied with this method of ensuring the limitation (which in itself is obviously desirable) for the next two or three years.

With kindest regards,

Yours most sincerely,

*Wiseman*

Benjamin Strong, Esq.

P.S. I write this because your letter of 15th January contained certain points (including the above) which though treated as personal were raised in connection with the arrangements for the Revolving Credit.

*Riv.*

PRIVATE

Bank of England,  
London, E.C. 2.

ACKNOWLEDGED

MAY - 4 1925 22nd April, 1925.

My dear Strong,

In order that you may be assured of my having observed one of your important requirements (if, indeed, it was not a promise on my part) in connection with our Revolving Credit, I beg you to refer to my cable, No.15, despatched from New York on the 6th January last, of which paragraph 9 reads as follows:-

"In deciding whether from time to time to use former  
"portion of \$200 million provided by Central Bank or latter  
"portion of \$300 million provided by market it is expected  
"that Federal Reserve Bank would be consulted regarding  
"state of New York money market."

On the 8th April I wrote to the Treasury on this subject as follows -

"In the event of recourse being desired to either of  
"the Credits established in America, the Treasury or the Bank  
"of England shall use the particular Credit which the  
"Governor of the Federal Reserve Bank shall from time to  
"time select."

I have now received intimation from the Treasury that they agree to this course.

Yours most sincerely,

W. Roman

Benjamin Strong, Esq.

CONFIDENTIAL

Bank of England,  
London, E.C. 2.

ACKNOWLEDGED

MAY - 4 1925

24th April, 1925.

R S

My dear Strong,

I was greatly relieved to receive your cable, No.70, which arrived yesterday morning. It told me that the arrangements for the statements to be made by the Chancellor in Parliament on the 28th April, and by Messrs.J.P.Morgan & Co. and yourself on the 29th April, are quite satisfactory to you.

I am afraid you think that in this connection there has been a good deal of backing and filling: perhaps you do not understand our preference for secrecy? Of this I can give you some explanation even if you will not accept it as an excuse.

First of all I am only a go-between and have been trying right along to find a mean between the wishes of the Treasury and of yourself. No one of my acquaintance is more anxious to use publicity for his own purposes or more fearful of others using it for other purposes than the Chancellor: and no one, as I have had good occasion to find out, is more suspicious of information being disclosed at one moment which he intended to disclose at another. Now according to the procedure which will, and perhaps must, be followed here when the Chancellor comes to make his Budget Statement on the

28th

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Page 2.

Benjamin Strong, Esq.

24th April, 1925.

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28th April, he will do no more than announce the gold standard as one of a great many announcements which he will have to make in the course of the evening and he will, as briefly as possible, and for the psychological effect, announce the magnitude of his Resources and Credits in your Country. While this is the intention for the 28th you understand that (see my cable, No.100) a Bill has to be introduced at once for the purpose of

- (a) authorising both Revolving Credits
- (b) making optional the payment of Notes in coin in order to avoid internal circulation
- (c) closing the Mint to the Public.

On the second reading of this Bill, some statement must be made and some debate may take place: but when during next week that second reading will come along, no one to-day can say with any certainty. The Chancellor's wish, you will therefore see, is that any statement to be made between the 28th April and the second reading of the Bill (by Messrs.J.P.Morgan & Co. or yourself) shall be in such form as will not force his hand at the second reading in Parliament. The briefness and bareness of the statement which you have now kindly agreed to make on the 29th, giving as it does but little beyond the outline of the statement which he will have made in Parliament on the 28th, satisfactorily arranges for this: and I am, as so often happens, grateful to you

for

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Page 3.

Benjamin Strong, Esq.

24th April, 1925.

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for the trouble you have taken to meet the position here.

Of course there is no doubt that the attitude towards publicity with us and with you is very different. The present Revolving Credits are to some extent political and, not only because of their magnitude, important: but your experience seems to lead you to make public statements in order to protect yourself against the Press, whereas ours leads us to refrain from such statements and to ignore the curiosity of the Press regarding the private affairs of the Bank!

With kindest regards,

Yours most sincerely,

*Livingston*

Benjamin Strong, Esq.

CONFIDENTIAL

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COPY

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27th April, 1925.

My dear Strong,

With reference to my letter of the 15th April, I now send you a copy of the final Report of the Committee on the Currency and Bank of England Note Issues (which is to be made public on the 29th), together with a draft of the Bill to be introduced into Parliament in connection with the re-establishment of the Gold Standard.

Yours most sincerely,

(sd) M.NORMAN.

Benjamin Strong, Esq.

ACKNOWLEDGED

MAY 19 1925

R S

Bank of England  
London, E.C. 2

30th April, 1925.

My dear Ben,

I don't know if you will remember a particular conversation which I had with Dr. Stewart at your home in Park Avenue, but I think he will not have forgotten it as we seemed then to touch the spot very happily.

Anyhow, if you think it prudent on my part thus gently to pull his leg, perhaps you will be good enough to forward the enclosed letter to Washington without in any way showing your hand in the matter.

*Done - 5/8/25 - m.s.D.*  
Yours very sincerely,

*Ben.*

Benjamin Strong, Esq.

PERSONAL

Bank of England,  
London, E.C. 2.

5th May, 1925.

ACKNOWLEDGED  
MAY 14 1925  
B S

My dear Strong,

The Labour Party's motion - introduced by Mr. Snowden - to reject the Gold Standard Bill on the grounds of "undue precipitancy" was debated in the House yesterday but was not pressed to a division. I thought you might like to see the enclosed official report of the proceedings.

Mr. Snowden, whom you will remember last year as Chancellor, took this line of action in order to prevent his Party moving a more damaging amendment; in this manner he helped us substantially without breaking with his followers.

Yours very sincerely,

*Mr. Norman.*

Benjamin Strong, Esq.,

N/c 5/11/25

CO-OPERATION BETWEEN CENTRAL BANKS.

Points for Consideration.

1. The maintenance at "Gold Centres" (i.e. those Countries which have an entirely free market in gold) of Reserves of approved liquid assets and the employment of such Reserves to secure economy in the use and movement of gold.
2. The extent to which such Reserves should be in the form of gold deposits and/or free balances in order to secure an equitable distribution of the cost of maintaining gold Reserves.
3. The complete concentration of Reserves, and so far as may be possible business, in a foreign Country with the Central Bank of that Country.
4. The extension to one another, without undue regard on either side to the question of immediate profit, of the fullest possible banking facilities consistent with the varying regulations and practice of the several Banks.
5. As between Countries having a balanced Budget and a moderate Floating Debt (if any), the granting of credit to another Central Bank to meet temporary monetary pressure due to seasonal causes.
6. The co-ordination of Credit Policy and of the demand for gold so as to avoid wide fluctuations in the purchasing power of gold and in the relative values of different currencies.

7. Assistance

N/S 5/11/25

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MAY 11 1925

7. Assistance in the establishment and/or maintenance of a free local market in forward exchange.
8. The free interchange of information and opinions regarding credit policy, course of exchange, discount and money rates, movement of gold, Stock market conditions and other similar matters.
9. The need to secure and/or maintain complete autonomy and freedom from political control.
10. The use of every possible endeavour to ensure that the absolute right of one Central Bank to withdraw the assets held for its account by another Central Bank shall remain unimpaired in all circumstances.

7th May 1925.

PERSONAL.

Bank of England,  
London, E.C. 2.  
8th May, 1925.

ACKNOWLEDGED  
MAY 18 1925  
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17 2

My dear Strong,

I gladly received your letter of the 21st April which shows how fully you understand the position here and how successful you have been in trying to meet your requirements and our peculiarities! Having written to you on the subject of publicity on the 24th April, I think it unnecessary to say any more at the moment except that in regard to your Credit (as opposed to the Morgan Credit) I do not think a word of comment has been heard or made here and it has been quite obvious that the two Credits have here been looked upon as entirely distinct.

I may say that I, too, was at first regretful to see the total of the two Credits reduced from \$500,000,000 to \$300,000,000. My letter of the 8th April explained to you the fundamental reason for this reduction; while, as I have said, I was regretful, I think I am so no longer, and strangely enough Tom Lamont volunteered this opinion to me only yesterday. Writing more than a week after the event, it may be said that the transition to free gold has been easier and has caused not only less alarm but even less interest than could have been expected. We rather prepared for a mountain and have (so far) brought forth a mouse! I could not have believed a month ago that there would be as little apparent change as there is

to-day.

PERSONAL.

Page 2.

Benjamin Strong, Esq.

8th May, 1925.

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to-day. Look for a moment at what the changes have been. We have lost £1,500,000 of gold, mostly for reasons not directly connected with Exchange movements, e.g., India. The discount rate has risen from  $4\frac{1}{4}\%$  to  $4\frac{1}{2}\%$  with free trading right along and with foreign buyers much in evidence, almost irrespective of rate. The gilt-edged market has fallen by  $\frac{1}{2}\%$  or  $\frac{3}{4}\%$  and dealings in this class of security have been quite as free on the Stock Exchange as they were a month ago. One or two Loans have been issued at prices which would have been reasonable a month ago and with as great success as could then have been expected.

This is the picture we have before us to-day: but I think it is true to say that many of the financial community do not realise the importance and even the possible dangers of the step which has been taken. They have lived for ten years in a dream: they have not had to use their wits: they have not been able to help making money and they have not yet had time to shake off the habits of thought of these ten years. They ignore the fact that London is probably short of dollars; that India, almost irrespective of the Exchange, is a great absorber of gold: that Australasia is over-borrowed in London and may require the position to be put right, and that such a country as Egypt is not only in a position to draw a great deal of gold from London but for national or political reasons might not be averse from doing so. And so we find ourselves to-day in

PERSONAL.

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Benjamin Strong, Esq.

8th May, 1925.

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a position of unexpected tranquillity, which may quite well continue for weeks or even for months. For these conditions and prospects great thanks are due to you and this fact is, I can assure you, fully realised by all of us.

With kindest regards,

Yours most sincerely,

W. V. Roman.

Benjamin Strong, Esq.

CONFIDENTIAL.

Bank of England,  
London, E.C. 2.

11th May, 1925.

My dear Strong,

Answering your confidential letter of the 27th April, I may say that I am much in agreement with what you say about a Central Bank meeting: its desired results have been largely secured in the understandings between you and us and now need to be furthered in other directions. But there is this difference: you have no other obligations except as you may happen to desire them, while I have long since been charged by the Genoa Conference to summon a (formal) Central Bank Conference which was intended eventually to achieve financial or economic ends through political means.

At the moment all are agreed that a formal Central Bank Conference, even if it could now be arranged, would probably prove unsuccessful and show up disagreement rather than produce agreement - much less a convention. There remain too many political stumbling-blocks and too little goodwill in many quarters. Therefore we come down to a half-way house in the shape of a small, private and informal meeting, without commitments, in the Autumn.

As to the individuals who might attend, I agree to Vissering and Moll and I add Schacht. I think Switzerland should be omitted: they have not determined on their policy and  
will

CONFIDENTIAL.

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Benjamin Strong, Esq.

11th May, 1925.

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will not do so this year: they have no head but a divided responsibility, and in practice are unwilling to do anything without their Government. That would make us five - to which it might be wise to add South Africa, as the chief gold producing country: but it is most unlikely that their remoteness would allow an invitation in that quarter to be accepted. Thus we should be at the most six - all in greater or less degree on a gold basis: but more probably five. Do you agree?

But as it is obviously necessary to know the sort of lines on which we are going to discuss, I enclose a rough re-hash of the Genoa proposals - quite vague and excluding nothing without definitely including particulars. A copy of this I am sending confidentially to Schacht and would like to send later to Vissering and Moll.

Thus a meeting would seem fortuitous without publicity and without commitments so that it could not embarrass you.

I will write in a few days about dates. But the idea of this meeting in October has made me think of a European holiday in July, perhaps early, and I would very very gladly travel round with you.

With kindest regards,

Yours most sincerely,

*Benjamin Strong*

Benjamin Strong, Esq.

PERSONAL

Bank of England,  
London, E.C. 2.

Per s.s. "Berengaria"

ACKNOWLEDGED

13th May, 1925.

JUN - 1 1925

R S

My dear Strong,

Your confidential letter of the 27th April, to which I replied in part on the 6th of this month, ends with the kindly remark that the date of your European holiday largely depends on me. In every respect your visit to this side is of supreme importance this year.

But there are several reasons which induce me to beg you to sail earlier than "some time during August". At that date it would be useless to call upon our Continental brothers because they would be dispersed on holiday: trains and hotels, moreover, would everywhere be crowded and last, if not least, I should like to be here for most of August and September when the coming of Autumn begins to cast its financial shadow. This too applies as much to the Deputy Governor's wishes as to my own.

Therefore I would urge you to aim at the 1st July as the date of your arrival and, after taking your European holiday, either to remain on this side for a possible meeting with some Central Bankers in October or, if you should find it necessary to return to New York, to come again for that particular purpose. I do not hesitate to include a good deal of

travelling

PERSONAL

Page 2.

Benjamin Strong, Esq.

13th May, 1925.

travelling because I think it good for you and for your health and the whole of it after all occupies far less time than one of your visits to Colorado has done in the past.

If you can persuade Dr. Stewart to accompany you for part of the time, well and good: but otherwise he too should remember that August and September would appear for his purposes as very dead months. Strangely enough he was in my thoughts only a fortnight ago when I wrote to you about one of my conversations with him last January.

I take the opportunity, with shame, to acknowledge your letter of the 24th March which, however, has not been ignored. I saw McGarrah and had some talk with him before he left for Germany on the 3rd April. I also saw Winston several times both here and at home: and, finally, Mr. Edward O. Douglas was here for three days last week when he saw the Bank in general and the Discount Office in particular. He seemed, to our people, to think that he would need at least a year in the machine to catch hold of the intricacies of the Money Market!


I also received a couple of days ago your letter of the 30th April which was welcome as ever but calls for no particular reply, and so

With regards from everyone of us,

I am, awaiting your reply,

Yours most sincerely,

*Divoroman*



Bank of England

15th May, 1925.

With the Governor's Compliments.

24 Copies

"Report of the Committee  
on the  
Currency & Bank of  
England Note Issues."

Recd. 5/29/25

PERSONAL

Bank of England  
London, E.C. 2

19th May, 1925.

My dear Strong,

I have your note and enclosure of the 2nd May, and am accordingly forwarding to you a further two dozen copies of the Currency Committee's Report for the use of Professor Kemmerer and his students at Princetown University.

Believe me,

Yours sincerely,

*Di Vornan.*

Benjamin Strong, Esq.

*Strong  
Washington*

CONFIDENTIAL

Bank of England,  
London, E.C. 2.

Per S.S. "Homer" "

26th May, 1925.

ACKNOWLEDGED

JUN 12 1925

R S

My dear Strong,

There is little use in writing letters on questions which need prompt decision or immediate action: so I will be content with a good deal less than an essay on the subject of our recent cables, Nos. 39, 41, 90 and 91. Our position and prospects to-day are confused, owing I think to the incomplete working and understanding of the gold standard.

It must be generally agreed that the sudden transition from paper to gold or from a discount to parity of Exchange requires a gradual contraction of credit and, internationally speaking, a high rate of interest: these reasons made the spring seem better than the fall for our change and were borne out by the events of the weeks succeeding 29th April. Discount and money rates rose gradually but emphatically: the Exchanges slowly settled down close to the various gold points (where there are any): the price of stable Securities declined slightly, and moderate amounts of gold were withdrawn mostly for special reasons rather than as Exchange operations. All this was according to plan.

A week or so ago the plan stopped working, apparently because we purchased £1,600,000 gold (which had long been earmarked here by the Chilean Government). This

was

CONFIDENTIAL

Page 2.

Benjamin Strong, Esq.

26th May, 1925.

was not an Exchange operation, but merely because the Chileans preferred an interest-bearing deposit to a gold deposit. A few days later we purchased a further £1,000,000 shipped from Russia by the Soviet Government. This, also, was not an Exchange operation but merely barter: the Russians had probably drained their London balances for making necessary purchases of cereals, &c., and, wishing to replace them, used their only available assets. Now we are purchasing a further £1,000,000 similarly shipped from Russia for like reasons. Thus we have received £3,600,000 which I believe is taken by the ignorant and ever-hopeful market as a sign that the gold standard with a 5% Bank Rate is effective in attracting gold to London, as a bona fide Exchange operation.

This market sentiment is supported to some extent by transfers from abroad, especially New York, of balances intended to earn a high rate of interest for three months and then to be withdrawn for Autumn needs: also by the cessation of any considerable demand for gold for India and Australia. (Regarding India, a speculative demand for gold which had arisen while the Exchanges and the price were varying, turns out to have led to a temporary glut of gold in India: regarding Australia, the Exchange has been adjusted to a level which does not permit of shipment, and with a free market the Banks are able for the present to finance needs in the one place against balances in

the

the other).

But this hopeful market-sentiment is perhaps supported (without knowing it) by the prospect of regular shipments from the Cape of fresh gold for sale to the Bank of England at statutory price: gold which lately has been shipped direct to India and Australia where (as I have said) the demand has for the time dried up.

Thus I have given you a picture of the reasons which lead to the mere idea of a temporary reduction in our rate to  $4\frac{1}{2}\%$ . Thus our position and prospects are confusing. On the one hand, we are receiving balances from abroad, which are temporary and must be withdrawn in a couple of months but which meanwhile produce an appreciation of sterling, and we may further receive several £1,000,000 gold on balance from South Africa, which would make the 5% rate very ineffective. On the other hand, the result of a  $4\frac{1}{2}\%$  rate might be an immediate depreciation of sterling with shipments of gold, as bona fide Exchange operations, to New York.

If for 6 or 8 weeks we may suffer from rich man's gout, from undue hopefulness and ease and overlending (especially to Australasia), surely we shall suffer later from poor man's gout, from autumn fears, and gold withdrawals! The only question to-day is how to ensure steady conditions in the long run and to prevent the unreal position of to-day from worsening (what will be) the real position of to-morrow.

Believe me,  
Yours sincerely,

*W. H. C. Woodman*

Benjamin Strong, Esq.

Bank of England,  
London, E.C. 2.

28th May, 1925.

My dear Strong,

I have your letter of the 18th May from which I was sorry to see that you have been troubled by the mistake in Keynes' Article in the "Nation" on the subject of the re-establishment of the Gold Standard. The position in fact remains as formerly/<sup>that</sup> under Section 4 of the Bank's Charter Act 1844 " all Persons shall be entitled to demand from the Issue Department of the Bank of England Bank of England Notes in exchange for Gold Bullion, at the Rate of Three Pounds Seventeen Shillings and Ninepence per Ounce of Standard Gold."

A letter of retraction from Keynes appeared in the "Times" of the 6th May and a further article in the "Nation" of the 9th May; however, I think you may well dismiss the whole matter from your mind.

Believe me,

Yours sincerely,

Macroman.

Benjamin Strong, Esq.

P.S. A copy of Keynes' letter to the "Times" is enclosed.

6th May 1925

### THE RETURN TO GOLD.

TO THE EDITOR OF THE TIMES.

Sir,—The Chancellor of the Exchequer quoted me yesterday in the House of Commons as having written that the return to gold had been contrived along "prudent and far-sighted lines." I wrote this, unfortunately, under the misapprehension that the repeal of the right to the free mintage of gold would protect our currency from being flooded out in certain contingencies. But I forgot Section IV. of the Bank Charter Act, 1844, which obliges the Bank of England to buy gold bullion in unlimited amounts at £3 17s. 9d. per standard ounce. We are, therefore, unprotected in a spot where—I had prematurely hoped—a protection had been provided.

I can see no far-sightedness, but, on the other hand, much imprudence in the present circumstances of the world-distribution of gold, in maintaining a provision to compel the Bank of England to buy gold bullion without limit at a time when, in the considered judgment of the Bank itself, it may be contrary to our national interests to do so. For this is not a case in which political pressure will influence the Bank contrary to its better judgment.

The Chancellor defended his proposal by arguing that if we were flooded with gold we could use it to pay off our American debt. Mr. Churchill has been wrongly advised in this matter. The danger to be avoided is a flood of *temporary* American loans arriving in the form of gold. The Chancellor's proposal to use these funds to pay off our debt to the American Government would amount to replacing a funded debt to the American Government by a debt, repayable at call, to the American Money Market—an act of obvious folly.

The objection to a gold standard is that it sometimes exposes us to the disadvantages of deflation and sometimes to those of inflation. The first are those which we are risking in the near future; and there is nothing now to be done about it—we must just hope for the best. The second are, in my opinion, the likelier in the long run. Against these we could have guarded ourselves by repealing Section IV. of the 1844 Bank Act, and thus giving to the Bank of England a discretionary power to protect our currency from serious depreciation. It is a very great misfortune that the new Bill does not do this.

I am, &c.,

J. M. KEYNES.

King's College, Cambridge, May 5.

PERSONAL

Bank of England  
London, E.C. 2

ACKNOWLEDGED

JUN - 6 1925

28th May, 1925.

R S

My dear Strong,

With reference to my letter of the 27th April when I sent you a draft of the Bill to be introduced in connection with the re-establishment of the Gold Standard, I think you may like to have the enclosed copies of the Act for your File.

Yours most sincerely,

Kitroman.

Benjamin Strong, Esq.,



## CHAPTER 29.

An Act to facilitate the return to a gold standard and for purposes connected therewith. A.D. 1925.

[13th May 1925.]

**B**E it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

- 1.—(1) Unless and until His Majesty by Proclamation otherwise directs—
- (a) The Bank of England, notwithstanding anything in any Act, shall not be bound to pay any note of the Bank (in this Act referred to as “a bank note”) in legal coin within the meaning of section six of the Bank of England Act, 1833, and bank notes shall not cease to be legal tender by reason that the Bank do not continue to pay bank notes in such legal coin: Issue of gold coin suspended and right to purchase gold bullion. 3 & 4 Will. 4. c. 98.
- (b) Subsection (3) of section one of the Currency and Bank Notes Act, 1914 (which provides that the holder of a currency note shall be entitled to obtain payment for the note at its face value in gold coin) shall cease to have effect: 4 & 5 Geo. 5. c. 14.
- (c) Section eight of the Coinage Act, 1870 (which entitles any person bringing gold bullion to the Mint to have it assayed, coined and delivered to him) shall, except as respects gold bullion brought to the Mint by the Bank of England, cease to have effect. 33 & 34 Vict. c. 10.

[Price *Id.* Net.]

A.D. 1925.

(2) So long as the preceding subsection remains in force, the Bank of England shall be bound to sell to any person who makes a demand in that behalf at the head office of the Bank during the office hours of the Bank, and pays the purchase price in any legal tender, gold bullion at the price of three pounds, seventeen shillings and tenpence halfpenny per ounce troy of gold of the standard of fineness prescribed for gold coin by the Coinage Act, 1870, but only in the form of bars containing approximately four hundred ounces troy of fine gold.

Power for  
Treasury to  
borrow for  
exchange  
operations

2.—(1) Any money required for the purpose of exchange operations in connection with the return to a gold standard may be raised within two years after the passing of this Act in such manner as the Treasury think fit, and for that purpose they may create and issue, either within or without the United Kingdom and either in British or in any other currency, such securities bearing such rate of interest and subject to such conditions as to repayment, redemption or otherwise as they think fit, and may guarantee in such manner and on such terms and conditions as they think proper the payment of interest and principal of any loan which may be raised for such purpose as aforesaid :

Provided that any securities created or issued under this section shall be redeemed within two years of the date of their issue, and no guarantee shall be given under this section so as to be in force after two years from the date upon which it is given.

(2) The principal and interest of any money raised under this Act, and any sums payable by the Treasury in fulfilling any guarantee given under this Act, together with any expenses incurred by the Treasury in connection with, or with a view to the exercise of, their powers under this section shall be charged on the Consolidated Fund of the United Kingdom or the growing produce thereof.

(3) Where by any Appropriation Act passed after the commencement of this Act power is conferred on the Treasury to borrow money up to a specified amount, any sums which may at the time of the passing of that Act have been borrowed or guaranteed by the Treasury in pursuance of this section and are then outstanding

shall be treated as having been raised in exercise of the power conferred by the said Appropriation Act and the amount which may be borrowed under that Act shall be reduced accordingly. A.D. 1925. —

**3.** This Act may be cited as the Gold Standard Act, 1925. Short title.

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Printed by EYRE and SPOTTISWOODE, LTD.,

FOR

WILLIAM RICHARD CODLING, Esq., C.V.O., C.B.E., the King's Printer of Acts of Parliament.

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or 120, George Street, Edinburgh;  
or through any Bookseller.

It is to be noted that having been raised in exercise of the Act of 1914  
it is not considered by the said committee that the  
amount which may be borrowed under the Act will be  
materially affected.

3. The Act may be cited as the Gold Standard Act of 1914.

Approved: \_\_\_\_\_  
Secretary of the Treasury

\_\_\_\_\_

\_\_\_\_\_



## CHAPTER 29.

An Act to facilitate the return to a gold standard and for purposes connected therewith. A.D. 1925.

[13th May 1925.]

**B**E it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

- 1.—(1) Unless and until His Majesty by Proclamation otherwise directs—
- (a) The Bank of England, notwithstanding anything in any Act, shall not be bound to pay any note of the Bank (in this Act referred to as “a bank note”) in legal coin within the meaning of section six of the Bank of England Act, 1833, and bank notes shall not cease to be legal tender by reason that the Bank do not continue to pay bank notes in such legal coin: Issue of gold coin suspended and right to purchase gold bullion. 3 & 4 Will. 4. c. 98.
  - (b) Subsection (3) of section one of the Currency and Bank Notes Act, 1914 (which provides that the holder of a currency note shall be entitled to obtain payment for the note at its face value in gold coin) shall cease to have effect: 4 & 5 Geo. 5. c. 14.
  - (c) Section eight of the Coinage Act, 1870 (which entitles any person bringing gold bullion to the Mint to have it assayed, coined and delivered to him) shall, except as respects gold bullion brought to the Mint by the Bank of England, cease to have effect. 33 & 34 Vict. c. 10.

[*Price 1d. Net.*]

A.D. 1925.

—

(2) So long as the preceding subsection remains in force, the Bank of England shall be bound to sell to any person who makes a demand in that behalf at the head office of the Bank during the office hours of the Bank, and pays the purchase price in any legal tender, gold bullion at the price of three pounds, seventeen shillings and tenpence halfpenny per ounce troy of gold of the standard of fineness prescribed for gold coin by the Coinage Act, 1870, but only in the form of bars containing approximately four hundred ounces troy of fine gold.

Power for  
Treasury to  
borrow for  
exchange  
operations

2.—(1) Any money required for the purpose of exchange operations in connection with the return to a gold standard may be raised within two years after the passing of this Act in such manner as the Treasury think fit, and for that purpose they may create and issue, either within or without the United Kingdom and either in British or in any other currency, such securities bearing such rate of interest and subject to such conditions as to repayment, redemption or otherwise as they think fit, and may guarantee in such manner and on such terms and conditions as they think proper the payment of interest and principal of any loan which may be raised for such purpose as aforesaid :

Provided that any securities created or issued under this section shall be redeemed within two years of the date of their issue, and no guarantee shall be given under this section so as to be in force after two years from the date upon which it is given.

(2) The principal and interest of any money raised under this Act, and any sums payable by the Treasury in fulfilling any guarantee given under this Act, together with any expenses incurred by the Treasury in connection with, or with a view to the exercise of, their powers under this section shall be charged on the Consolidated Fund of the United Kingdom or the growing produce thereof.

(3) Where by any Appropriation Act passed after the commencement of this Act power is conferred on the Treasury to borrow money up to a specified amount, any sums which may at the time of the passing of that Act have been borrowed or guaranteed by the Treasury in pursuance of this section and are then outstanding

shall be treated as having been raised in exercise of the power conferred by the said Appropriation Act and the amount which may be borrowed under that Act shall be reduced accordingly. A.D. 1925. —

**3.** This Act may be cited as the Gold Standard Short title Act, 1925.

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York Street, Manchester; 1, St. Andrew's Crescent, Cardiff;  
or 120, George Street, Edinburgh;  
or through any Bookseller.

The Board of Directors of the Federal Reserve Bank of St. Louis, Missouri, has this day approved the following resolution:

Resolved, That the Board of Directors of the Federal Reserve Bank of St. Louis, Missouri, do hereby authorize the Board of Directors of the Federal Reserve Bank of St. Louis, Missouri, to take such action as may be deemed proper in the premises.

Approved: \_\_\_\_\_  
Secretary

Approved: \_\_\_\_\_  
President

Per s.s. "Berengaria".

Bank of England,  
London, E.C. 2.

ACKNOWLEDGED

JUN 13 1925

4th June, 1925.

R S

My dear Strong,

I am sending you, under separate cover, copies of the undermentioned papers for which you ask in your letter of the 21st May -

12 copies Gold Standard Act

12 copies Report of the Committee on the Currency and  
Bank of England Note Issues.

18 copies Official Report Parliamentary Debates 28th April

12 copies Official Report Parliamentary Debates 4th May

11 copies Official Report Parliamentary Debates 5th May

If you want any further copies of any of the above, please do not hesitate to let me know.

Believe me,

Yours sincerely,

*Hisoman.*

Benjamin Strong, Esq.

CONFIDENTIAL

Bank of England,  
London, E.C. 2.

Per s.s. "Berengaria"

5th June, 1925.

ACKNOWLEDGED  
JUN 13 1925  
R S

My dear Strong,

My confidential letter of the 26th May clearly needs an epilogue: it can be very short. The demand for gold for India and Australia was not ended even temporarily - though one might then have supposed so, from the best information obtainable. On the contrary, the rupee has since been firmer and there has been bidding for gold to be shipped to India (as well as actual shipments) both in London and Cape Town, which to a lesser degree applies to Australia too. The idea of a temporary reduction in our rate, (it was mere idea and no more) thus came to an end for good and definite reasons; a fact of which I gave you notice in cable No. 51. I agree with your reply that all things considered it is just as well.

I have enjoyed seeing Mr. Harrison and have talked over all your affairs with him, including the contents of your confidential letter of the 21st May to which I therefore need make no detailed answer. Mr. Harrison is not very well: perhaps he fears he is worse than he really is? I do not know: it depends on his history. But he has had a more troublesome cold than he ought to have in this weather and on a vacation, which I fear has somewhat

depressed

CONFIDENTIAL

Page 2.

Benjamin Strong, Esq.

5th June, 1925.

---

depressed him: but anyway he has seen what he wished to see about gold-handling within and without this Bank and I think he is satisfied.

Mr. Harrison showed me the message you sent him on the 3rd June as to your sailing on the 27th June. I shall expect you to come with Katharine and her maid and stay with me at once; such other accommodation as may be needed we can arrange when I hear from you by mail. What about Ernest?

I am anxious to go to the Continent with you as early as possible in July: I wish to pay one or two private visits with you. If you feel that an informal meeting in October would be too late for your convenience, I daresay it might be antedated to the second half of September. All this I will talk over with you as soon as you arrive but please be ready to start for Berlin or elsewhere within a very short time of your arrival.

I shall be very glad to see Mr. Reyburn when he arrives in London and note the letter of introduction you have given him.

Believe me,

Yours very sincerely,

*W. H. C. Woodman*

Benjamin Strong, Esq.,

Ack by hand 8/16/25. B.S.

Bank of England,  
London, E.C.2.

15th August, 1925.

My dear Strong,

I did not at all like leaving you all at Biarritz on Wednesday but there is nothing to say about the journey homeward which brought me to London on Thursday evening. You will be seeing Logan from whom I parted in Paris and I am sure that his careful treatment of the conductor had got him the best accommodation in the sleeping car.

I find here a letter from the President of the Bank of Poland saying that he will come to London to meet you during the first half of September, and, if you will let me know which date would suit you best, I will communicate with him.

As regards our seeing Vissering, I am not sure that the better plan would not be for us to go to Amsterdam. It even occurs to me that we might get Schacht to go there too and have a meeting of four. But if you prefer it, I will write to Vissering about his coming to London (at a different time from the Pole) and I will ask Schacht to come too. But we must be careful not to be blocked with visitors at any particular date.

Anderson went off yachting yesterday and will be back about the first week in September. Between now and then I am likely to be alone here as well as at home where your rooms

will

will ready at any time, though I shall not really expect you for ten days or a fortnight. Then I shall expect you in earnest.

I am too strange to-day to say anything about conditions here but will write again next week if, after I have settled down, there seems to be anything worth saying. Meanwhile, will you please write to me about September plans.

With warmest regards,

Yours very sincerely,

*dlroman*

Benjamin Strong, Esq.

(Copy of handwritten letter)

Piorpe Lodge, Campden Hill, W.S., August 16, 1925

D.S.

I am obliged to write & tell you a few things which otherwise you might never find out. First of all you're a perfect old dear, though you may not know it & from every standpoint its good that you and I should go about the world together (good for me & good for Ce ntral Banking & much else) Then you are in fine health & that ple ases me: I have never seen you looking so well. Further you have done a great deal of good =especially by going to Be rlin- which is something you ought to realise with satisfaction & pleasure. And you have a pe rfect Kat to go along with in a way which has, I am sure, added joy to your & my vacation. I may be able to tell you more when we meet but I must now repeat that your 3 rooms (as before ) are ready any day & awaiting you.

With great thanks  
I am MN

August 16, 1925

THORPE LODGE,  
CAMPDEN HILL, W. B.

B.S.

I am obliged to write at all you a few things which otherwise you might never find out.

First of all you're a perfect old dear, though you may not know it & from every standpoint it's good that you & I should go about the world together (good for me & good for Central Banking & much else) & that you are in fine health & that pleases me: I have never seen you looking so well. Further you have done a great deal of good - especially by going to Berlin - which is something you ought to realize with satisfaction & pleasure. And you have

a perfect hat to go along with in a way  
which has, I am sure, added joy to your  
vacation. I may be able to tell you more  
when we meet but I must now repeat that  
your 3 rooms (as before) are ready any day  
awaiting you.

With great thanks  
I am thrs.

X 0261 Germany  
Reichsbank  
Bank of England,  
London, E.C. 2

17th August, 1925.

My dear Strong,

I am enclosing a rough translation of an Article which appeared in the "Frankfurter Zeitung" on the 1st instant. This has been sent to me by President Schacht who says it was written by the Paper's Berlin Correspondent "after having asked me a few questions, which I have answered "to him. I think it's worth while to have the article "translated into English, because the gold question is one "which few people in Germany understand and therefore it seems "to me rather important that a paper of the standing of the "Frankfurter Zeitung is backing my policy to a great extent."

I think we shall both agree with this and I guess it will give more help to the Reichsbank's policy than a (political) speech at Cologne.

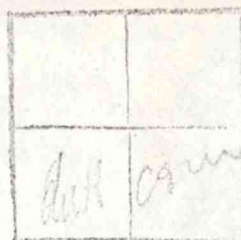
Believe me,

Yours very sincerely,

Hitoman

Benjamin Strong, Esq.,

PRIVATE



17th August, 1925.

My dear Strong,

I wonder if you remember Sir Edward Cook whom you seem to have met at Simla in 1921. I saw a good deal of him about 12 months ago and have a very high opinion of his ability and straightforwardness: so I know has Blackett. Unfortunately he got into a domestic mess which brought to a sudden end a promising career in India: he went out to Siam last winter rather in a hurry because he was offered a lucrative job there and could not or would not wait for other work which he could certainly have obtained.

I have received from Cook a copy of his letter to you dated 14th July about which I should like to speak to you next month. There seems, from his letter, to be a seamy side to financial conditions in Siam, which does not help a borrower in either New York or London: while as regards the possibility of a loan in one place or the other, it must depend on the nominal "embargo" which to-day still exists here.

Believe me,

Yours most sincerely,

(SIGNED) M. NORMAN.

Benjamin Strong, Esq.

P.S. On second thoughts, I send you a copy of the letter to you, as the original cannot yet have reached you.

RÉPUBLIQUE FRANÇAISE.

TÉLÉGRAMME

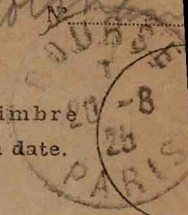
POSTES ET TÉLÉGRAPHES.

Communications de service

M. STRONG HOTEL MAJESTIC

PARIS

Timbre  
à date.



ORIGINE.

LE PORT EST GRATUIT. Le facteur doit délivrer un récépissé à souche lorsqu'il est chargé de recevoir une taxe.

MENTIONS DE SERVICE.

À DÉCHIRER

LONDON 01493 30. 200 7H17 S. =

UGGCEASSWE IT SUITS VERY WELL AND I WRILVUKMYH POLE  
MPETASHLE YOU ON ASURMALAVK EVEVDJUSIP NEOZNRAMYN AFTEP  
HEIR ANSWER WILL ANVOFGULRO WHO CAN FIT IN EASILY = NOR

Referring to your telegram of August 19, it suits very well and I have written the  
Pole to attend you on August 31 and Dutchman on September 3. After their answer  
will arrange with German who can fit in easily.

Bank of England,  
London, E.C. 2

21st August, 1925.

My dear Strong,

As I told you in a telegram sent off last evening, I have invited M. Karpinski to come and see you here on Monday, the 31st August, and his stay can be continued over the Tuesday if necessary. I have also invited Vissering to meet you here on the Thursday and Friday of the same week (3rd and 4th September). Schacht, I have no doubt, could come here any time without trouble, and we can arrange something with him by telegram at the last minute.

I have not much of interest to tell you from here. You will have seen that a settlement has been made with the Belgians in Washington, which I hope will allow them to carry out the plans about which Hautain spoke to us in Brussels. You will also have seen that Caillaux is to be in London on Monday and Tuesday of next week, when I shall doubtless be meeting him: I have no idea what the result of his visit will be, or what is hoped for, but in Washington the Belgian terms probably forecast the fate of the French - don't you think? We shall perhaps be able to judge better of the immediate future of Europe after the delivery of the French Note to Germany which seems to be fixed for Monday next.

An

An optimistic feeling pervades the City of London, perhaps because finance flourishes at the cost of industry - the short as against the long view. But the fact remains that money continues abundant and rates are easier, so that it will be difficult under these conditions to maintain our present rate of  $4\frac{1}{2}\%$ . On this point I am anxious to know from you the prospects of a rate change in New York a month or so hence, as this prospect must have a very important effect on our action in the near future.

With warmest regards,

Yours very sincerely,

*B.S.*

Benjamin Strong, Esq.

Indications de service.

STRONG HOTEL MAJESTIC PARIS

N°

Timbre à date.



LE PORT EST GRATUIT. Le facteur doit déballer la notice et la remettre au destinataire lorsqu'il est chargé de recevoir.

A RACHUR

ORIGINE.

HEURE  
DTS.

DATE.

HEURE  
DE DÉPÔT.

MENTIONS DE SERVICE.

LONDON 101046: 27. 22. 11H43=

K I V E B H I R O K H O K E F D O M E S T I C R U N K Y F E S L A O H T U S P O L E S V O H Z E H  
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N O R M A N , =

No 701. (Anc. 321 bis.) (Juin 1924 - 1/24 sp. bleu 757.)

CONFIDENTIAL.

Bank of England,  
London, E.C. 2.

19th September, 1925.

*ack 10/2/25  
msB*

My dear Strong,

In case you have not done so, you ought to see the enclosed translation of an announcement published by the German Ministry of Finance on the 8th instant. It made us all very "fightative". It is not only deliberately untrue - for Schacht was in London when the Notice was issued - but it is also directly in opposition to the policy of the Dawes people: in other words, it is a second-class political manoeuvre.

But the whole thing is extremely technical and complicated - I don't attempt to explain it. I enclose, however, a copy of a confidential telegram I sent to Schacht together with a copy of his answer: and I recommend you, if you wish to clear your mind, to borrow from McGarrah the copy of Bruins' letter to Sir Charles Addis dated the 15th September. This letter gives a full statement of the matter.

Bruins makes a good many wise and true remarks, but what strikes me most is the intolerable position in which the Government has placed Schacht; and he needs from every one of us all the support possible.

With kindest regards,

Yours most sincerely,

*W. B. E. Dowman*

Benjamin Strong, Esq.

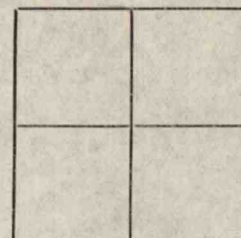
TRANSLATION FROM THE BERLIN PAPERS OF 8th SEPTEMBER, 1925.

---

Communique issued by Ministry of Finance of the Reich.

"In order to carry out the contemplated measures to lower prices, the Government of the Reich recently decided to administer the public funds of the Reich in such manner that not only no danger of an increase in private rates for money should occur, but that, on the contrary, the stimulus for their lowering should be given. Therefore, with the co-operation of the Reichsbank, an agreement has been reached between those offices which loan public funds - i.e., between the Ministry of Finance of the Reich, the Postal Authorities, the German Railway Company and the Insurance Office of the Reich - that when funds are loaned to those banks which are entrusted with the further distribution of public funds the interest rate may not exceed at present  $7\frac{1}{2}\%$ . The interest rate for long term funds of the Postal Administration has been reduced to  $8\%$ . The banks entrusted with the further distribution of public funds have undertaken to cause the benefit of this reduction of interest rate to be passed on in full degree to their customers, and, furthermore, to restrict their interest margin to the lowest possible measure. Definite agreements have been made on this point."

CONFIDENTIAL.



*Cablegram sent in code to:—*

DR. SCHACHT, REICHSBANK, BERLIN.

*Despatched:* 7.30 p.m. (time) Monday, 14th Sept. 1925 (date)

(7496) 7/24-3000

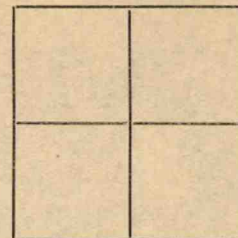
N<sup>o</sup>. 27. Confidential for President.

Referring to announcement by Finance Department on 8th September regarding rate of interest on advances by Reich. Stated to have concurrence of Reichsbank but seems to be opposed firstly to your credit policy and secondly to understanding about your control of funds of Reich. Should welcome information for Addis and myself. Regards.

NORMAN.

COPY

CONFIDENTIAL.



Decode of cablegram from :—

DR. SCHACHT, BERLIN,

Despatched : 8 p.m. (time) Tues. 15th Sept. 1925 (date)  
Received ~~m.C.C.~~ 8 a.m. (time) Weds. 16th Sept. 1925. (date)

(7489) 7/24-3000

N<sup>o</sup>.

Referring to your telegram of to-day matter is very complicated and not quite so as Government's announcement seems to state. Government funds are all under Reichsbank control: it is otherwise with Post Office and similar funds not depending directly from Government. In accordance with me, Bruins writes to-day to Addis about matter and I am endeavouring to clear matter until General Board Meeting 30th September.

SCHACHT.

ACKNOWLEDGED

OCT 6 1925

R S

Bank of England,  
London, E.C. 2.

21st September, 1925

*Ack 10/25.*

My dear Strong,

I hear that the Chairman of the New York Stock Exchange is to pay a visit to the Chairman of the London Exchange (A.H.Campbell), which I think is a very good thing. The meeting was to have taken place in the Autumn, but for some reason has been postponed until the Winter.

I should like to smooth the way and bring them together as much as possible, but, although I know Campbell very well and work closely with him, I do not know Simmons.

I therefore want to tell you about Campbell so that you can paint a picture of him for the benefit of Simmons, and I want you to tell me something of Simmons that I can pass on to Campbell - by this means they should know something of one another by the time they meet.

Now as to Campbell. He is about my own age and a really good give-and-take fellow, whom I am sure Simmons will be glad to meet. If I add that he is quiet and business-like: possesses tact and enjoys a full measure of esteem, I think you will have the necessary materials for your picture.

He is a partner in an old established

Brokers

Brokers business called Linton Clarke & Co. That firm does not perhaps occupy such a prominent position as formerly owing to deaths and also, no doubt, to the fact that Campbell is prevented by his duties as Chairman from giving enough time to its affairs. But they are of good repute.

Yours very sincerely,

divoman

Benjamin Strong, Esq.,

(Copy of handwritten letter)

18.Oct 1925

Thorpe Lodge, Campdell Hill, W.

My dear Ben.

Dont judge me hardly; I am doing my best these days though there may not appear much to show for it! I hope Addis will have talked freely with you as I asked him to do. But though he knows much & is helpful, he is not easily forthcoming.

The pressure, since you left, has been persistent, especially on me.

This is partly due to things from without - Germany, France, Greece, Belgium, market position & so on: & partly to things within.

By the letter I mean not only inadequate personnel (which we are seriously trying to remedy) but also our private arrangements for next year. Anderson threw a bombshell: (just after Addis left). The trouble is not that he is not clever & courageous & a good fellow but that his wishes are contrary to our ideas & the whole of our tradition & while we admit they may perhaps be suitable for a shipping business we are ~~not~~ sure they are not suitable for a Central Bank. I will write of this when the future is settled: of course you wont allude to it in addressing me at the Bank.

My Mother & I are studying the hotel question & will soon make a suggestion for your Mothers stay in comfort next spring.

My little friend Twinkle was buried last week in the garden & I havent got over it.

There is no doubt in my mind - none whatever - that you were dead right about your Rate policy: first in August & then again 3 weeks ago. All the rest were wrong! Dr. Stewart, the Board in Washington & the professors! But its no use crying over spilled milk & we shall soon fix something up & all will be well again.

I hope to come across with S.P.G. in Decr. & have told him so. I hope too that all goes well with K & her man.

God bless you.

MN

\* I haven't got over it.

There is no doubt in my mind - none whatever - that you were dead right about your rate policy: first in August & then again 3 weeks ago.

All the rest were wrong: Dr. Stewart, the Board in Washington & the professors! But it's no use crying over spilled milk & we shall soon fix something up & all will be well again.

I hope to come across with S.P.G. in Dec. & have told him so. I hope too that all goes well with K. a ~~her~~ man. God bless you.

Aliv.

Persons.

18. Oct 1925

Thorpe Lodge, Campden hill, W.

My dear Ben.

Don't judge me hardly: I am doing my best these days though there may not appear much to show for it! I hope Addis will have talked freely with you as I asked him to do. But though he knows much & is helpful, he is not easily forthcoming.

The pressure, since you left, has been persistent, especially on me.

This <sup>is</sup> partly due to things from  
without - Germany, France, Greece  
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By the latter I mean not only  
inadequate personnel (which we  
are seriously trying to remedy)  
but also our private arrangements  
for next year. Anderson threw a  
bombshell: (just before Addie left.)  
The trouble is not that he is not  
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but that his wishes are contrary to  
our ideas & the whole of our tradition:  
& while we admit they may perhaps  
be suitable for a shipping business  
we are sure they are not suitable  
for a Central Bank. I will  
write of this when the future is  
settled: of course you won't allude  
to it in addressing me at the Bank.

My Mother & I are studying the  
hotel question & will soon make a  
suggestion for your Mother's stay  
in comfort next spring.

My little friend ~~Juriville~~ was  
buried last week in the garden

*Strong's name*

Bank of England,  
London, E.C.2.

19th October, 1925

My dear Strong,

The affairs which are dealt with in your letter of 26th September needed no long explanation though I was glad to read what you write of them. They were more or less familiar, from what you had said to me (see the advantages of personal contact) and from your cables. But I am rather confirmed in my belief that since the end of July or beginning of August you have been more far-sighted as to the inwardness of your general situation and especially of your Stock Exchange position than some of those (let us say) in Washington?

I write now mostly to relieve you of any possible embarrassment about our issue (on 29th September) of £40,000,000 Conversion Loan. Any blame for the date or fact of its issue and poor results is to be laid at our own door. I had been nagging the Treasury for several weeks to authorize that issue and on several dates it could have been made with success: it was needed as a part of the general policy of nibbling at the outstanding Treasury Bills, and in particular to offset some capital and unforeseen expenditure, e.g., connected with Coal. The answer to my nagging was "To-morrow", "To-morrow" - "Wait and see". Then suddenly, the day before he was going away for three weeks,

the

the Chancellor said "Now or never" - and so it came about. Even then all would have been well but for a rumble from the coal-miners which threatened and faded away with no real harm done. But the bloom was thus taken off the Market.

It may have looked foolish (to critics) to find our Rate reduced a couple of days after such an issue - but at any rate that was a fault on the right side!!

I take this occasion to acknowledge your letters of 2nd October and 6th October about Mr. Simmons, President of the New York Stock Exchange, and shall now wait until the Spring to hear more about his visit to London.

With warmest regards,

Yours most sincerely,

*W. Norman*

Benjamin Strong, Esq.

copy in 1435.

218A

Buck  
Camm

21st October 1925.

My dear Strong,

Have you noticed that in the figures published by the Bank Polski for the last ten days of September there are concurrent increases in the items "Foreign balances, Bills and Money" and "Gold". Is it merely a coincidence that the increase in the former corresponds very closely with the increase in "Foreign loans on Gold" in your return for the week September 23-30, or have they in fact been drawing on the gold credit granted them by you? If the latter, how is it that notwithstanding the pledging of gold to you they are nevertheless able to record an increase in that item?

Believe me

Yours sincerely,

(SIGNED) M. NORMAN.

Benjamin Strong, Esq.

(Copy of handwritten letter

Sunday: October 25 1925.

Thorpe Lodge, Campden Hill, W.8.

My dear Ben.

I wrote to you like this a week ago. I cant do so easily at the Bank, & on othe r matters, cables for the moment have replaced letters. I guess you have been through a worrying time about rate policy & I cant quite grasp the ins & outs of it - nor t he various views: perhaps Addis will be able to explain, but I'm not sure. I too have somewhat perplexed from day to day - though I know the fundamental trouble arises from the Government & Bank position or opposition.

I am not yet able to tell you of our future arrangements but it seems pretty well certain that I shall go on for another year as Governor, from next <sup>M</sup>arch: that is likely to be the last. But it is still uncertain who will be Deputy for this next year & who will succeed me in 1927. There are several possibilities - as you must know - & various pros & cons & the decision is not easy especially when you remember the troubles of the present & the traditions of the past.

My Mother has written to you about Hotels.

In a couple of weeks I shall be obliged to go away for 10 days to Harrogate or some other bath-place because my arm has been troublesome. Its not actually pain, but a sort of twitching which they say comes from the nerves. I had a touch of it a year ago but less than now. I have really no choice but to go & this I want you to understand - Do you? I am planning to visit you in December if you are willing

Meanwhile I am  
Yr affy MN

Sunday: Oct 25 1925.

THORPE LODGE,

MPDEN HILL, W. 8.

My dear Ben.

I wrote to you like this a week ago. I can't do so easily at the Bank, nor other matters, cables for the moment have replaced letters.

I guess you have been through a worrying time about rate policy & I don't quite grasp the us & ante of it - nor the various views: perhaps Aldis will be able to explain, but I'm not sure.

I too have been somewhat perplexed from day to day - though I know the fundamental trouble arises from the Government's & Bank's position of opposition.

I am not yet able to tell you of our future arrangements but it seems pretty well certain that I shall go on for another <sup>(as Governor)</sup> year from next March: that is likely to be the last. But

7 Sept 28 300  
it is still uncertain who will be deputy for  
this next year & who will succeed me in 1929.  
There are several possibilities - as you must know -  
& various pros & cons & the decision is not easy  
especially when you remember the troubles of  
the present & the traditions of the past.

My mother has written to you about Hotels.

In a couple of weeks I shall be obliged to  
go away for 10 days to Harrogate or some other  
bath-place because my arm has been troublesome.

It's not actually pain, but a sort of twitching  
which they say comes from the nerves. Had a  
touch of it a year ago but less than now. I have  
really no choice but to go & this I want you to  
understand - Do you? I am planning  
to visit you in December if you are willing.

Meanwhile I am  
Yr affy. servt.

237  
CONFIDENTIAL.

30th October, 1925.

Dear Mr. Governor,

I think it well to send you a  
231A  
decode of cable No. 95, which was despatched by the  
Federal Reserve Bank at the request of Sir Charles  
Addis on the 24th October.

Believe me, dear Mr. Governor,

Yours most faithfully,

(SIGNED) M. NORMAN

Benjamin Strong, Esq.

(Copy of handwritten letter)

Sunday 1 Nov 1925

Thorpe Lodge, Campden Hill, W.8.

My dear Ben

I write again this week-end to keep you posted. The arrangements for April 1926-27 will be settled on Thursday the 12th when I expect to be "selected" again as Governor.

Anderson wishes to drop out. He has his own ideas as to our problems & their solution and he also hankers after his own business.

Trotter will be "selected" I expect as Deputy Governor - which you will remember was his position 5 or 6 years ago.

The idea is that he shall become Governor in April 1927. for the old period of 2 years: but this no more than an idea & quite vague at present.

There is also an idea that after April 1927 I shall be asked to continue to devote all my time to the Bank - as a sort of adviser for Foreign affairs. But this too is quite vague & is not mentioned: nor would there be any formal position for me.

As to the business of today I have nothing to add to my cables. But I hope to see Addis tomorrow & may then have something to cable.

I am going to Harrogate - because you know I have not been very well - on Friday the 13th for 2 weeks. And I have hopes of sailing with the Gilberts for New York about Dec. 16th if quite convenient to you.

With love MN

S/N Exhibit

Sunday. 1. Nov 1926

CHORPE LODGE,  
CAMPDEN HILL. W.S.

My dear Ben

I write again this week-end to keep you posted  
The arrangements for April 1926-27 will be settled  
on Thursday the 12<sup>th</sup> when I expect to be "selected"  
again as Governor.

Anderson wishes to drop out. He has his own  
ideas as to our problems & their solution - and  
also hankers after his own business.

Frotter therefore will be "selected" I expect as  
Deputy Governor - which you will remember  
was his position 5 and 6 years ago.

The idea is that he shall become Governor in  
April 1927. for the old period of 2 years: but this  
no more than an idea & quite vague at present.

(Copy of handwritten letter)

8.Nov.1925. Sunday

Thorpe Lodge, Camden Hill, W.8.

My dear Ben.

Our 1926/7 arrangements will be settled next Thursday the 12th, I expect, as my last letter told you. That's to say I shall be selected as Governor & Trotter as Depy. Gov. (It will be my seventh year & his third year, with a break of course) It has all been difficult, partly of course because Anderson takes a different & separate view of his own, which does not seem to be shared by any of his colleagues: therefore I have not written to you on these subjects from the Bank: (you understand?)

For 1927/8 I think the plan is - vaguely- that Trotter shall become Governor: that as far as it has progressed except that there is a wish to keep me somehow as a whole-timer at the Bank. I don't know if this is possible as a workable plan even if everyone approved it: I don't even know if Trotter would wish it - or if I should. All this of course is only between you & me.

I am planning you know to sail with the Gilberts on the Leviathan - Dec<sup>6</sup>th. if that would be convenient to you. As to Christmas I should be able to get out of your way & go to the Delanos or Mr. Markoe of Albany.

Meanwhile on Friday the 13th I am planning to go for 2 weeks to Harrogate (as I must already have told you). It's a place where you drink smelly water & wash in dirty water: but I have had several little troubles of late to which I must pay attention before they grow big. For instance my arm is full of pins & needles: my tail is sore & in places I have a sort of slight exema (how is it spelt?) Now you know all about poor me!

As these days & weeks have passed the difficulties about our Rates have not got any less? I am still a good deal perplexed & shall be more than perplexed if the Boston Rate should rise to 4% on the 10th. I guess the Board in Washington have been giving you a deal of trouble - for political reasons - on this subject.

Sooner or later we will have to work out some kind of a gold scheme for the next few years, as part of Central Banking arrangements.

You will let us know about arrangements in London for your Mother? & you can decide anything.

Ever yours affy

MN

I was glad to hear from your cable that you understood the first Plodge letter I wrote.

8. Nov. 1925.  
Sunday.

ack 11/20/25

THORPE LODGE,  
CAMPDEN HILL. W. 8.

My dear Ben. Our 1926/7 arrangements will be settled next Thursday the 12<sup>th</sup>, I expect, as last letter told you. That's to say I shall be selected as Governor & Trotter as Dep. Gov. (It will be my seventh year this kind year, with a break of course) It has all been difficult, partly of course because Anderson takes a different & separate view of his own, which does not seem to be shared by his colleagues: therefore I have not written to you on these subjects from the South. (You understand

For 1927/8 I think the plan is - vaguely - that Trotter shall become Governor: that's as far as it has progressed except that there is a wish

Keep me somehow as a whole-timer at the Bank  
I don't know if this is possible as a workable  
plan even if everyone approved it. I don't so  
know if Trotter would wish it. or if I should.  
All this of course is only between you & me.

I am planning you know to sail with the  
Gilberts on the Leviathan - Dec 16<sup>th</sup> if that would  
be convenient to you. As for Christmas I  
should be able to get out of your way & go to  
the Adanos or W. Markoe or Albany

Meanwhile on Friday the 13<sup>th</sup> I am planning  
to go for 2 weeks to Harrogate (as I must  
already have told you). Its a place where  
you drink smelly water & wash in dirty water

11/8 11/8/2

but I have had several little troubles of late  
to which I must pay attention before they grow  
THORPE LODGE,  
CAMPDEN HILL. W. 8. big. In consequence my arm is  
full of pins & needles: my tail is sore & in place  
I have a sort of slight Exema (how is it spelled)  
Now you know all about poor me!

As these days & weeks have passed the difficulties  
about our Rates have not got any less? I am  
still a good deal perplexed & shall be more than  
perplexed if the Boston Rate should rise 60¢  
on the 10<sup>th</sup>. I guess the Board in Washington  
have been giving you a deal of trouble - for  
political reasons - on this subject

Sooner or later we will have to work out some  
kind of a gold scheme for the next few years, &

part of Central Banking arrangements.

You will let us know about  
arrangements in London for your mother?  
You can decide anything.

Ever yours affly.  
-  
this.

I was glad to hear from your  
cable that you had understood  
the first Dodge letter I wrote.

8. Nov. 1925.

Sunday.

Check 11/20/25

THORPE LODGE,  
CAMPDEN HILL. W. 8.

My dear Ben. Our 1926/7 arrangements will be settled next Thursday the 12<sup>th</sup>, I expect, as my last letter told you. That's to say I shall be selected as Governor & Wooster as Dep. Gov. (It will be my seventh year this kind year, with a break of course) It has all been difficult, partly of course because Anderson takes a different & separate view of his own, which does not seem to be shared by any of his colleagues: therefore I have not written to you on these subjects from the South. (you understand?)

For 1927/8 I think the plan is - vaguely - that Wooster shall become Governor: that's as far as it has progressed except that there is a wish to

Keep me somehow as a whole-cornet at the bank.  
 I don't know if this is possible as a workable  
 plan even if everyone approved it: I don't even  
 know if Trotter would wish it - or if I should.  
 All this of course is only between you & me.

I am planning you know to sail with the  
 Gilberts on the Leviathan - Dec 16<sup>th</sup> if that would  
 be convenient to you. As for Christmas I  
 should be able to get out of your way & go to  
 the Adirondack or W. Markoe or Albany.

Meanwhile on Friday the 13<sup>th</sup> I am planning  
 to go for 2 weeks to Harrogate (as I must  
 already have told you). It's a place where  
 you drink smelly water & wash in dirty water.

N/S 11/8/25-3.

but I have had several little troubles of late  
to which I must pay attention before they grow

THORPE LODGE,  
CAMPDEN HILL. W. S.

big. At distance my arm is  
full of pins & needles: my tail is sore & in places  
I have a sort of slight Exema (how is it spelt?)  
Now you know all about poor me!

As these days & weeks have passed the difficulties  
about our Rates have not got any less. I am  
still a good deal perplexed & shall be more than  
perplexed if the Boston rate should rise to 4%  
on the 10<sup>th</sup>.

I guess the Board in Washington  
have been giving you a deal of trouble - for  
political reasons - on this subject

Sooner or later we will have to work out some  
kind of a gold scheme for the next few years, as

part of Central Banking arrangements.

You will let us know about  
arrangements in London for your mother? &  
you can decide anything.

Ever yours affly.  
this.

I was glad to hear from your  
Cable that you had understood  
the first Plodge Letter I wrote.

THORPE LODGE,  
CAMPDEN HILL. W. 8.

I am keeping in close touch with Vessoring  
& Havensstein. It was the latter's visit here which  
in a quiet, unseen way really brought the  
Reparation Question to a head here & obtained  
for it a more "understanding" feeling: in fact  
the Chancellor has become as much anti-france  
as he has pro-German: He realizes that  
the large question is the Civilization of Europe  
which includes the industrial machine - & no  
mere argument of Pounds or Dollars.

I realize that your position - to say nothing  
of the position of your administration - is  
fearfully difficult. I am glad we paid  
you that visit last summer & I am glad too  
that your Congressional Enquiry is behind you

God bless you: I lean on you every day. No affect? Miss.

Is it not strange that in these crucial days  
you & I & the likes of us in stand point, have  
most to fear from the countries which in  
theory are most democratic . i.e. France &  
the U.S. - While Japan, Germany, Italy &  
England though nominally less democratic  
are actually more international in outlook.

Now, for heavens sake, take good care of  
yourself, my dear B.S. The object of this  
scrawl is to urge you to do so. From  
the Armistice down to Nov 1921, we have had  
lots of troubles but they have been made for  
us. From Nov 1926 for a while we have  
troubles to get over which are the direct &  
in evitable outcome of the war. And you & I  
have another 15 months in which to work together

TELEPHONE  
1035.

Wm. S. - Graham  
11/30/25  
100.

18 Nov 1925

PROSPECT HOTEL,  
HARROGATE.

Dear Ben.

You know from a letter as well as cables that I am away from London: my arm has lately been so full of pins & needles that I had no choice but to go away somewhere for treatment. The thing is nothing in itself but just a symptom of "Fatigue" - just as it was some 18 months ago.

I shall be in London again on the 28<sup>th</sup> which gives me two weeks here. I came away last week because the pressure of the Fall

seemed (as far as I could judge)  
to have passed its height so far  
as we are concerned - No ~~de~~ ~~pend~~  
(for us) on your movements of  
rate &c.

You know I am awaiting word  
from you as to my promised visit.  
I am provisionally booked to sail  
along with the Gilberts on Dec. 16  
per Leviathan - but if you will  
be absent over Christmas & N. Year  
I can postpone my sailing for 2  
or 4 weeks. No doubt you  
have written be about this.

Dear Ben, you've got  
this.

TELEPHONE  
1035.

23 Nov 1925.

PROSPECT HOTEL,  
HARROGATE.

Dear Ben.

I wrote you from here last week  
and only write again because I keep  
on thinking about you all the time.  
This is no place for a white man who  
has nothing to do - at least at this  
time of year - but for all that it  
has done me good and I think the pins  
and needles have been cleared out of  
my arm. I shall be going back  
to London at the end of the week  
(on the 28<sup>th</sup>) and shall be at the Bank  
as usual next week. <sup>(the 30<sup>th</sup>)</sup> What I  
do after that depends on what you

write or cable me about your plans & wishes. As you already know I am free to sail (with the Silberts) p Leviathan on Dec 16<sup>th</sup>.

But if the date does not suit you

I can quite easily postpone it, without any inconvenience.

Of course I ~~read~~ realize you may

have made engagements over

Christmas & the New Year (perhaps

Hibbing?) which would leave

us very little time together after

you get back to N.Y. & anyway

I could not stay longer than a

couple of weeks.

TELEPHONE  
1035.

PROSPECT HOTEL,  
HARROGATE.

Perhaps there is already some word from you at the Bank - I know they are trying to keep as much (in the way of business) away from me as possible these days. (And they mean well!)

I see all the other Banks have now gone up from  $3\frac{1}{2}$  to 4% leaving you alone at the lower rate & I am wondering what you are going to do. perhaps be forced to do.....

On the whole & in spite of various changes of plan & chances I reckon (looking back) that the Fall has been

very successful. No one <sup>here</sup> believed 4.  
we could carry a 4% Rate so long  
at this time of year: few believed we  
were brave enough to try it: but  
nothing <sup>else</sup> could have taken the wind  
out of the sales of McKenna & Co as  
this has done or could do more to  
silence criticism of the Gold Standard.

Add to this too the position in France -  
Solong held up (to us) as an example  
of the advantages of not being tied  
to the tail of the F. R. System - or indeed  
to Gold! It makes me smile!!

Have much to tell you some time.  
Solong, Ben. as ever  
Dist.

See J.C. Robson & Co. (Brokers)  
New 32 B'way.

ACKNOWLEDGED

NOV 27 1925

B. S.

Bank of England

12th November, 1925.

My dear Mr. Governor,

You will remember the Memorial which was erected in the Bank Garden in memory of those members of the Bank who lost their lives in the Great War. The Memorial, as you may recall, is in the form of a Statue of St. Christopher, the Patron Saint of the Church, the graveyard of which occupied the site now covered by the garden. The Memorial was the work of a British Sculptor, Mr. R. R. Goulden and was unveiled on Armistice Day 1921.

Mr. Goulden has, at the Bank's suggestion, made some bronze Statuettes, replicas of the Memorial, the number being strictly limited to twelve in all, each of which has been finished and signed by himself.

It will afford my colleagues and myself very much pleasure if you will accept one of these Statuettes and, in the hope that you will be willing to do so, I have ventured already to give instructions for it to be despatched to you.

I am addressing similar requests to Mr. J. P. Morgan and the Chairman of the New York Clearing House Committee.

Believe me to be,

Dear Mr. Governor,  
Yours sincerely,

*Hisoman*

Benjamin Strong, Esq.

(Copy of handwritten letter)

18 Nov 1925  
Prospect Hotel, Harrogate

Dear Ben.

You know from a letter as well as cables that I am away from London: my arm has lately been so full of pins & needles that I had no choice but to go away somewhere for treatment. The thing is nothing in itself but just a symptom of "Fatigue" - just as it was some 18 months ago.

I shall be in London again on the 28th - which gives me two weeks here. I came away last week because the pressure of the Fall seemed (as far as I could judge) to have passed its height so far as we are concerned - & to depend (for us) on your movements of rate &c.

You know I am awaiting word from you as to my promised visit. I am provisionally booked to sail along with the Gilberts on Dec. 16 per "Eviathan" - but if you will be absent over Christmas & N. Year I can postpone my sailing for 2 or 4 weeks. No doubt you have written me about this.

Dear Ben, yrs, ever

MN

(copy of handwritten letter)

23 Nov 1925

Prospect Hotel, Harrogate.

My dear Ben.

I wrote you from here last week & only write again because I keep on thinking about you all the time. This is no place for a white man who has nothing to do - at least at this time of year - but for all that it has done me good & I think the pins & needles have cleared out of my arm. I shall be going back to London at the end of the week (on the 28th) & shall be at the Bank as usual next week (the 30th). What I do after that depends on what you write & cable me about your plans & wishes. As you already know I am free to sail (with the Gilberts) p Leviation on Dec. 16th. but if the date does not suit you I can quite easily postpone it, without any inconvenience. Of course I realise you may have made engagements over Christmas & the New Year (perhaps Hibbing?) which would leave us very little time together after you got back to N.Y. & anyway I could not stay longer than a couple of weeks. Perhaps there is already some word from you at the Bank - I know they are trying to keep as much (in the way of business) away from me as possible these days. (And they mean well!)

I see all the other Banks have now gone up from 3 1/2 to 4% leaving you alone at the lower rate & I am wondering what you are going to do, perhaps be forced to do...

On the whole & in spite of various changes of plan & chances I reckon (looking back) that the Fall has been very successful. No one here believed we could carry a 4% Rate so long at this time of year: few believed we were brave enough to try it: but nothing else could have taken the wind out of the sails of McKenna & Co. as this has done or could do more to silence criticism of the gold standard.

Add to this too the position in France. So long held up (to us) as an Example of the advantages of not being tied to the tail of the F.R. System - or indeed to gold! It makes me smile!!

I have much to tell you some time.

So long, Ben, as ever

MN

23 Nov 1925.

TELEPHONE  
1035.

PROSPECT HOTEL,  
HARROGATE.

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& only write again because I keep  
on thinking about you all the time.  
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3.

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1035.

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Solong, Ben. as ever  
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2  
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couple of weeks.



# J. C. ROBOLD & COMPANY

**CUSTOM HOUSE BROKERS  
FREIGHT CONTRACTORS  
FOREIGN FREIGHT FORWARDERS**

11-19 MOORE STREET

**NEW YORK**

TELEPHONES 0540  
BOWLING GREEN 0541

CABLE ADDRESS  
"GROWRO" NEW YORK  
CODES USED  
A. B. C. 5TH EDITION  
LIEBERS  
BENTLEYS

IN REPLYING  
REFER TO

\*\* 9379 \*\*

November 28th 1925.

AGENCIES

- PHILADELPHIA, PA.
- BALTIMORE, MD.
- NEW ORLEANS, LA.
- SAN FRANCISCO, CAL.
- NIAGARA FALLS, N.Y.
- CLEVELAND, O.
- CHICAGO, ILL.
- DETROIT, MICH.
- BOSTON, MASS.
- BUFFALO, N.Y.
- NEW HAVEN, CONN.
- WASHINGTON, D.C.
- LONDON
- LIVERPOOL
- MANCHESTER
- PARIS
- HAVRE
- BORDEAUX
- GENOA
- NAPLES
- ROTTERDAM
- AMSTERDAM
- ANTWERP
- ZURICH
- FLORENCE
- SEVILLE
- HAMBURG
- BERLIN
- BREMEN
- COPENHAGEN
- STOCKHOLM
- CHRISTIANIA

Mr. Benjamin Strong,  
Federal Reserve Bank,  
New York.

Dear Sir:

We have received advice of one case of bronze statuette arriving on the S/S Minnewaska, shipped by the Bank of England. We have instructions to deliver this to you free of all charges, and are arranging accordingly,

Attached affidavit which kindly execute and return.

Yours very truly,

PJG/MM.

J. C. ROBOLD & CO.

*Mr Strong No chance of getting it  
in some days after arrival - I have requested  
that it be expedited. MSB*

*sent 11/30/25*



# J. C. ROBOLD & COMPANY

CUSTOM HOUSE BROKERS

FREIGHT CONTRACTORS

FOREIGN FREIGHT FORWARDERS

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NEW YORK

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LIEBERS  
BENTLEYS

IN REPLYING  
REFER TO

**\*\*9379 \*\***

December 2nd 1925 .

AGENCIES

- PHILADELPHIA, PA.
- BALTIMORE, MD.
- NEW ORLEANS, LA.
- SAN FRANCISCO, CAL.
- NIAGARA FALLS, N.Y.
- CLEVELAND, O.
- CHICAGO, ILL.
- DETROIT, MICH.
- BOSTON, MASS.
- BUFFALO, N.Y.
- NEW HAVEN, CONN.
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- ZURICH
- FLORENCE
- SEVILLE
- HAMBURG
- BERLIN
- BREMEN
- COPENHAGEN
- STOCKHOLM
- CHRISTIANIA

Mr. Benjamin Strong,  
Federal Reserve Bank,  
New York.

Dear Sir:

Referring to the shipment of bronze statuette from the Bank of England, kindly note that in accordance with new regulations the attached affidavit must be filed, therefore we would thank you to execute same and return to us. The steamer has now arrived and entry has been made, and we will do everything possible to have delivery made immediately, sending you delivery order promptly when released.

Yours very truly,

PJG/MM.

J. C. ROBOLD & CO  
*[Handwritten Signature]*

copy in file 166H

31

✓  
Curt

3rd December, 1925.

My dear Strong,

*in file Oct. 14<sup>5</sup>*

Thank you for your letter of the 10th November in answer to my enquiry of the 31st October last concerning the figures published by the Bank Polski. While it is true that the Proportion of Gold and Foreign Currencies to their Note Circulation is unaffected by their method of showing the credit which you have granted, (if calculated on the published figures in accordance with Article 51 of their Statutes) it is a doubtful principle to include pledged gold in their stock. Moreover, if it be not the custom in Poland to publish the Proportion, it would be easy for persons ignorant of the Statutes to draw the erroneous conclusion that the Proportion is higher than it in fact is.

Believe me,

Yours sincerely,

(SIGNED) M. NORTH

Benjamin Strong, Esq.

# RADIOGRAM

WORLD WIDE WIRELESS



CONTINENT  
TO  
CONTINENT



SHORE  
TO  
SHIP



SHIP  
TO  
SHIP



**"Via RCA" RADIO CORPORATION OF AMERICA "Via RCA"**

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MURRAY HILL 4996

19 W. 44th Street,

NEW YORK, AT

DEC 19 1925 10 00 PM  
DATE

192

.K

FA 21CW227SR129

RADIO SS LEVIATHAN WSN VIA RCA NYK ~~NY~~ 17

BENJAMIN STRONG

270 PARK AVENUE NEWYORK

THANKS LONGING TO SEE YOU WE HAVE ACCEPTED MORROW

MONTAGU NORMAN

From : Norman.



Inope Lodge

Camden Hill. W.8.

England - London.