

The attached material was dictated and read by Mr. Fred I. Kent, beginning in the late Spring of 1954 and ending the first part of October 1954.

Mr. Kent prepared this work for the Bankers Trust Company at the suggestion of Mr. Herbert Simms.

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In the fall of 1908 while I was manager of the Foreign Department of the First National Bank of Chicago I became associated with the American Bankers Association and was made Chairman of the Committee on Express Companies' travelers checks and money orders.

The banks were complaining of the competition of the Express Companies which put out travelers checks and issued money orders and did a competitive banking business without being subject to banking laws or taxes. In carrying on this work it soon became evident that the bankers themselves in order to be able to compete must be in position to issue travelers checks and that it might have great advantages to the bankers if those in small towns and cities also had this ability. Therefore, as Chairman of the Committee of the American Bankers Association I worked out a system under which bankers, members of the American Bankers Association, could arrange to issue travelers checks over their own names that were protected by a central office with whom they made arrangements.

The idea of this system and the detail of its handling were worked out by the Committee of which I was Chairman and passed upon and approved by the American Bankers Association Executive Council.

Mr. Henry Davison, Mr. Thomas Lamont and Mr. Benjamin Strong, Directors of Bankers Trust Company of New York, went over the system and decided that as the Bankers Trust Company was a bankers bank, it would be in line for them to apply to the American Bankers Association for appointment to handle its travelers check system. It is my understanding that Mr. Lamont handled the whole matter although I was in the First National Bank of Chicago at the time. In any event, the Bankers Trust Company obtained the authority from the American Bankers

Association to develop the travelers check system.

One day in the fall of 1908 I received a telegram from Mr. Lamont asking me if I could come to New York immediately.

As I knew of no reason why I should go to New York I showed the telegram to Mr. James B. Forgan, president of the First National Bank of Chicago, and asked him if he knew what the purpose was back of the telegram. He said, "No, but I think you had better go." And I therefore wired Mr. Lamont that I would do so.

That afternoon I left on the Twentieth Century for New York and went immediately to Mr. Lamont's office in the Bankers Trust Company which at that time was situated at No. 1 Wall Street. Mr. Lamont told me that Mr. Henry P. Davison who was then Vice President of the First National Bank of New York wanted to see me and that he would telephone when he was ready, probably around ten o'clock. Mr. Davison telephoned about that time and Mr. Lamont and I went over to see him.

Mr. Davison told me that the first of January he was going to resign from the First National Bank of New York and become a partner of J. P. Morgan & Company and that Mr. Lamont was to leave the Vice Presidency of the Bankers Trust Company and become Vice President of the First National Bank of New York in his place. Then he stated that he would like to have me come on from Chicago and go into the Bankers Trust Company as a Vice President, organize and put in a foreign department and develop the travelers check system of the American Bankers Association which Mr. Davison had advised the American Bankers Association he would like to have the Bankers Trust Company undertake and carry out. Told Mr. Davison that I would like to give him my decision after returning to Chicago with which he agreed.

Then Mr. Lamont took me over and introduced me to Benjamin Strong, Jr., who arranged a meeting at one of the clubs with Mr. Daniel E. Pomeroy and we three discussed conditions at a dinner that night. On this day I established what has proved to be the greatest friendships of my life with Mr. Henry Davison, Thomas Lamont, Benjamin Strong, Jr. and Daniel Pomeroy. Of these men only Mr. Pomeroy is still living and I have had a great respect and affection for him from the moment we first met.

Following this meeting I returned to Chicago and saw Mr. Forgan, the president of the First National Bank of Chicago. Told him that Mr. Davison, whom he knew well, wanted me to go to New York and organize a foreign department for the Bankers Trust Company as a vice president. Mr. Forgan, a dour Scotsman, after hearing what I had to say, asked me point blank: "How much are they going to pay you?" This was quite a shock because the subject of salary had never come up between any of us in New York and when I told him that I did not know he said, "Well, then, how am I going to bid for you?" I replied, "I do not know how you can bid for me."

Then I said to him, "My connection with the First National Bank of Chicago has been a most wonderful one. I came into the bank in 1886, have never had any friction or complaints and have made many friends, and I am really very sorry to leave. However, the work which I am doing in the foreign department as manager has given me an insight into the whole development of foreign trade from the grass roots side. In New York with this knowledge I can go forward and learn the intricacies of our trade with foreign countries and it should be most interesting."

He then said, "But Fred, you are going to a strange institution and you do not know what they are going to pay you. I never heard of such a thing." I replied, "Mr. Forgan, I have every confidence in the men in the Bankers Trust Company whom I have seen -- Mr. Davison, Mr. Lamont and Mr. Strong and Mr. Pomeroy -- and I cannot conceive of any one of them doing anything that is not right. If the first of the year 1909 when I go to New York I find they do not pay me what I feel they should pay then without loss of time I can develop what I wish to do next in my life work and it will be to my advantage to know immediately whether I am with the high class kind of people which I believe these gentlemen to be or not."

Needless to say my first check was satisfactory and further I wish to record that never once in my connection with the Bankers Trust Company have I mentioned the question of salary.

Mr. Forgan gave a dinner for me at the First National Bank of Chicago when I left and in responding to his toast I was able to make the statement that my banking life had been with an institution where the utmost integrity was their first principle in all their operations and that I felt I was going to another institution where the same thing was true. Having been with the Bankers Trust Company as a Vice President for many years following 1909 and a Director since 1914 I can now say with the conviction of experience that the Bankers Trust Company is founded upon a basis of integrity, the same kind of integrity that impressed me while I was with the First National Bank of Chicago.

In January 1909 when I entered the Bankers Trust Company I had two duties to perform, one was to build up a foreign department

and the other to establish the American Bankers Association travelers check system. Mr. Lamont went to Europe with me while I established the banking connections of the Bankers Trust Company in the cities and countries where it seemed desirable and where I arranged for protection of the travelers checks of the American Bankers Association.

All of this work had to be accomplished in the small offices of the Bankers Trust Company at No. 1 Wall Street but I never had a moment of friction with any of the officers of the new bank and enjoyed a most wonderful support.

Memo to Mr. Simms to be attached to page 5:
From Mr. Fred I. Kent

It seems to me that this report on the American Bankers Association travelers checks should be filled out with statistics showing the number of banks which used the checks and some of the balances held by the Bankers Trust Company to meet the checks, a few statistics, and possibly the total outstanding at the time that we notified the ABA that we did not wish to go on with the system. If you agree with me, will appreciate it if you will have these statistics looked up and placed in the space which I have left for them.

When World War I started a group of French crooks succeeded in stealing some travelers checks of the American Express Company and also of the American Bankers Association. They were arrested. Mr. Fargo, head of the American Express Company and I had a conference in London about this situation. Mr. Fargo said: "These crooks say if we do not allow them to go on stealing these checks, both you and I will be assassinated. We have got to decide what course to take right now." Naturally, there was only one answer and we decided right there to prosecute these men and fight for protection of the checks.

They were later arrested by the French government and thrown into the front lines of the War and all killed in the early battles, so the problem of these particular men vanished.

Some years later conditions in Europe began to be very difficult at first where the travelers checks were mostly used. Mr. Prosser and Mr. Tilney studied the situation for some months and finally decided that it might be in the interest of the Bankers Trust Company to advise the American Bankers Association that they did not care to continue the travelers check system. This was done. The National City Bank of New York, the First National Bank of Chicago, and other banks carried on their own personal systems on the basis of allowing country banks to issue the checks themselves but not over their own names as had been carried on by the Bankers Trust Company in handling the Association system.

There is no question but there is an important element of risk involved in such a system because banks all over the country if they are going to sell travelers checks in their own offices must have sufficient blanks on hand to take care of their customers and so

the total liability is very great.

However, the Foreign Department of the Bankers Trust Company has developed in a wonderful way and with its London office and under its present able management it has become a tremendous force in Bankers Trust Company business even under conditions of hot and cold wars which make trading most difficult.

In December 1913 Benjamin Strong asked me to go to Washington with him in connection with the work that the Senate was carrying on in the building of the Federal Reserve System.

Mr. Strong introduced me to Senator Theodore E. Burton of Ohio who was doing an important part of the work for the Republicans. After a day or so Mr. Strong returned to New York and left me with Senator Burton to carry on. Worked with the Senator every day and dictated for him about 500 pages in speeches many of which he made before the Senate, all of which had a bearing upon the new Federal Reserve System. We also went over the speeches of the Democrats that were being made in the Senate in order that I might prepare answers for them. This was very interesting work and took about two weeks' time as I recall it.

During the period Senator Elihu Root came to me and wanted to know what caused the Panic of 1907. I explained it to him and told him that it came about in important part because the banks of the south had called upon their New York correspondents for cash in amounts far greater than that required for their reserves due to the fact that they were fearful that they would not have enough currency

to meet fall cotton demands. The banks involved not only drew their balances down in cash but in addition borrowed from the New York banks and had the proceeds sent to them in cash.

The strain upon the New York banks was so great that they finally had to go upon a clearing house basis. Actually as I recall it the banks in Georgia had 180% of their reserve requirements in their banks in cash which was indicative of the whole situation. All of this matter I remembered well enough to write an address for Elihu Root which he delivered in the Senate. After doing so he came out and said to me, "Well, Fred, did I deliver it all right?" I said, "Yes, and it pleased me very much."

It so happened that I remembered the circumstances sufficiently well to write the address for him because in 1907 when I had charge of the Foreign Department of the First National Bank of Chicago I had anticipated the condition which developed and had my full line with the London City Midland Bank of London open. The result was that I was in position to buy bills in the south and middle west on London and order gold without waiting for their arrival on advice that they were on their way and after securing discount. The situation was such that I went to Washington and saw Ridgely, the Comptroller of the Currency while waiting for Cortelyou who was Secretary of the Treasury and who was in New York.

Explained to Ridgely that the sub-treasury in Chicago had a tremendous amount of gold and that I would like to arrange with the United States government to insure gold for its account that was being shipped from London to this country against gold which the

sub-treasury in Chicago would give to the First National Bank of Chicago to buy sterling, cotton and wheat bills. Told him that I felt that we could break the money panic immediately if the government would do this because the position of the First National Bank of Chicago with the London City Midland was such that our whole line of credit was open and that we could obtain gold on the same day that we bought the bills. What I wanted to do was to turn the gold in London over to the government and insure it for shipment to the United States and have them give the First National Bank of Chicago gold from the sub-treasury for the amount involved at once.

Later George Roberts of the Commercial National Bank of Chicago and afterward the National City Bank of New York went over the papers that I left with Ridgely and stated that the whole plan was sound and should have been carried out. I went back to Chicago and drew up telegrams offering to buy wheat and cotton bills on that basis so that if Cortelyou upon his return to Washington Monday morning gave permission I would be ready to do the business.

Much to my disgust the New York banks advised Cortelyou not to carry out the idea because they naturally realized that it would give Chicago a wonderful position in the country if through its activities it broke the situation when the New York banks had gone on a clearing house basis because they could not meet conditions.

Senate Committee

In 1913 Senator Robert F. Wagner was chairman of the Committee in the Senate which had to do with international exchange. He

invited me at the suggestion of Benjamin Strong to appear before this Senate Committee and answer questions which they might have on the manner in which the international exchange is carried on. Senator Wagner, whom I knew very well, told me that this committee would have to pass upon many foreign problems and that the members were not at all familiar with international financing.

I told him that I would be very glad indeed to give his committee all the time that it desired and I was quizzed for about half a day as I recall it. There was no criticism involved of any kind, it was merely a quiz for educational purposes.

Pujo Investigation

J. P. Morgan Sr. was attacked by a committee in Congress of which Congressman Pujo was chairman and it became necessary for Mr. Morgan to make an answer to the committee covering a tremendous amount of detail.

At that time Mr. Morgan had for his private office the top floor in the Bankers Trust Company building. It is my recollection that it was the 40th floor. Mr. Strong recommended to Mr. Morgan that he discuss the situation with me and an appointment was made for me to see Mr. Morgan for that purpose.

At the first conference we had in his offices he went over all the detail of the matters that the Pujo Committee had put up to him. We discussed various phases of the situation and then I went back to my office in the Bankers Trust Company, undertook a research of the whole situation and wrote a report for Mr. Morgan which I

understand was made a part of his reply to the Pujo Committee.

This experience with Mr. Morgan was a wonderfully enlightening one and I found him clear-headed and completely familiar with our banking and industrial situation. It was a great privilege to have this discussion with him.

The summer of 1914 Mrs. Kent, my son and myself made the trip on the Victoria Louise (formerly The Deutschland) from England to Iceland to Spitzbergen and back among the fjords of Norway to Hamburg, Germany.

There were many Germans and Austrians on board and when we reached one of the Norwegian fjords on the return trip they were all called home by cable because it was felt that there was every prospect of Germany and Austria going to war.

We could obtain no information from anyone on the boat as to just what had happened but did realize that the Germans and Austrians had left.

We stayed on the boat until it landed at Hamburg on July 30 I believe it was. We found the streets of the city crowded with people in a very excited state of mind seemingly going everywhere and nowhere.

As the Bankers Trust Company was responsible for the American Bankers Association travelers checks I felt it important for me to go to Berlin to find out what it was all about and what it might be necessary to do in order to protect Americans carrying the travelers checks.

The officers of the banks in Hamburg I did not know personally well enough to ask for confidential information but Hugo Schmidt of the Deutsche Bank and I had been very close friends for many years and I knew that he would give me all the facts confidentially. Left Mrs. Kent and my son in Hamburg and took the first train to Berlin. Fortunately I found Hugo Schmidt back from one of his trips and in the Deutsche Bank of Berlin. We spent two hours going over the situation.

He told me that Germany was going to declare war on Russia probably the next day and that they were going to hold the Russian line without trying to make headway in that direction until they had taken Paris and could bring France to her knees. Further, that they were going to attack through Belgium. He said that there was just time for me to get back to Hamburg and take Mrs. Kent and my son to London before war was declared.

We then arranged about the travelers checks of the American Bankers Association and he agreed to circularize the hotels in Germany and also the branches of the Deutsche Bank. Before taking the train back to Hamburg I arranged with the Directione der Discounto Gesellschaft where I saw Mr. Hdrina and made similar arrangements with his bank for the payment of American Bankers Association checks. Explained to both Hugo Schmidt and Mr. Hdrina that I would take up the checks by remittances accomplished in London through Italy under an arranged plan. This was later carried out.

On July 29 Benjamin Strong sent me the following cablegram care of the Deutsche Bank, Hamburg:

"Exchange market demoralized. No trading possible. Over 26,000,000 bars and coins shipped within last few days. Insurance premiums almost prohibitive. Our continental balances in good condition. Mark loans were not renewed. Will require all for Travelers' Cheques and International's documentary credit. Travelers' Cheques reducing our London balances rapidly. Have no commitments for the immediate future. Will require about £50,000 in London about August 5 for Travelers' Cheques. Market quoted nominally. Cable transfers London 496, Berlin 97, Paris 495, demand 491.95 $\frac{1}{2}$, 505. Rouble cable transfers about 5120 here. Can we resell Roubles in London to make Sterling? Am cabling London for a rate. Have received no discount or arbitration rates of any kind since last Friday. Please endeavor to arrange with London for overdraft in our account or to give temporary advance to cover Travelers' Cheques, if necessary, in case we cannot ship gold. Keep us posted on all developments. Am figuring on gold coin shipments for Travelers' Cheques. Keep us informed of itinerary for cable messages to you."

and the following cable on July 30:

"Go at once to London and read our cables in regard to cover for Travelers' Cheques and report at once with advice."

To this I replied from Hamburg on my way to London July 31 in the following cablegram:

"Received telegram. Have telegraphed London and will wire you again. Left today for London by way of Deutsche Bank, Berlin. Arrive at destination Sunday morning. Made arrangements to protect fully Travelers' Cheques. Don't worry, am on job."

While at Hamburg I sent a very long cablegram explaining many things that I had arranged asking for gold and containing other matter. This cablegram was apparently censored although it may have been received and through oversight not have been placed with the other cablegrams. As the cable correspondence developed during the following days running up to September 23 quite a number of my cablegrams are missing undoubtedly due to the censorship. For instance, in many of the cables included in those listed from the Bankers Trust Company, New York, to me, detailed questions are asked. These were

all answered in return cablegrams but an important number of them are missing. Of course all of the cablegrams sent from the Bankers Trust Company are given because copies were kept. Copies were also kept of cabled replies but they were delivered to the London City Midland Bank with other papers that had accumulated while I was in London covering all of the different matters where I had been carrying on negotiations and this package of papers apparently never reached the Bankers Trust Company, New York, as they made no record of them in the Gold Syndicate Book, although that might have been merely an oversight.

While in Berlin I also saw the Hotel Adlon and arranged with them to cash American Bankers Association travelers' checks and explained how I had arranged with the two German banks to honor them. Also requested them to get in touch with other important German hotels in Berlin and explain the situation. Apparently they did because later I had word from Hugo Schmidt as shown in one of the cablegrams that up to the time he sent word to me the Deutsche Bank had cashed \$100,000 in such checks even though the National City Bank of New York according to one of its cables had word that they were not being cashed. This was proved to be an error as I actually received from Germany later checks which had been cashed and also remitted for them through Italy before that country entered the war and later in other ways.

After sending the missing cablegram from Hamburg that gave full details of what I thought would be required in gold remittances I took Mrs. Kent and my son to the train at Hamburg for Bremen and the Hook of Holland.

We were on the last train that was allowed to leave Germany but were stopped several hours at Bremen while it was being determined whether they would let the train go through. They finally decided that it was better to get rid of the Americans and English who wanted to go to London than have them stranded in Germany. So finally the train was allowed to leave Bremen for the Dutch line. There, however, the passengers were all dumped out into the scenery with no place to go. After waiting around for an indefinite time some third class Dutch cars with straight wooden backs were switched through the station and then the whole crowd got into them for as uncomfortable a ride as one could imagine. We were bound for Hook of Holland where I had reservations on the boat for England. During the night I drew up a plan of campaign for taking care of the situation in England when I got there. This included notices for the newspapers notifying Americans that I was calling a meeting at the Hotel Waldorf the next day, that we would organize a committee and do the needful, whatever we found out it might be.

After sitting up most of the night we reached Hook of Holland in the early morning, found the boat loaded from stem to stern with people lying on their backs on every deck end to end, but fortunately for some reason or other our staterooms were held for us. Mrs. Kent and I used ours but my son, Warner, let two lady school teachers from Indiana have his and he sat up the rest of the night with the mob that literally covered the boat so that you had to step over people when you walked the decks.

Upon reaching England we went straight to London and I put out the notices of the meeting I was calling at the Waldorf for Monday afternoon and also drew up some card forms for Americans to sign that gave the detail about each American that I felt we would need in order to handle the situation intelligently. The card provided among other things for the names of the people signing them, their homes in America, their hotels in London and the steamships on which they expected to return home, the amount and kind of money which they carried, and information as to other Americans whom they had left on the Continent. These cards were printed that afternoon and were ready for the meeting in the Waldorf the next day.

There were about two thousand people who came to this meeting and I stood upon a round table and addressed them. Told them that we were going to organize an American Committee which would take all responsibilities for their needs which had to do with hotels, money, steamships, etc. William Porter of J. P. Morgan and Company was one of those present, also James Cannon, president of the Fourth National Bank of New York, Theodore Hetzler of the Fifth Avenue Bank, New York, William C. Breed, the New York lawyer, Joseph P. Day of New York, and many other high class men whom I could draw upon to form the committee. Mr. Porter approved it all but did not wish to serve on the committee himself.

The London banks were all on holiday for an indefinite time depending upon how conditions developed. Therefore I determined to open a bank in the Hotel Savoy in order to cash American Bankers Association travelers checks and if it proved to be possible other

checks depending upon the amount of money that proved to be available. In order to accomplish this I went to Mr. Wise of the Guaranty Trust Company and asked him for some of his employees who would be competent to cash checks for Americans. He stated that because of the war and as England was seemingly going to be in it at once because the Germans were going to attack Belgium and Great Britain had agreed to protect Belgium, his employees would not be available to him more than a few hours or days. Then he said, "But you can't get any money because all the banks are closed." I said, "If I can get the money, will you give me the clerks?" As he was very positive that I could not get the money he said yes, that he would furnish clerks if I could get the money.

Then I went over to the London City Midland Bank, Ltd. and saw Sir Edward Holden, head of the bank, who was a close personal friend of mine of many years. Told Sir Edward that I was going to open a bank in the Hotel Savoy to cash American Bankers Association checks and others if I could for Americans while the bank holidays were on. He said, "Where are you going to get the money?" My answer was that I had made arrangements with one bank for some of my requirements to open a bank in the Hotel Savoy and that at the moment I would like 15,000 pounds from him in gold, silver and pennies. He held up his hands and said, "Is another bank going to help you out?" and I said, "Yes, in part."

"Well," he said, "I will give you the 15,000 pounds." He had it brought up to me from the vaults and I put it on the floor of a taxicab. It was so heavy that I was afraid it would go through the boards in the floor but fortunately it did not and I got it to the

Hotel Savoy without difficulty. There I arranged five tables in a semi-circle around the wall in the ballroom and put the money up against the wall. Had men from the hotel watch the money while I telephoned to Mr. Wise of the Guaranty Trust Company and told him that I had the money and that I wanted his clerks. He said, "Well, a promise is a promise and I will send five men right over." As soon as they got there we began paying Americans not to exceed \$40.00 a day for American Bankers Association Travelers' Checks.

We did not set any closing hour but paid Americans at whatever time they came in up to nearly seven o'clock, when no one else called, undoubtedly because everyone was at dinner.

Mr. Cannon of the Fourth National Bank of New York came in while we were making the payments on the Travelers' Checks and said to me, "Fred, do you consider this conservative banking?" I replied, "No, but this is not a conservative war."

After the committee was formed it was divided into several parts each with special duties to perform. For instance, one subcommittee contacted the steamship companies and arranged with them to fill their ships as they went out including steerage with Americans who were in London whose boats were not available, taking the place of those who were on the Continent and could not get to London in time for their regular sailing reservations. As a result every ship went out full which left space in later ships for others as they came in and were able to get to London from the Continent.

Because we were successful in arranging with the steamship

companies along these lines we did not require the ships for which I asked in earlier cables when requesting the shipments of gold. When I cabled for the ships it was because of information given me by the British government that in their opinion they felt that the regular ships which carried on the traffic between England and America would not be able to function. As the days went on, however, I found that enough ships were taking their place to take care of this situation and therefore later cabled to the Bankers Trust Company that the ships would not be needed. This cablegram is probably one of those censored. Before this cable was sent I got Mr. Anderson head of the Foreign Department of the London Midland City Bank to go with me to the Censor Bureau so that I could find out exactly what principles they were using in their censorship with the hope that I could avoid wording any cables in such manner that they would be held up.

Another committee had to do with the hotels and advised them of the work of the Committee in arranging for cashment of checks. The hotels were very cooperative because of such arrangements and we found no real difficulty in keeping Americans until we had a ship for them to sail home on.

The London bankers were so busy with the problems that came before them that they appointed me chairman of the London Bankers Committee having in charge payments to Americans not only in England but in the other countries in Europe.

This was fortunate as otherwise it would have been impossible to get quick replies to inquiries that came from America and also it would have slowed up the arrangements that we had to make with

other countries. This London Committee was made up of important executive officers in the principal banks in London and I called them together several days before I was appointed chairman as advised to New York in one of the cablegrams. In spite of this we succeeded in making all the arrangements which my cablegrams to New York disclosed.

The whole situation was worked out with very little delay because the London bankers after we had worked together a little were willing to accept my advice and trust me to carry out the operations agreed upon. It was a hectic period but with surprisingly little loss of time as soon as I obtained proper authority from the London Bankers Committee. The men on this committee were wonderfully fine to me and they stood up under the terrible conditions of war in an amazing way. Practically every one of them had a son or sons killed during the first days of the war as the first Englishmen mobilized included the pick of British young men. It was because of this that following the war Great Britain found itself with a great shortage of men of understanding and intelligence upon whom to depend for solving the post-war problems.

Because the London bankers wished me to act as chairman for their committee I told Mr. Porter that I felt I should not be chairman of the committee which I had organized and asked him if he knew any one there who would be willing to take it with the understanding that he was to be guided by my requests. While Mr. Porter felt that possibly it might be better for me to take both chairmanships, yet in view of my feeling about the matter he suggested Mr. Theodore Hetzler of the Fifth Avenue Bank of New York. After talking with Mr. Hetzler

I felt that we could work the situation out together satisfactorily from every point of view and he was therefore appointed chairman of the American Committee. He handled matters exceedingly well and we never had the slightest friction or difficulty. Meetings were held every morning and after the sub-committee chairmen made their reports each took over his own work and prepared for his report the following day.

We printed a daily paper giving information that tourists might desire or need having to do with the sailing of ships, money matters, etc.

Committee members and others who were willing to help sat every day in the morning in the Savoy at a long table where American tourists could ask them questions about any matters having to do with hotels, money, sailing of ships, etc.

Without realizing the full importance of doing so I required that every one who was to answer questions must have a permit. This was most fortunate because it resulted in uncovering one man who was a British procurer and who sent girls who asked him questions to a madam who was in the room. Fortunately we uncovered this almost immediately and called in a London policeman who advised us that the people concerned were bad characters and they were never again allowed in the rooms of the Hotel Savoy where the meetings were held and the police took charge of them. This was the only incident that occurred that could have been harmful to Americans who were being advised as to what they should do. This difficulty was uncovered before any American girl was misled insofar as we could ascertain.

One cockney came in every morning and approached different people who were answering questions and tried to get money and transportation and all kinds of things that he could think of that might get him a return in cash and my son whom I had made Chief Clerk of the organization heard about it and gave instructions that he should not be allowed in the room. The next morning when he tried to get in he was stopped at the door and was told that they had instructions not to allow him to enter the room. He spoke up very saucily and said, "Who gave those instructions?" My son who happened to be near and overheard the remark went up to him quietly, looked him right in the eye and said, "I did." The fellow then went out and we never saw him afterward. It was really surprising that we had so few incidents of this kind as naturally the underworld was watching for opportunities to take advantage of the conditions which had developed.

The holiday of the London banks only lasted a short time and I immediately closed the banking arrangements which I had made in the Hotel Savoy as soon as money was obtainable in the London banks. The cash that was left was turned back to the London City Midland Bank for credit to the Bankers Trust Company.

Mr. Wise of the Guaranty Trust Company would not let me pay the five men he had sent me from his organization to cash travelers checks and so I gave each of them a wrist watch. They were all almost immediately sent into the British army so Mr. Wise told me.

Without going into further detail Americans in London through the activities of the committee and also because of the opening of the bank in the Hotel Savoy had no real friction of any kind

although many of them were at very great loss of understanding as to what they should do for their own protection before they called on the committee. Those who were allowed to talk with tourists and others at the tables were given full instructions as to all of the developing conditions every morning. As the days went on fewer and fewer Americans came over from the Continent and as ships sailed under the plans which had been made there was no real accumulation of people in London because they were able to get out almost as fast as they arrived from the countries across the Channel.

Great numbers of people from all over the United States cabled me to look up their friends. Because of having arranged the card system that gave complete information about every tourist and included listing of friends whom they knew were in Continental Europe I was able to get in touch with most of those who were inquired about and knew which ones had sailed on ships that had returned to America.

The next phase of the situation had to do with the requests which I had made for gold to be sent to England. My first cable request was made on July 31 before I left Hamburg.

As the cablegrams among them, all give much of the detail concerning the handling of gold, although there were cablegrams that I sent from London that were censored and are therefore missing, I will give the story of the developments as they occurred some of which are confirmed by the cablegrams and some of which are not covered by the cablegrams.

After New York had arranged for a shipment of \$3 million in gold upon the Tennessee from Bankers and \$300 thousand in gold from the State Department I arranged with the British government for troops for protection of this shipment from the Tennessee to London. Then my son and I went to Falmouth which was the port finally selected by the British government for the Tennessee to make entry. When we arrived at Falmouth we took a small boat and went out to watch for the American ships, that is, the Tennessee and also the North Carolina which was the accompanying ship. The latter put into port first and we went aboard and I obtained all the information possible from the officers. However, they knew very little as the Tennessee had on board the American Committee mentioned in the cablegrams. We had dinner on the North Carolina before the Tennessee showed up over the horizon.

As soon as the Tennessee was anchored we went on board and I met with the American Committee. It seems that there had been some argument as to whether the gold should be taken to the Continent or landed in England because Breckenridge an Assistant Secretary of War was a pompous person who wanted to carry out his own ideas even though he had no authority to divert the gold. Harvey Gibson was a member of the American Committee and I got him aside and explained the situation and told him the gold must go to London. He agreed with me and was a help in making Breckenridge understand that he could not divert it to the Continent. As soon as the detail was worked out I left my son on the Tennessee to accompany the gold to London as I felt that I should go on the train with the American Committee and make certain that we did not have any trouble in making

the gold effective for its purpose. Had agreed with Breckenridge that it was to be sent to the Bank of England. He insisted, however, that he might wish to have the \$300,000 in gold sent by the State Department transferred to the Continent. This of course was impossible because I had borrowed the amount from the Guaranty Trust Company London and had made payments to a great number of Americans who were eligible under the regulations of the State Department.

When cable advices gave evidence that the \$300,000 in gold was certainly coming I went to Ambassador Page and told him that I felt there were some people who should receive payments without waiting for the gold to arrive because of the serious situation that they were in, and asked him whether if I could borrow \$300,000 in London he was willing to allow such payments to be made. He was a cagey person and I became very fond of him. We worked together without the slightest friction. In this case, however, he said, "Well, whom do you consider eligible to receive money from this fund?" I said, "Well, there is one woman here who came over as a secretary to an American organization. Because of the war this organization has had to stop business. This secretary has no money and the organization has none to pay her. She should be sent home in the first ship available so as not to accumulate any greater debt than can be avoided." The Ambassador just to draw me out said, "Well, I would consider her a victim of the war and not eligible for payments from this fund." I replied, "All right, Ambassador, I will not borrow the money in London because there is no purpose in doing so if it is not to be used."

He then turned to me and said, and I realized that before he was just drawing me out, "I will appoint you and Counsel General Skinner a Committee of two to pass upon every payment from this fund." We, therefore, had been making payments to Americans who satisfied us that they were entitled to them while the Tennessee was on its way over to England from the \$300,000 which I had borrowed from the Guaranty Trust Company for the purpose. This being true when the gold arrived on the Tennessee it had to go to the Bank of England to meet the debt which had been incurred. Therefore when Breckenridge suggested taking it to the Continent I had to protest violently. He said that he was going to go to the Continent immediately and that when he got there he would determine whether it should be shipped to the Continent. Therefore I saw Ambassador Page and told him not to give Breckenridge any receipt for the gold which he had demanded. The Ambassador who was a 100% person with whom I worked in full accord in every situation that came up refused to give the receipt so that the gold which was deposited in the Bank of England could not be taken out by Breckenridge. He left for the Continent very angry with both of us but as long as the gold did not go with him that did not upset me in the slightest. After he had gone Ambassador Page came over to the Hotel Savoy where the American Committee was stationed and told me that Breckenridge had left without any receipt and then laughed heartily over it because he recognized the pompousness of the man and had been glad to frustrate him. When Breckenridge came back from the Continent I refused to have the Ambassador give him a receipt until he gave instructions that released the gold so that it could be utilized to pay back the loan, and everything was in order.

The Embassy was naturally very busy as Americans were coming in from the Continent in the early days following the declaration of war in great numbers. Those who came to our committee first did not need to bother the Embassy but many others did not know about the Committee. Then the passport situation became very difficult as the Embassy did not have enough people or enough space to take care of the situation, so I arranged with the Ambassador to have his passport division placed in the Hotel Savoy and we took care of the whole problem which worked out without any friction.

The Ambassador wrote me a letter which possibly should have a place in this statement which read as follows:

SEAL

Embassy of the
United States of America

London, November 6, 1914

My dear Mr. Kent:

I told you the other day in a very brief and imperfect way how much I valued the service that you were good enough to do for this Embassy in several of its most important activities during the time of your stay in London, but I should like to put this expression of my appreciation on paper. I therefore send you this note to carry my hearty thanks, and to remind you that I did not fail to make a report of your kind activities to Washington.

I hope that you had a pleasant voyage. While I don't want any more wars or convulsions, we should all here welcome anything else that may happen if it would bring you over for another visit.

With great appreciation, I am

Sincerely yours,
(signed) Walter H. Page

Fred I. Kent, Esq.,
Bankers Trust Company
16 Wall Street,
New York, N.Y., U.S.A.

The Ambassador's letter which read as follows:

Ambassador Page was really a wonderful person to be in such a critical position at such a time because he was big enough to give power to and utilize men who were experts in some of the things that had to be carried out. For instance, Chandler Anderson one of the best international lawyers in America was in London at the time and Ambassador Page had him write all of his cablegrams that had to do with international law. Then he asked me as I had had banking experience to come to the Embassy every night after dinner and write the cablegrams that had to do with financial transactions.

One such cablegram was to Secretary Bryan. When we cabled him for authority to borrow the \$300,000 in London so that we could begin shipping Americans back at once without awaiting the Tennessee, he cabled that we could only do so if we took from every person to whom any money was paid a positive statement that he would refund the money later. As some of the funds were to be used to pay for ships to bring some Americans back from Belgium who were figuratively speaking sitting on the beach with their feet hanging over waiting for a boat to take them to England, his demand could not be carried out so I wrote him a cablegram which the Ambassador sent giving the wording that we required from him in order to make it possible to borrow the \$300,000 from a London bank.

While Bryan and I were well acquainted yet because I came from Wall Street he did not wish to have me take part in any of the situations that were developing. As Ambassador Page never notified the State Department that I wrote the cablegrams for him, Bryan was never aware of the fact that a Wall Street banker was giving him instructions and he therefore complied.

Payments from this State Department fund were not made to those having travelers checks or letters of credit but to Americans who satisfied us that they were honorable and without money and who needed to be shipped back immediately so that they would not create an indebtedness that might be beyond their power to meet later. The whole matter worked out extremely well and the Counsel General and I were able to make advances of money to many worthy Americans before the gold arrived.

After Breckenridge got back from the Continent he finally gave the Bank of England release on the gold and the loan made by the Guaranty Trust Company was settled.

There were men on the Tennessee who had been given funds by the State Department that had been deposited with it to be paid to Americans in Europe who had no travelers checks or credits. Arrangements were made by Bryan with the Marines to make these payments because as he said he did not wish to have a Wall Street banker mixed up in it. They told me about the situation and said that they had been instructed to do everything themselves. Naturally I told them that if I could help them in any way that it would be confidential and that I would be glad to do so. While Bryan and I were good friends yet his antipathy to a Wall Street banker mixing into the situation made these men feel that they could not ask me for advice. However, after I met them as they were going up the steps of a bank which I knew was unsound and told them that they should not take such chances and that I would not let Bryan know in any way that I had helped them, they decided to consult me on further proceedings.

One thing that came up was quite amusing. The Portuguese have complicated names and when Portuguese are going to the United States from Portugal the bankers would sell them drafts and then notify the American bankers on which the drafts were drawn that the maiden name of the mother of the bearer of the draft was so and so. These were very, very complicated names and when the bearer of the draft went into the New York bank to cash it and gave the mother's maiden name which had been sent to the New York bank payments were made without question.

The Marines had heard about this method of identification and therefore they told me that they were using it with the people to whom they had to make payments. That is, they would ask a party what his mother's maiden name was before they gave him money and even though they had never heard it before and didn't know whether it was the maiden name or not, they made the payments. When I explained to them how the Portuguese development was handled and that they were paying people without any identification at all because they didn't know what the mother's maiden name was, they saw that they would have to handle the payments on a different basis. So I did have some opportunities to be helpful to them and we were very friendly and they realized that under no circumstances would I let Bryan know that I had had any part in the proposition.

Later after the war Colonel Logan appointed me the only representative of the United States government on the Organization Committee of the Reparation Commission. In order to prevent Bryan from interfering I had to make all my reports on a basis that the American Delegate to the Organization Committee of the Reparation Commission makes the following report which Kent approves. This

method proved to be effective and we never had any friction.

To return to the gold shipments on the Tennessee, the \$3 million in gold sent by the American banks was delivered to the Bank of England and made available to the London City Midland Bank for use in cashing American credits.

Only the gold that belonged to the Bankers Trust Company was used solely for American Bankers travelers checks. Gold that came from other sources was used to pay any or all travelers checks as agreed upon with those who had advanced the funds in America.

This brings us to another phase of the gold situation that was interesting. When the war emergency developed sterling was hard to get and went up to over \$5.00 a pound. While I realized that this was only temporary yet I could not seem to convince others except Sir Edward Holden who agreed with me. New York City had maturing obligations in London of \$88 million and it was being worked out in New York. There were, of course, other great obligations but there seemed to be a lack of understanding that the exchange would turn eventually the other way because of the things that Britain must have from us to meet the war situation such as wheat and munitions and military equipment.

Sir Edward Holden asked me to come to his home at 10:30 every night after he had gone to bed to discuss the day's events with him so that he could keep up to date on everything. This was most fortunate and led to complete understanding between us. We both agreed that New York City would not have to pay a premium for sterling exchange if they would wait. However, this matter was apparently handled in New York by J. P. Morgan & Company and conse-

quently the Bankers Trust Company was not~~able~~ to take any part in it. But I was right about the market.

The Gold Syndicate that Mr. Strong of the Bankers Trust Company had built up in New York shipped some gold to Ottawa and the idea was that sterling requirements would be taken care of by making deposits of gold in Ottawa for credit of the Bank of England.

The Governor of the Bank of England made a rate on this first lot of gold and I called upon him and objected as he was clearly taking advantage of the situation. Told him that the position of Great Britain was such that with her positive requirements for imports from the United States that he should allow a premium for gold rather than a discount. He was adamant and refused to budge an inch. As I had to come to an agreement with him on a rate for the balance of the gold that had been collected in New York I told him that I wanted to discuss the matter with Lloyd George. Naturally I would not go to Lloyd George over his head without letting him know. He said he did not mind and I made an appointment with Lloyd George for the next day. Explained the situation to Lloyd George as I saw it, namely, that the premium on sterling was a temporary thing and that as the war developed with the demand by Great Britain for imports from the United States of many things, wheat in particular, as well as military supplies, that I did not feel warranted in accepting a discount on gold that was to be shipped to Ottawa, Canada, for credit to the Bank of England.

Lloyd George seemed to understand the matter perfectly and told me that he would have a talk with Governor Cunliffe of the Bank of England and for me to see him again the next day. This I did.

The only concession I could obtain from Cunliffe was that in case the gold had to be turned back to the United States because the exchange had turned as I claimed it would was that he might not charge us the cost of shipment from Ottawa to London. He refused to make this positive, however.

Therefore, I refused to accept any rate that he might make and decided to send a cablegram to New York telling them not to deposit any more gold in Ottawa and letting them see I felt that it would have to be turned back later in any event. This cablegram I prepared at once and sent over to the office of the censor. Told the messenger to wait around and find out if he could whether Lloyd George had sent any one for a copy of the cablegram as I felt sure that he would do so because I told him in effect what I was going to say. Sure enough, the messenger told me afterwards that when he got to the cable office a messenger from Lloyd George was waiting there for my cable.

It is a source of great regret to me that this particular cable is not among those with the Bankers Trust Company file in the Gold Syndicate Book which they gave me. Of course, it may have been censored. However, a copy was with the cablegrams and papers which I gave to the London City Midland Bank to forward~~ed~~ direct to the Bankers Trust Company although they may have been received and filed without making any note of them.

In effect my cablegram advised against sending any more gold to Ottawa because I believed that the rate was not fair and further that the exchange would turn in any event. As Lloyd George had sent for a copy of the cablegram he of course knew that I had

refused to accept the rate set up by Governor Cunliffe and had recommended that no more gold be shipped to Ottawa.

Mr. Converse's Oil Painting

Mr. Converse, president of the Bankers Trust Company, asked me to take up with Duveen & Co., London, a question about an oil painting which he had purchased of them that he claimed was a forgery. Had several meetings with Mr. Duveen and he came to the conclusion that the painting was real but he was very glad to take it back to save friction. Then a little later after things had quieted down in London somewhat, Mr. Converse wanted me to get his daughter Nettie out of Germany and back to America.

She had married a German Lieutenant and until he was killed was acting as a nurse for the German Army. After her husband's death Mr. Converse wanted his daughter with her three-year-old boy to come back to America. It proved to be quite a difficult process getting her out of Germany and into England. However, I accomplished it but we all came very near being shot in the process as the three-year-old boy talked all the time and of course in German and I was arrested twice during the development. Nevertheless I got them to London as my diplomatic passport probably saved me and turned Nettie and the baby over to Mrs. Strong, a daughter of Mr. Converse, and arranged for them to sail for America from Liverpool. The detail of this development was very complicated and interesting but has no place here.

Upon my return to England with Mrs. Romberg (Mr. Converse's daughter) and after delivering her at Liverpool with her sister, Mrs. Strong, for return to America I made a study of the situation in London as it affected Americans.

The need for the London Committee had passed as American tourists on the Continent and in England had all returned to the United States except a very few who preferred for reasons of their own to watch the war situation abroad. Therefore I closed up the committee work in the Hotel Savoy.

The members of the committee had returned to America one at a time until I was the only one left. Arranged with the Post Office Department in the Hotel Savoy to inform me of anything that might arise that needed attention, and returned to America on the SS Baltic which sailed November 4, 1914.

It might be well now to just summarize the developments which are largely confirmed by the cablegrams that passed back and forth between Mr. Strong of the Bankers Trust Company and myself during this period.

July 31, 1914 arranged with Hugo Schmidt of the Deutsche Bank Berlin and Hdrina of Directione der Discounte Gesellschaft to cash travelers checks of the American Bankers Association for tourists, and the methods under which in case of the war development that seemed inevitable they would be redeemed.

August 1, 1914 cabled Bankers Trust Company, New York, requesting shipment of gold for protection of American Bankers Association travelers checks before taking the train for Hook of Holland. Copy of this cablegram with all others later sent from London was later given to the London City Midland Bank to be forwarded to the Bankers Trust Company.

Upon my arrival in London Sunday morning I gave the newspapers notices about the meeting which I was calling in the Waldorf Hotel Monday afternoon at 4 o'clock of Americans in London.

-5-

Germany declared war on Russia while we were on the train from Hamburg to Hook of Holland and it was stopped at Bremen for several hours.

August 2 (Sunday) made all preparations for meeting of Americans to be held on Monday at 4 o'clock.

August 3. Meeting of 2,000 American tourists in London held at 4 o'clock in the Waldorf where after addressing them I formed the London Committee. Asked New York for \$5 million in gold and transports to get Americans back to the United States if conditions made it necessary as the British government believed might be true at that moment.

August 4. Opened banking office in Hotel Savoy and cashed American Bankers Association travelers checks that were presented on the basis of \$40.00 a day.

August 9. A committee of London bankers was formed and as cabled August 9 I was elected chairman of that committee the purpose of which was to take care of the credits held by American tourists.

August 11. Opened money exchange office to take care of discount on dollars by exchanging for sterling for Americans sailing.

On approval of the London Committee arranged with Rueff of the Swiss Bankverein to deposit 20,000 pounds in gold with the Bank of England for credit of the Swiss National Bank which under Swiss law could issue currency for such deposits that Rueff agreed would be used solely to pay American traveling credits of all kinds.

There was a great lack of currency in Switzerland on account of hoarding because of the war.

The arrangement with the Swiss bank worked extremely well

and met requirements of our tourists in Switzerland. Also arranged for credits in Italy and Spain and started developments which took care of the Scandinavian situation.

August 16. Met Cruiser Tennessee at Falmouth.

August 18. Tennessee gold in Bank of England.

During August 18 to 25 made arrangements for Lloyd's Bank, London City Midland, Swiss Bankverein and others to open accounts with Bankers Trust Company, New York. Before and during this time found that the committee arrangement with the steamship companies to fill their ships as they sailed with those who were in London even if they had accommodations on later sailing ships, solved the whole shipping problem so that it was not necessary to send transports from the United States as was first suggested to me by the British government. This whole matter, therefore, righted itself without any special ships.

August 9 was appointed President of the Committee of the United States Red Cross in England and arranged for a ship to go to Belgium to bring stranded Americans to England.

During the whole of this period Americans all over Europe with few exceptions were being able to cash their American Bankers Association travelers checks and in London they never had any trouble at all because of the opening of the pay office by Bankers Trust Company in the Hotel Savoy.

After my return to America on November 4, 1914 I heard of no case of an American having tried to apply to the London Committee after the office was closed and I had sailed for home.

Enclose herewith copies of a few documents the originals

of which I hold that I thought might be helpful in understanding the situation.

Mr. and Mrs. North Duane came over to London from Paris where they were when the war broke out. Had Mr. Duane attend the meetings of the American Committee of which Mr. Hetzler was Chairman and he was most helpful.

Every night about 6:30 or 7:00 Mr. and Mrs. Duane called for me at the Hotel Savoy and we walked together in the black-out which prevailed in London to some restaurant half to three-quarters of a mile from the Savoy in order to get a little change. Then on Sundays when it was possible Mr. and Mrs. Duane with their car took me to different golf clubs for a round of golf and luncheon and although he was not originally a right hand driver, we successfully dodged everything on the road and Mr. and Mrs. Duane were able to leave for New York as shown in the cablegrams.

Embassy of the
United States of America

SEAL

"I, the undersigned Ambassador of the United States of America at Paris, by these presents hereby request all whom it may concern to permit to pass safely and freely,

MR. FRED I. KENT

A Citizen of the United States, President of the Committee of the United States Red Cross in England, who is accompanied by Madame Antoinette von Romberg with her maid and her son aged three, and by Monsieur Leandro Mare (Italian) courier, Mr. Fred I. Kent leaves Paris on the date indicated below for the purpose of presenting himself at the United States Embassy in London, with the official dispatches of this Embassy.

"It is understood that this passport is valid for this single voyage and should be delivered, at the same time as the dispatches in question, to the Ambassador of the United States in London.

"Given under my hand and the Seal of the Embassy of the United States at Paris the twenty-third day of October in the year 1914 (23rd October 1914)

SEAL

(signed) MYRON T. HERRICK

Signature:- Ambassador of the United States of America

C O P Y C O P Y
NEW YORK BANKERS' FUND LONDON COMMITTEE

Basildon House
Moorgate Street,
London, E.C.

COPY of a RESOLUTION passed at a Meeting of the Committee held on 22nd December, 1914

CHAIRMAN:

Before bringing their work to a definite close, the Committee desire to place upon record their appreciation of the valuable services rendered by Mr. Fred I. Kent. The time and energy devoted by Mr. Kent to the affairs of the Committee were invaluable in enabling them successfully to carry out the work for which the London Committee was formed.

Certified a true copy.
(signed)

A. W. R. Lovering
Secretary

LONDON RESOLUTION

ON THE MOTION of Mr. James G. Cannon, Seconded by Mr. Theodore Hetzler, it was unanimously

R E S O L V E D

That the American Citizens Committee desire to record their deep appreciation of the work done for this Committee as well as for Americans stranded abroad by

M R . F R E D E R I C K I . K E N T

Vice President of the Bankers Trust Company of New York City.

Mr. Kent was one of the first to realize the deep distress of all Americans holding Letters of Credit and money orders who were unable to procure cash upon the same and it was due to him more than anyone else that the stream of gold was started from America to relieve the strain of its citizens over here.

Mr. Kent by his untiring efforts has relieved the distress of thousands of his fellow citizens and will long be remembered for his kindly spirit in doing the work and the great wisdom displayed by him in the trying situation.

R E S O L V E D

That a copy of this Resolution be shown upon the Minutes and an engrossed copy sent to Mr. Kent.

Director of the Division of Foreign
Exchange of the Federal Reserve Board

Benjamin Strong left the Bankers Trust Company and was made President of the Federal Reserve Bank in New York when conditions were developing that finally led to World War I. In 1917 Mr. Strong felt that the international exchanges should be controlled by the United States government and that it was the duty of the Federal Reserve System to take charge of the operation. He therefore had me appointed Deputy Governor of the Federal Reserve Bank in New York with instructions to make a study of the foreign exchange situation.

It was then that Secretary of the Treasury McAdoo asked me to go to Washington to talk with him about the international exchange control. Secretary McAdoo asked me if I would be willing to take charge of the situation and develop a system to meet the needs of the country in this respect. In giving him my consent, however, I told the Secretary that the intricacies of the international exchange were such that if they were handled politically it might cause endless confusion and on that account that I would not be willing to accept the position if any politicians could give me instructions.

Secretary McAdoo said under such circumstances he could not appoint me and I came back to New York. About two weeks later the Secretary sent for me and told me that he had not been able to find anyone else who seemed able to develop a system to control foreign exchanges and he would have to take me with the understanding that no politicians could give me instructions. Then I said to him, "Of course, if politicians approach me I will treat them courteously and will listen to what they have to say but when they have gone I

will handle the foreign exchanges entirely without reference to what they may have said unless they had valuable suggestions to make." The Secretary felt that this would solve the problem and Benjamin Strong was advised that his recommendation that I handle this situation had been accepted.

Mr. Strong felt that the Department should be under the Federal Reserve System and therefore recommended that my title be Director of the Division of Foreign Exchange of the Federal Reserve Board, and I was relieved of the position of Deputy Governor of the Federal Reserve Bank in New York to assume this other position.

There was no system of any kind in existence having to do with control of the international exchanges and I returned to my home in New York, called in my secretary and dictated the complete system even to the last detail of the forms that should be used in carrying it on. Also dictated a form of executive order for President Wilson to sign creating the department.

This proposed executive order was then discussed with Governor Harding and Paul Warburg of the Federal Reserve Board and also with Albert Strauss who was financial advisor to the Treasury. Practically no changes were made in the original draft and President Wilson signed the order creating the position and I was given the title of Director of the Division of Foreign Exchange of the Federal Reserve Board.

While it was understood that I would meet with the Board and the system should be carried on within the Board's organization

yet that I was not subject to the direction of any member of the Board because of my arrangement with Secretary McAdoo that I must have a free hand due to the complications in international business.

It seemed to me that safety required that everyone in the United States doing a foreign exchange business should have to take out a license and this arrangement was made as a part of the system. Everyone receiving a license had a separate number and this number had to be used by every licensee in all of his foreign correspondence, mail and cable, and identified him as having the authority to carry on foreign exchange transactions.

Under the system which I drew up every licensee had to make a report to the Division by Monday morning of every week giving his exact financial position with every country of the world as of the close of business the previous Wednesday.

Then I built up a staff whose number proved to be 99 which included in most part girls with typing machines who assembled the figures which came in from all over the United States on each Monday morning. The totals were divided in such manner that I could tell the character of transactions carried on by each licensee and the balance which he owed or had coming to him from every separate country in the world.

The result was that when I had these figures this was a moving picture brought forward in a simple form of statement so that I knew the exact position of the foreign exchange situation of the United States with every country of the world from week to week. This gave me an amazingly clear picture of the going foreign exchange movements and made it possible to carry out such controls as were

necessary for the protection of the United States.

There were two particular things that had to be accomplished. One was to make certain that the interests of those in the foreign exchange business in our country were protected in every way possible that would not favor Germany with whom we were at war. The other purpose was to prevent Germany from being able to utilize the funds which it had or could accumulate in every country of the world by having such funds transferred to countries where Germany had obligations or could use them in other ways.

To accomplish this the censorship of all foreign transactions was placed in my hands and I had a small department that brought together information which was given to me by the War Department, the War Trade Board, the Treasury Department, the State Department and other phases of the Federal Government where information passed through that would be of value in assessing what should be done to accomplish either one of the two purposes mentioned. German trading houses all over the world had cover names, one house I remember had 29 such names, and any transaction made under any one of these 29 names covered operations of this particular German organization.

The Research Department brought together and classified all such information. When a bank or foreign exchange house requested information as to whether they could carry out some transaction it was first referred to the Research Department, the information was written on the statement and it was referred to me for an answer. Under the system the banks would send an application for permission to carry out a transaction in duplicate and the permission or refusal was returned

to them on the duplicate form so that no time was lost.

I had an office in the Treasury Building in Washington and one in New York City and spent half my time in each, commuting back and forth from Washington once a week.

Applications of the banks for permission to carry on transactions were also made by telephone when I was not in the place of the application and speed was necessary. In great numbers of foreign transactions rates made were only good for a very short time, sometimes even five minutes and it was therefore important that answers be given immediately as to whether transactions could be carried out. Such conditions made it necessary for me to give all of my time during the day to the carrying out of executive orders so that in order to check up my work and bring things together so that there could be complete understanding I worked in my office at the Treasury Department in Washington until three o'clock every night and was up again at 7 o'clock in the morning and the same thing was true the days I was in New York except that Saturdays and Sundays I did not have to carry out this routine.

Of course, there were a tremendous number of different kinds of operations but one situation which I had to watch very carefully and where I was obliged to prohibit many transfers, that should serve to clarify the general situation, was along the following lines. Will take one positive transactions of which many similar ones arose. As an example, for instance, a German would go into a bank in Sweden and ask the Swedish bank if it received a cablegram from some American bank that the Bank of the Nation in Buenos Aires had instructed this American bank to credit to the account of the

Swedish bank, say one million dollars, if the Swedish bank would transfer this credit to a German bank on its books. Swedish banks were then told for instance that the Banco Aleman Trans-Atlantico, a German subsidiary of the Deutsch Bank of Berlin would collect funds from German sources in South America, deposit them with the Bank of the Nation and request the Bank of the Nation to advise an American bank to credit a Swedish bank with say a million dollars without stating where it had come from or to whom it was to go. When the Swedish bank was willing to carry out such transactions mere advice from an American Bank that it was crediting the account of the Swedish bank at the request of the Argentina bank was sufficient to enable the German customer of the Swedish bank to get the money. Such transactions had to be watched and prevented and great numbers of them were not allowed to go through.

It was because of the prevention of such transfers from all over the world that the head of the French High Commission said to me the day we had notice the war had stopped, in the Treasury Department in Washington before the Assistant Secretary of the Treasury: "We feel in France that you have saved the lives of 500,000 men because you have prevented funds reaching Germany from all parts of the world so that they could not carry on the war for the full time that they otherwise could have done."

Having the balance of the United States for or against a country with every other country of the world gave a clear understanding as transactions came up as to whether they might be harmful from the standpoint of the foreign exchange economy.

It was found for instance that when sterling became a drug on the market at one time that many countries were absorbing sterling to an extent that helped to relieve the situation.

Knowing that the Germans would naturally and properly from their standpoint resent the work which I was carrying on because of the harm to Germany that could come from it, I made arrangements with the switchboard that if I called up and began talking about a certain transaction it meant that a policeman should be sent to my room immediately. One day a German did come in for me with a gun but I was fortunate enough to be quicker than he. As a result Governor Harding of the Federal Reserve Board had an iron gate put on the entrance to my office in New York and had a watchman there throughout the period. Other means of protection in the Treasury Department made my office there safe from the necessity for any such development.

During the period it proved necessary to intern quite a number of Germans for various reasons having to do with their trying to break the regulations.

During the two years a number of special incidents came up, some of which were of very great interest.

Indian Rupee

One day Lord Reading when he was at the British Embassy in Washington telephoned me and asked me if I could come over to see him. This I did and he introduced me to a man from India who had the full story of what the Germans were trying to do in India to break the value of the rupee. Lord Reading felt that if they succeeded, it would be a real catastrophe and we went over the whole situation to

see what could be done to prevent the breakdown of the rupee. The gentleman from India had books with him that made it possible for him to give me the full detail of the silver situation in India.

He told me of the methods Germany was pursuing to try and break the people's confidence in the rupee. One story had to do with a German woman who went into one of the big department stores to make a purchase. The things she bought came to $2\frac{1}{2}$ rupees and she gave the clerk a 50 rupee note. Then without waiting for her change she started for the door. The clerk called to her and told her that she had not received her change. She apparently didn't hear and the clerk called louder and then called the floor walker. The floor walker called to the German woman that she had not received her change. When a crowd got around she said to the floor walker, "What was the cost of my purchase?" and he said, "Two and one half rupees." She said, "What did I give you?" He said, "50 rupees." "Well," she said, "never mind, I do not care for the change. The rupee won't be worth anything in a few days."

As she had succeeded in getting quite a crowd around her before she gave out this information, naturally there were some people who were affected by it.

The Indian government only had two redemption agencies and the British opened up 300 more immediately without having the silver to take care of any of them. This was interesting in showing how the British met emergencies.

This matter was worked out through obtaining from the Treasury Department silver dollars that had been coined and were

being held and shipping them to India. My recollection is that the amount of this first shipment was valued at \$100,000. Then the Treasury Department authorized me to allocate the silver production of Mexico, Canada and United States with the idea of letting India have all that could be made available to her.

In order to make such silver production as there was serve world purposes I had to study the requirements in many countries in order to determine what amounts they should be allowed. It was necessary, of course, not to throw men out of work in countries where it might re-act upon the allies. Therefore, I gave some silver to Portugal where they used it to make filigree silver. Again I allowed some silver to go to Switzerland to make Swiss watches and 300,000 ounces of silver I gave to France every week as it was required to manufacture surgical instruments and things of that nature.

There was, of course, no law making it possible for me to demand the silver from producers so that I had to take it up with them individually to show them the necessity from the standpoint of the interest of the United States to get their agreement to handle the silver under my instructions. This worked perfectly except in the case of one producer who was a pretty clever person and realized I had no authority. He said, "Suppose I refuse to handle this silver the way you request, what will you do then?" I said, "The best way for you to find out is to refuse and then I will show you." He said, "All right, all right, never mind, I will carry out your instructions."

Spanish Pesetas

We had difficulty in getting Spanish Pesetas necessary to purchase allied requirements in Spain and this problem was thrown upon my shoulders and was worked out satisfactorily.

Attempts to Break the Regulations

Certain Germans who did business with Knauth Machod & Kuhne made deposits with this firm for cable transfers to Sweden. When the first of these cablegrams came to me for censorship I noticed that they were transferring by cable to a series of persons kronen whose value came to only a few dollars. The cablegrams were long and there were sometimes maybe 15 or 20 transfers in each. It seemed to me that paying cable charges for sending two or three dollars more or less in kronen to individuals in Sweden was a funny operation that clearly partook of some code method. The names of the persons plus the amount of the kronen carrying special code information, therefore, I censored all of these cablegrams and later found out I was right in my judgment as to their intention.

Again one day a cable transfer that seemed harmless had two words "Father dead" at the end of the cablegram. Thinking that this might be a code but that I was not justified in changing father's address I made the word "dead" "deceased" and sure enough a few days later a cablegram came back from Denmark I believe it was saying "Is father dead or deceased" and we interned the fellows responsible.

As can well be imagined there were many other interesting situations of this character which were constantly arising.

Many German Americans called upon me at different times to try to have transactions put through that had all the appearances of being normal but that in many cases I found were for war purposes.

Personality

When I accepted this position I studied the conditions very carefully and decided that the Germans naturally would try to abuse me personally in any and every way they could in order to break the effectiveness of regulations. Further, that many cases would come up where I might be criticized personally with the hope that it would break my power in some manner. Therefore, I came to a complete understanding with myself that I would in effect represent two entirely different personalities, one myself and the other the officer of government that I filled and that I would never allow anything that came up in connection with the second situation to be reflected in the first.

This proved of the utmost value and saved a tremendous amount of friction and heart burning. One case that showed this clearly was the following: An importer was in cahoots with a United States Senator trying to break the regulation in order that they might make some money together. Through the censorship I was aware of the whole situation. One day I received a cablegram for censorship when President Wilson was in Paris intended for him and sent by an American importer. It was two or three pages long and stated in effect that the importers of the United States were extremely angry with me and realized that I was working against their interests and other similar unpleasant statements.

Immediately the question came into my mind as to whether I should censor this cable or allow it to go through. My determination was based upon the following consideration: If such a cablegram was about the officer who could censor it, it should go through but if it was about any other officer of government it should not be allowed to go through. On that account I passed this cablegram. This resulted in the situation being put up to Carter Glass who was then Secretary of the Treasury who took it up with President Wilson and I was protected from criticism of any kind. It was also most effective because it showed that I had not feared to allow a cable gram criticizing me personally to go through. As a matter of fact I was helped tremendously because of this character of consideration of matters that came before me.

Experience with a Politician

One day Governor Harding told me that a Democratic politician of very great power was in Washington after my scalp and you could hear his feet rumbling all around the place. He told me that this politician would call upon me at my office in the Treasury Department some time that morning. I immediately looked up his connections and found that he was a director of a bank in a large city. Then I recalled that a few days earlier the head of the foreign department of this bank had called on me to ask for permission to put through a number of transactions that were against regulations, in order to make some profits. Had refused to give him the authority to do so and he went away very angry saying that he would see that I paid for it. This, of course, I realized he had taken up with the director who was in Washington to see me and get me fired. That was

all the information that I needed. I turned my chair part way from my desk so that I could see the door which went from my office to the corridor in the Treasury Department and the second I saw this man come toward my door I jumped up and ran to him and grabbed him talking as fast as I could^{and}/said in effect, "It is certainly most fortunate that you came in because if you had not done so you might have been criticized as wanting to help the Germans just so that your banking institution could make a little extra money and this of course would be a terrible thing for you." He was the kind of character that I realized if he started talking first I would not be able to get a word in edgewise. But this statement shocked him so that he said, "Tell me all about it," so I had him sit down at my desk and explained to him about his foreign exchange man having tried to get me to approve certain transactions which were against the regulations in order that he could make money and I had to refuse him. "He probably is trying to get you to put yourself in a false position just so that he can make this money." What this politician said then as to what he would do to this foreign exchange man is unprintable but he became most friendly to me immediately, thinking that I had put myself out to protect him which of course was true although it was our country that I was trying to protect.

One day when I was in my New York office Governor Harding called me up and said an importer had just filed a letter with us saying that "you were crooked and handling the exchanges for yourself" and that the importers in the country were unanimously opposed to me, and asked me what I wanted him to do. Requested him to ask this importer to go before the Federal Reserve Board and make his charges

before me on one of the days when I was in Washington. Governor Harding agreed to this but called me up later and said that when he put it up to the importer he had changed his mind and said that maybe he had been mistaken but from the censorship I knew exactly what he was trying to do.

One interesting method the Germans tried to carry on showed up in the trip of a Mexican to New York City. He was trying to make arrangements with banks to have money transferred from New York to points where the Germans would have access to it that was raised in Mexico City. He had a habit of writing his wife every night and in some manner the censorship happened to get these letters into my hands promptly. He explained how he was fooling me in making arrangements for separate amounts for different institutions and he was expecting to be able to handle quite a sum. From what I could learn none of the money was in New York at the time so I let him go on fooling me until the money reached New York and then I took over.

The Crooked Senator

One day an important Senator came to me with a letter from President Wilson with whom he always kept in close contact. This letter said in effect that President Wilson felt that the Senator was very anxious to help the foreign control in the Senate in every way that he could and asked me to explain the whole system to him. From the censorship I knew that this Senator was in cahoots with an importer who was trying to break the regulations to make money so I asked my secretary to leave the room and said to the Senator, again in effect, "Now, Senator, you and I are here in Washington for the

duration of the war each with his own duties to perform. It doesn't seem to me that we should have any friction between us of any kind whatsoever. Now, referring to this letter of President Wilson, we have a common ground on which to solve the problem. You know you are a crook and I know you are a crook. Now, do you wish to have me show you how this department is fun?" He was very quiet and said, "No, never mind." And that was the end of that trouble.

One German called upon me one day whose transactions I had been watching carefully through the censorship. There was nothing in them that I could find that appeared to be against the interest of the country and yet I was suspicious of the whole situation. There was not a thing, however, that gave me the least excuse for calling him in and asking him the purpose of his operations which I held up.

When he called he said that he thought I would be interested in what he was doing and so came in to tell me exactly in order that I could see that it was in the interest of our country, he assuming that because he was a German-American I would think that the American interest predominated. So I let him explain his transactions and they were all in accord with the cablegrams and letters which I had seen and there was nothing in them that seemed to be against the interest of the country in any respect. On the other hand I had a feeling there was something wrong with them and I decided to take a long chance to find out while he was there so I said to him, in effect, "It was very courteous of you to come in here and explain to me all these transactions that you have been carrying on," and then I turned to him sharply, and said, "Now, tell me what you have been doing that you have not disclosed." He was terribly shocked and sort of

stuttering said, "I did not know that you had any idea what I was doing," and I said, "Now tell me all about it. You should have known that I was aware of what you were trying to accomplish." After he finished I had him interned.

Naturally in the two years that I filled this position many things of this character developed and on the part of some men because they wished to make money by being able to break the regulations and others who wished to favor Germany and break the regulations for that purpose.

One day Paul Warburg who was vice chairman of the Federal Reserve Board came to me terribly excited and extremely angry. He said, "Have you seen Parker Willis' new book?" and I said, "No, I haven't any time to read books of that character." "Well," he said, "he claims in that book that he developed the whole foreign exchange control when you know and I know he had nothing to do with it and didn't even know what it was all about at first."

Knowing Parker Willis this did not surprise me although he was Secretary of the Board, because I had seen many things that prevented me from having any confidence in him before, but I never looked up the book and have no idea exactly what he said. But Mr. Warburg was outraged.

As a matter of fact Parker Willis tried his best to make it difficult for me to carry on my work because I never referred anything to him of any character whatsoever. Later, after I retired Albert Strauss told me that the Board had asked Willis to write up the Foreign Exchange control but I never saw his report. Albert did say,

however, that the Board should not have done it as Parker Willis was too far from knowing the proposition to write it up intelligently.

Harry Dexter White

The American Bankers Association put me on a special committee of bankers to go to the Treasury Department of the United States and discuss with them questions having to do with the monetary fund. Harry Dexter White was Assistant Secretary of the Treasury at the time and he was the one we had to see. In the course of the inquiries it developed that I was opposed to the monetary fund in certain particulars as I made statements to that effect representing the American Bankers. Randolph Burgess was also a member of the committee and Mr. Linn Heminway of St. Louis. We were called to Washington several times.

After one meeting the Treasury gave us a luncheon. One young man who was connected with the Treasury Department and sat on my right at this luncheon said to me, in effect, "Mr. Kent, I have known all about you for a long time and I am going to tell you something confidentially." He said, "Secretary White is having an investigation made of everything which you did when you were Director of the Foreign Exchange of the Federal Reserve Board during World War I. He hopes to find something that will discredit you and will therefore kill your testimony before him regarding the monetary fund."

This, of course, interested me very much and I realized that when I had had to render decisions all day long for nearly two years that it might be very simple to find something that I had said or done that might be subject to criticism when considered at long range

and I was therefore quite anxious as to what the outcome might be. Fortunately, White found nothing that he could use against me and therefore nothing came of the investigation.

Later White asked me to arrange a meeting of foreign exchange men in New York at a dinner where he could speak afterwards. This I did with the understanding that if I took exception to what he said I would frankly say so after he finished. The knowledge that I was going to do this undoubtedly kept him within bounds because his statements did not have within them the venom and dynamite that I expected. In the American Bankers Association Committee we all realized that he was untrustworthy but we did not know of his communist connections.

Baron d'Neuflizes

(1917) Baron Jacques d'Neuflizes who represented the French Treasury in Washington during World War I was obliged to settle with the American Treasury for francs which had been paid by France for the United States in France in carrying out requirements of the United States in preparation for the American entry into World War I. These payments covered altogether over \$500,000 over a period of a number of months and many payments were made at different times on different days by the French. In the meantime the French franc was fluctuating up and down very rapidly even during periods of a half hour or an hour as well as on different days. The French representative and the American Treasury could not agree as to the amount owed to France because of these rapid fluctuations. The French representative, Baron d'Neuflizes, thereupon advised the American Treasury that it would be agreeable to France to have me act as arbiter to decide the amount

that must be paid to the French government if the American Treasury was satisfied to accept my figures as well. The American Treasury agreed and I worked out the bill in detail and my figures were given to and accepted by both governments and the bill was paid to the French government by the American government.

Lira

In 1917 or 1918 while I was Director of the Division of Foreign Exchange of the Federal Reserve Board Lord Reading cabled from Italy to the Secretary of the Treasury about the serious condition which existed in Italy because of the fall in value of the Italian lira. Since the war opened it had been going down and down and when Lord Reading took it up with our government the quotation was 9.15 to the dollar whereas the par of the lira was 19.3.

As a result the Italian government was unable to purchase drachmas to pay soldiers in Greece, it was unable to purchase Spanish pesetas to buy copper in Spain, it was unable to obtain foreign exchanges necessary to import raw materials for manufacture of munitions in South America and other countries. Lord Reading said that the Italian people realized that the munition factories would not be able to run but a short time and Italy would then have to drop out of the war. He felt that something must be done immediately to re-establish the lira.

Our Treasury Department asked me what could be done about the matter. As the censorship which I controlled in so far as it had to do with foreign exchanges made it possible for me to see that a tremendous number of Italians who had been in the habit of remitting to relatives and friends in Italy had gone short on Italian exchange because of its growing weakness, I realized that we had a power there

that could be utilized to restore the lira in so far as seemed advisable.

Advised our treasury that if I could be guaranteed \$10 million a month in order to carry on operations I felt certain that I would not need to use any of it. Explained that I would like to have the head of the Bank of Italy, Mr. Gidony, come to America and head the Italian division of the Foreign Exchange Department so that I could have him as an Italian deal with the Italians direct in order to give them confidence in the Italian government but all under my secret personal instructions.

This arrangement was made and Mr. Gidony came to America. Every morning I told him what rate he could sell lira to Italians who had gone short and gave him a comparatively small figure for the total that he could sell that day at the price made. Each morning I raised the rate until I had brought it up from 9.15 lira to the dollar to 6.35 to the dollar. By the time the rate had reached 6.35 to the dollar we had sold over 400 million lira and had not had to buy any. When it became evident that the lira was going up I made a few bluff efforts to purchase lira by cable but was unable to buy any as I hoped and expected at the rates made. The result was that not a dollar of the \$10 million a month that had been guaranteed to me was ever used.

When the price reached 6.35 lira to the dollar I felt that we should not raise it any higher because it might be impossible to maintain it and therefore we stopped at that point.

As the situation developed I was able to obtain drachmas

for the Italian government to pay its soldiers in Greece, to obtain pesetas from the Spanish, etc. and Italy did not have to drop out of the war as Lord Reading feared.

One interesting incident in this connection was brought to my attention after the rise in the lira had made some progress. A number of Italians and Americans were in a railway station in Italy. Nitti, the Prime Minister of Italy was at one end of the room with the Italians and the Americans who were in Italy looking after the interests of the United States were at the other end of the room. Nitti made a speech to the Italians expressing great satisfaction over the rise in the price and the value of the lira whereas at the other end of the room the American representatives were deploring the rise because it meant they received less lira for their dollars when they exchanged their salaries or wages in dollars for the lira which they needed to pay their bills in Italy.

Naturally the rise in the value of the lira had the opposite effect on the Italians and the Americans under the circumstances.

This was a very interesting operation and it worked very smoothly. Of course, it cost Italy something as I had to have Mr. Gidony sell a few lira daily at a price that was not going to prevail the next day but it worked out to the advantage of the Italian situation in the war.

Paris Branch of the Bankers Trust Company

After my release from Government by Carter Glass, Secretary of the Treasury, in July, 1919, Mr. Prosser wanted me to go to Paris and open a Paris office for the Bankers Trust Company. Instead of taking a vacation as planned I therefore went to Paris, studied the situation and arranged to buy the Hotel Bristol for a Paris office, rebuild it and open it up for American tourists.

The International Chamber of Commerce met in Paris in 1921 and our branch office was open. The French government at the time was very particular about passports and the Americans who attended the International Chamber meeting were told from the platform at one meeting that their passports would have to be given up to an agent of the French government and viséed. Instead of allowing the visés to be stamped by government agents when presented by American tourists they were to be taken from them and returned in a week or two weeks or such time as it happened to take. It seemed to me that this was the wrong way to handle the matter and I went to an officer of the French government to whom I was able to get an introduction and arranged to have Americans leave their passports at the Bankers Trust Company office. We then arranged to have the visés placed upon them and returned them to the owners. As a result I was able to have it announced on the platform at the International Chamber meeting that all Americans who had to have their passports viséed could do so by leaving them at the Paris branch of the Bankers Trust Company which would obtain the visés from the French government and return them to the tourists. This gave a wonderful advertisement for the branch and American

tourists in great numbers came in immediately not only to have their passports taken care of but also to obtain cash for letters of credit and travelers checks. Other American banks had branches in Paris such as the National City Bank and the Guaranty Trust/Company but they could not arrange for this service.

Before the Paris branch opened we arranged a new system for the cashment of credits which took far less time than that which had prevailed. The day before the bank opened we had our clerks come into the bank and gave them a training period in the new system which proved most satisfactory.

When the bank opened we had a very satisfactory share of the American tourist business almost from the start.

The bank remained open until World War II developed conditions that led the directors to feel that the complicated risks that were developing warranted closing the office.

Organization Committee of the Reparation Commission

In 1919 a committee was named to organize the Reparation Commission. It was made up of delegates from Great Britain, France, Belgium, Italy and the United States. Colonel Logan had the authority of appointment for the United States representative and I was selected. Sir John Bradbury represented Great Britain and Colonel Theunis, Prime Minister of Belgium, was made Chairman of the committee.

At that time it was expected the United States would go into the League of Nations and therefore everyone on the committee wished to favor the American delegate.

At the first meeting it was clearly evident that there was such a division of opinion in certain ways that I invited the British delegation to my apartment on Rue Francais Premier for luncheon the next day. Mr. Henry Davidson had allowed me to take his valet when he was through with him who was an extremely able person. He provided a cook and a maid of high class and as a result we were able to give the British a wonderfully fine luncheon.

We discussed the whole question of organizing the Reparation Commission and came to a positive agreement between us as to how it should be done.

Our point of view differed somewhat from that which had been taken by the French representatives at the meeting and therefore I invited that delegation to luncheon the next day. After a long discussion following the luncheon they finally agreed to the position taken by the British and myself the day before. Then the following day and the day after I had the Belgian and Italian delegations to luncheon and in both cases after discussion our final agreement was along the lines of the first discussion with the British.

Then later came the meeting of the whole committee and to the apparent surprise of everyone we were in full accord and the plan for the organization of the Reparations Commission was agreed upon and the Commission was immediately organized. They asked me to act on the Finance Committee of the Commission which I did with the understanding that when it was necessary for me to return to New York in connection with my work with the Bankers Trust Company that I would resign. This was satisfactory to the appointed officers including Assistant Secretary of the Treasury Albert Rathbone with whom I

worked very closely. While in Paris I attended the meetings of the Reparations Commission and then when the time came for me to return to New York I resigned.

International Chamber of Commerce

In writing about the opening of the Paris office of the Bankers Trust Company I referred to the International Chamber of Commerce which had just been organized. As a member of this Chamber and as a member of the Executive Committee in the International Chamber of Commerce for the United States I worked very hard for this organization and attended their biennial meetings which were held in different cities and countries of Europe with the exception of one meeting in Washington which I also attended. Had been asked to make an address at the organization meeting in 1921 in Paris and also at the meeting in 1923 in Rome and in Copenhagen in 1939.

At the meeting in Rome I was appointed Chairman of the Economic Restoration Committee and was later re-appointed so that altogether I served in this capacity for four years representing the Bankers Trust Company and the United States branch of the International Chamber.

The address which I made at the Rome meeting attracted both Mussolini and Pope Pius X and they each asked me to call upon them and discuss the statements which I had made.

My first call was upon Mussolini with whom I had a most interesting meeting. He asked me in particular about Gompers of the American Federation of Labor and what he was doing in the United States.

The appointment with Pope Pius X was made for Palm Sunday and I had to be at the Cardinal's Room and meet Cardinal Gaspari at

nine o'clock. When I presented myself at the proper time he wished me to sign a paper before going in to the Pope. As it was in a language which I could not make out clearly even though I had studied French, German and Spanish, I told the Cardinal that I did not like to sign it as a matter of principle. He insisted as he said that it was a courtesy matter only to meet tradition as carried on in connection with meetings with the Pope. However, as chairman of the Committee on Economic Restoration I would be required to call upon the Prime Ministers of many countries of Europe to discuss the situations left by the treaty of peace, and I felt that I was not justified in signing a document I could not read. After considerable delay the Cardinal told me that the Pope was waiting for me and that it was really very discourteous to hold him up. Then I agreed to sign the paper if they would give it back to me if for any reason after I received the translation I found that I was not warranted in signing it. This the Cardinal finally agreed to. Then I went in to see the Pope.

He had been two years in Oxford and spoke English extremely well. He was a very fine person and was extremely courteous to me and I enjoyed meeting him very, very much.

At first I excused myself for having delayed him and told him why. That is, that I had been asked to sign something that I could not read and I did not feel justified in doing so as a matter of principle. However, that in order to save delaying him further I had signed the paper with the understanding that I was to have it back if after it was translated it seemed to me that it was something that because of my connection with the International Chamber of Commerce I should not have signed. The Pope was extremely nice and said

that he would have a translation made immediately and send it to my hotel and if I did not believe that I was justified in signing it, they would give the paper back to me. Then we had quite a conversation about conditions in Europe and about my point of view as Chairman of the Economic Restoration Committee. I felt highly honored to have had such an opportunity. He fully approved my address.

Upon returning to the hotel I found the translation of the paper I had signed and much to my regret was obliged to go back to Cardinal Gaspari the next day and ask to have it cancelled. It seems that Gaspari was Secretary of State which was a political and not a church office and he had thought that as I had to call upon the heads of various governments it would be of value if I could represent the Catholic church as well as the International Chamber of Commerce. This I did not feel warranted in doing and I checked it with the British representative to the Chamber and he agreed with me. It was therefore necessary for me to return to the Vatican and have the paper cancelled, which I did the following day. However, my relations with the Catholic Church were not affected by this episode as undoubtedly the Pope realized as I did that his political representative had gone a little far in asking me as Chairman of the International Chamber Restoration Committee to introduce myself also as representing the Catholic Church.

The next day Hugo Stinnes who was in Rome asked to see me and I went up to his room after dinner. Our conference lasted all night until breakfast time. He told me the difficulty they were having in Germany because the French were in the Ruhr and asked me if I would as chairman of the Economic Restoration Committee see Poincare and

carry to him a statement from Mr. Stinnes and certain other Germans who were then in Rome. After the discussion I agreed with Mr. Stinnes to wait in Rome until certain men from Germany, one big industrialist from the Ruhr, and the foreign minister, a member of the cabinet, came over to Rome for the purpose of discussing this situation. After two or three conferences in the Grand Hotel in Rome Mr. Stinnes felt that the newspaper reporters were getting curious and that we had better separate for a week and then return and go on with the discussions which were about a paper that the Germans wished to draw up that they wanted me to present to Poincare. During the week's recess I went down to Naples and upon my return found that the Germans were ready to go on with their conferences. Before we started I told them that the statement which they wished me to present I did not care to have anything to do with as they did not agree to anything that I felt would interest Poincare in any way.

When I pointed out this situation and told them some of the things which they had left out that I felt must go in they re-wrote the document. When it was in such shape that I felt I would be warranted in taking it to Poincare I agreed to do so and left for Paris.

Upon my arrival in Paris I made an appointment with Poincare whom I knew very well because of having met him in connection with the Reparation Commission in 1919 and 1920.

After telling him about the meeting with Hugo Stinnes and the other Germans in Rome I showed him the document which they had prepared, and told him that in case he wished it I would be very glad to go to Berlin and see the Prime Minister of Germany and try and bring the paper into such form as he might wish to have it.

Poincare seemed very much interested and asked me to call back the following Monday I think it was. The first thing which he had to say at this meeting was that if it was discovered that "you are going to Germany for me I will have to repudiate you because I could not have the French people feel that I had used an alien for a serious negotiation of this character." This I agreed to because the situation was so difficult I felt that I was warranted in taking that chance. Then he asked me to take down in my own handwriting the things which he felt he must demand of the German government before withdrawal of troops in the Ruhr.

This paper I carried with me to Germany and upon arrival in Berlin went directly to Mr. Houghton, Ambassador to Germany at that time and who was a very close friend of mine. (As a matter of fact I helped him on the address which he made to the British when he was made Ambassador to Great Britain and before he was transferred to Germany.)

Ambassador Houghton arranged a meeting with Prime Minister Dr. William Carl Joseph Cuno of the German government. Mr. Cuno for the first meeting had Ambassador Houghton, the Foreign Minister of Germany, and the Secretary of the Treasury and myself take dinner with him.

We discussed informally the situation as outlined to me by Poincare and then the next day I had an appointment with Prime Minister Cuno to talk over the whole situation. Cuno wished me to write out the whole matter together with my recommendations which I did in a 500-odd page statement that took something like two weeks to prepare. A copy of this was sent to Mr. Prosser and later the French government, the British government and the German government were furnished with copies. Then upon my return to America I gave a copy

to Owen Young before he went to Europe to work on the Dawes plan and the statements covered in this 500-odd page report formed the principal basis of the Dawes plan which I have always kept confidential as I felt that Mr. Young would prefer not to have this known because it might have depreciated his own position in working on this matter for which he was highly complimented by European governments and our own government.

Was in Germany about two weeks when one day Cuno said to me "I would like to have you go over this whole situation with Wirth" who had been the Socialist Prime Minister before Cuno, "and with von Mahltzon" who was afterward Ambassador to the United States and who was later killed in an automobile accident. Told Cuno I would arrange to have these two gentlemen take luncheon with me at the Hotel Adlon and would go into complete detail. His purpose in having me see these two gentlemen was because he feared he might be forced out of government any day and he wanted the knowledge of Poincare's point of view in the hands of those who might follow him in government.

Just as we finished luncheon and before I had had an opportunity to do more than lay the groundwork for our discussion which I could not carry on before the waiters, Cuno called me on the phone and asked me if I could come right over to the Chancellor's. Told him that Wirth and von Mahltzon were with me at luncheon and that I had not yet had an opportunity to explain the whole situation, as he wanted me to do and asked him if it would be all right if I came over later. He said, "It will be all right but be sure and be here by four o'clock." So I agreed and then went over the detail of what had happened with Wirth and von Mahltzon.

A little before four I left The Adlon for Cuno's office and went in to see him at just four o'clock.

You can imagine my surprise when he handed me a document in German and told me "I have just cabled this to Poincare and I want to know what you think about it." I read it carefully and then said to him, and I recall the words perfectly that passed between us, "The only reason you have asked me to read this document is because you want my honest opinion." He said, "Yes." Then I replied, "The United States, Great Britain and France will all know that it is not a sincere document." He said, "Mr. Kent, you do not mean 'not sincere.'" And I replied, "Yes, I mean 'not sincere.'" "The reason it cannot be accepted as being sincere is because there is only one purpose in sending the note and that is to bring about accord with the French government and this note is so worded that it will cause Poincare to feel that you are playing with him because it is discourteous."

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Then he said, "Tomorrow I will make a speech in the Reichstag and explain it all and Poincare will get the information and understand it." I said, "No, any speech you make in the Reichstag will be accepted by Poincare as having been made for home consumption." We continued to discuss the situation until about 7 o'clock when Cuno asked me if I would be willing to go back to Paris and explain the situation to Poincare.

Told him that I was not certain that I would be persona grata with Poincare in view of the fact he knew I was in Berlin working on the note and that he had received a discourteous statement.

We continued to discuss the matter until about 10 o'clock when Cuno said to me, "Are you willing to take the 11 o'clock train to Paris and see Poincare?" I replied, "Suppose I go to Paris, suppose Poincare is willing to receive me, suppose he is willing to receive a new note, will that be a courteous note?" He got up out of his chair, held out his hand, came over to me and said, "I will promise you as man to man that if Poincare will leave the door open the next note will be a courteous note." Then I turned to him and said, "If you will arrange to have your police let me out of Berlin without having my passport vised for which there is no time and you can get accommodations on a train which has sleepers that will make it possible for me to rest some on the way, I will be glad to do what I can. But Poincare may not be willing to see me."

Cuno then called up the proper people, arranged to have my passport taken care of and also had reserved for me a complete second class compartment for Amsterdam on the 11 o'clock train.

Had just time to go to The Adlon, and pick up my baggage and get on the train before it started. Found the compartment filled with Germans as the trains were terribly crowded those days for some reason or other. Did not make any move to take the compartment until the conductor came around and then called his attention to the fact that on the glass of the compartment was a sticker saying it was reserved for the Reich Kranzeller. Then showed him a letter from the Prime Minister to prove my identity. He cleaned the Germans out much to their dissatisfaction and I was able to move up the arms which separated the different seats in the compartment and make it possible to lie down. At five o'clock in the morning we stopped at a station

where I was able to get out and get some coffee and then we went on to Amsterdam where I was fortunate enough to make a transfer to a train for Paris with very little loss of time.

As soon as possible after my arrival in Paris I notified Poincare that I would like to see him. When I found that he was willing to do so I realized at once that probably the only purpose he had in mind in seeing me was to dress me down for having allowed such a discourteous note to be sent him. To my mind that meant that if he began to talk first I never would get a word in edgewise before I was fired. This meant that I would have to start the conversation before he could get going. It was fortunate that I knew him as well as I did.

Just as soon as I crossed the threshold into his room when he sent for me I started talking as fast as I could to get his mind before he took over himself. The first thing I said to him was: "Mon. Poincare, you have most unfortunate things develop in your country at times which you cannot control, don't you?" He jerked his head up and said, "Yes, of course, what do you mean?" That gave me my opening and I told him that Cuno and I had been working for two weeks on a civil note along the lines Poincare desired. Then one day the Bavarians came in and demanded that they see the note, that when they read it they said if you send a note along these lines to Poincare, Bavaria will leave the Reich. Cuno was expecting to be thrown out by the communists almost any day. Bavaria was a very strong element in the German set-up. Cuno gave in, changing the wording as demanded by the Bavarians and sent the note. Then he phoned me at the Hotel Adlon and asked me to come over and when I did he showed me the note

as already stated.

Cuno and I discussed the situation until just time for me to get the 11 o'clock train for Amsterdam and I agreed to see you and explain the situation and he has agreed that if you would leave the door open he would send a courteous note along the lines which we had been discussing.

Poincare was interested and said: "You allow me to study the situation and come back Monday and I will give you my answer." Naturally I kept the appointment and Poincare showed me the note which he had sent to Cuno and he said: "You see that this leaves the door open for another reply. Now," he said, "I don't want you to go back to Berlin immediately because the newspapers may get on to this situation. Instead, I wish to have you go to Hungary first. France has been asked to postpone reparations from Hungary until the \$30 million loan which Hungary is trying to obtain from the United States matures and has been paid. My generals feel that I should not postpone the Hungarian reparations and I do not blame them. They have had a hard time but I must have an unprejudiced report and I will appreciate it if you will go to Hungary and look into the situation and give me your opinion as to what I should do."

After a little further discussion I agreed to make the trip to Hungary which I did. The detail is covered in my statement on Hungary.

Following the Hungarian trip Poincare and I went over the second message from Cuno which satisfied him. He then agreed in important part to the 500-odd page statement which I had dictated in Berlin. Then he made the arrangements that resulted in the conference

that came out with the Dawes Plan which covered many of the conditions that were incorporated in my report. Poincare then turned to me and said, "We have gone this far without the newspapers finding out that you have been carrying on these negotiations for me. When I am dead but not before I would like to have you write your memoirs and include in them the statement of these negotiations which you have carried on and the reasons which I have given you why French soldiers are in the Ruhr. The newspapers and the diplomats all gave wrong reasons but I do not wish them to know the real reasons while I am alive. Therefore take down in your own handwriting the real reasons and don't show them to your secretary, your family or to anyone until they are in the memoirs which I have asked of you."

Then Poincare turned to me and said, and this was on a Monday I believe, "I wish to have you return to New York on the boat which sails Thursday because it would be most unfortunate if the newspapers found out your position in this matter and I do not want the negotiations to go on while you are in Paris."

As a result I took the Thursday boat for New York. Gave the full details of all that had happened to Mr. Prosser.

Roland Boyden was representative of the United States on the Reparation Commission. Later at a meeting in Boston he stated that the work which I had carried on with Poincare nearly resulted twice in peace between Germany and France but as it ultimately turned out laid the groundwork for the Dawes Plan. Mr. Lewis Pierson of the Irving Trust Company was at the meeting and told me about it. Later when the United States refused to go in the League of Nations Mr. Boyden became a mere figurehead and had no power as the other countries involved gave him no consideration.

Hungary

In 1923 while in Paris for the Bankers Trust Company I had several consultations with M. Poincare, Prime Minister of France, the detail of which is covered in another report.

At the time Hungary had applied for a \$30 million loan which she could not obtain unless reparations to which she had agreed in connection with World War I were postponed.

Poincare had taken this matter up with his generals and they had all reported against it. He felt, however, that they were prejudiced and he said to me, "My generals feel that I should not postpone the Hungarian reparations and I do not blame them. They have had a hard time but I must have an unprejudiced report and I will appreciate it if you will go to Hungary and look into the situation and give me your opinion as to what I should do."

As I advised Mr. Prosser, I would make the trip by way of Austria and hope to increase the value of our Austrian bank relations at the same time.

As it turned out a vice president of one of the Austrian banks asked permission to go with me to Hungary as he felt that he could be of great value in helping me to make the study and that it would be useful to the Austrian bank as well.

This was very fortunate because this gentleman was able to arrange with a lady who had been known as the Belle of Budapest, Mrs. Lanczy, (although I believe she was 65 years old at the time and was still a very beautiful woman) to give a reception to me at which she invited the principal members of the government which was in at the

time, those who had been superseded by this government, and those who were expected to take the places of those in the current government when they would have to retire.

Of course at the reception I could not carry on any conference in the nature of a study of the situation but I was able to make appointments with a number of men who were in government, with some who had just retired from government, and with others who were expected to fill any new government that was later created. It proved possible further for me to make a number of appointments with important industrial men. The result was that I spent the next few days in conference with some of the most important men in Hungary and obtained a very clear idea of the conditions as they existed in that country.

At that period all over Europe it was necessary when crossing a line from one country to another to give to an officer who went through the train a statement of the amounts and different kinds of money you had in your pocket. If you did not do this you could not get your money out again. It would be confiscated or held for you in the country concerned under conditions which would make it impossible for you to get it out.

In going to Hungary the Austrian banker who was with me introduced me to some friends and we were engaged in a conversation when we crossed the Hungarian line. As a result I did not notice the Hungarian agent who went through the train to obtain a statement as to the funds which we carried. The first time that I realized this situation was on the train going back when we crossed the line into Austria. A man came into the compartment and fortunately asked me a

question about money in a way that made it possible for me to answer without hesitation because I realized what he was after and also knew that I had quite a large sum of American dollars in my pocket. He said, "Have you any American dollars?" I replied as though I thought he wanted some. Without hesitation I said, "I may have a few American dollars. How much do you want?" He said, "Oh, no, I do not want any. Am just checking up," and he went on. There is no question but that if I had hesitated any, my money would have been confiscated and I considered that I was very fortunate as did also the Austrian banker who was with me.

A careful checking of the situation in Hungary showed me that the treaty as it applied to that country was most unfortunate and unfair as was true in so many cases. The original territory of Hungary was sliced in every direction except toward Austria, that is, some of its land was given to Czechoslovakia, some to Romania, and some to Yugoslavia. The situation that was left showed railroad tracks going from new Hungary into old parts of Hungary which now belonged to other countries where there were no towns and no accommodations to arrange for trains to side track and customs to be arranged. Further the lines handicapped Hungarians in many ways. For instance, in one case the waterfalls which supplied a Hungarian town were in Romania and the town which they supplied was in new Hungary. As a result the Hungarians who had to look after the water situation were obliged to get passports and were handicapped in every way possible.

Again in one case which I examined a coal mine which was in old Hungary was now in Slovakia but the only entrance to the mine was

in the new Hungary. This situation was of course of no value to the Czechoslovakians in any way except as it was utilized to increase the costs of the Hungarians for getting coal out of their own mines. As a result it was cheaper for the Hungarian coal mine owners involved to import coal from Yugoslavia 500 kilometers away than to obtain it from their own mines which were only 30 kilometers away.

This whole situation was so absurd that I took it up with the League of Nations and made a report to them on several situations. I found that in both cases mentioned the country which was given the former Hungarian land where it was harmful to both countries was willing to exchange such land for other land where it could be worked out satisfactorily. None of the countries along the Hungarian border seemed willing to give up the land which had been allotted them even though it was of no value but they were willing to exchange it for other land where it would not be detrimental to them.

The League of Nations reported to me that they had put my recommendations before the Military Strategy Board and this Board had ruled that the lines would have to stay where they were regardless of the harm which was done as the dividing lines would serve better in future wars.

Of course, this was absurd. Nevertheless, it was the only answer given me.

When I reached Budapest in Hungary it was very soon after Bela Kun had been overcome by the Hungarian government and had been thrown out. While he was in control the League of Nations asked the Romanians to go into Hungary and help the Hungarians displace him.

All they did, however, was to steal the wonderful breeds of horses which the Hungarians had and some cattle, put them on trains and start them for Romania where they never arrived in important part because they were not fed properly and died on the way.

In sending the Romanians into Hungary the League of Nations had only succeeded in giving them an opportunity to steal and they accomplished nothing toward overcoming Bela Kun which the Hungarians succeeded in doing themselves.

Spent some time with one banker in Budapest who had succeeded in escaping Bela Kun's torture when he refused to raise the wages of his employees by an amount that would have bankrupted his bank. Instead of reporting to the Bolshevist government he managed to escape into Austria. Up to the time he was told that he must raise the wages of his employees he had succeeded in getting along without friction because all of his employees realized the impossibility of working under Bela Kun's regulations and therefore their committees which were organized in the bank by the government allowed the manager to instruct them as to how to proceed.

You can imagine my surprise when I discovered that the head torturer in Budapest had come to the United States when Bela Kun was overcome and aligned himself with the elder LaFollette as one of his political hangers-on when he was running for President of the United States.

The Belle of Budapest of whom I have spoken owned a very beautiful house. The Bolsheviks forced her to allow a family from the slums to take over the lower half of this house and she was only

able to retain the upper floor. The stairway to the upper floor went through a tremendous hall on the lower floor which she had to climb every time she went into her own property and this was allowed to continue because of the force of Bolshevik feeling even after Bela Kun had been defeated and forced out of the country. Such have been the difficulties that have prevailed in practically every country where communists or people of their ilk have temporarily taken control of government and then been driven out.

One incident that was very interesting to me occurred while I was in Budapest. This Belle of Budapest of whom I have spoken invited me to a big party that she was giving in a club on one of the islands in the Danube River. She had been so courteous to me that I accepted and I was to meet her at her house where I was to be taken by auto with a number of other guests to the club. While there one of the gentlemen to whom I was introduced said: "This is going to be a big bridge party. Do you play bridge?" Realizing that the Hungarians are tremendous gamblers I knew that I had no place in any bridge party under such circumstances and so I replied: "Oh, I have played but I have never played for money because I am in a bank in New York and some people there feel that it is wiser for bankers not to play for money because of the effect it might have upon some of their clients." The gentleman said, "Well, I know plenty of American bankers who play for money but if you feel that way, it is quite all right for you not to play." When we got to the Club what should they do but organize one table where I was to play and where it was to be just for fun and not for money. One of the ladies who agreed to play at this table

said that she had never played without playing for money and she thought it would be kind of fun to try it. The other lady seemed to feel the same way and so did the gentleman who made up the fourth.

What was my surprise to find out after we started that those who were playing for money throughout the room dropped their games and came to kibitz our game because they thought it was strange that anyone would play bridge without playing for money and we had an amazingly interesting time.

The Hungarians gave me a great dinner and I had to speak to them about the general situation and they were seemingly very much pleased although I had to criticize them in certain ways because I felt that they were injuring themselves in ^{the} way they were carrying on because of having had their country cut up in such an unfortunate way. As a result many Hungarians who later escaped and came to the United States before Russia took over the country have maintained very friendly relationships with me in the United States.

Upon my return to Paris I reported to Poincare that I felt that he was justified in postponing reparations and allowing the \$30 million loan to go through which Mr. Smith of the United States was instrumental in developing. Poincare followed my advice and the loan was made.

Financial Adviser to the War Department

When the War Department found out that I was going to Europe at Mr. Prosser's request in 1919 they appointed me Financial Adviser to the War Department to pass upon all contracts which were to be made in the sale of surplus war goods in European countries. Fearing that I might be drawn into some situation that would take my time from the Bankers Trust Company I refused to take the salary which they wanted to pay me. However, Mr. Prosser was willing that I should carry out the work which the Department wished me to handle along with the work of the Paris office.

Under the regulations the War Department was selling surplus war supplies to many countries in Europe under contract. Some of the countries were not good pay and others were supposed to be. My duties were to okay every contract before it became valid. This meant that I had to go over every contract that was being considered and this I carried out and as far as I know none of the contracts which I okayed was repudiated.

Confidentially it is interesting to note that a General of the army in Romania tried to get me to sign a contract that would give him some military supplies. This matter was discussed over the telephone. The Romanian General called me up one morning and told me that he would like to buy some surplus goods and knew that I would have to okay the contract and wanted to know if he could see me at 11 o'clock and explain the matter. It was my experience with Romanians that when they were honest it was merely an oversight and so I said to the General in effect, "If you wish to buy surplus war

supplies in order to sell for a profit instead of for your country I would not okay the contract. If on the other hand it is a bona fide transaction for the Romanian government I will be glad to lock into the matter. However, it would waste your time and mine if you come to see me at 11 o'clock and were contemplating a contract that would make it possible for you to sell the goods for profit for yourself." Of course, I was very courteous in my conversation but he saw the handwriting on the wall and decided not to make the appointment.

This incident gives a little understanding of the purpose of my appointment as Financial Adviser of the Director of Sales of the War Department.

Austria

1921

While on duty at the office in Paris of the Bankers Trust Company, one day I received a telephone from Mr. Albert Rathbone who was Assistant Secretary of the Treasury of the United States and had an office in Paris where he carried on in connection with the Reparations Commission and other matters that arose between the allies of World War I. He asked me if I could come over to his office immediately and I did. He then told me about the situation in Austria where there seemed to be danger of starvation as conditions of great difficulty were developing.

After he had explained the matter fully he turned to me and said, "Now, Fred, I would like to have you negotiate a loan for Austria through the Bankers Trust Company so that we can get food

into the country quickly." I replied, "Albert, the clients of the Bankers Trust Company like to choose their own charities and I do not feel justified in arranging a loan for Austria," and I returned to my office. Next day Rathbone called me up again and asked me if I would come right over as he had received new information from Austria. When I got there he told me that Austria had food enough for only two weeks and then the people would begin to starve and that something must be done.

After thinking it over I said, "It is just as important for the neutral nations to prevent the chaos that would develop from a condition of starvation in Austria as it is to the allies. Therefore, I believe that an arrangement could be made with the neutral nations and the allies to make advances of certain things which Austria requires in order to recover, countries such as Switzerland, Holland and even the Scandinavian countries." After suggesting such an arrangement I returned to my office. That afternoon Sir John Bradbury, representative of the British Government on the Reparations Committee, called me up and asked if Mrs. Kent and I could take dinner with him that night and as we were free I agreed.

When the dinner was over and the ladies had retired, Sir John took me into a room with the other Britishers who were there and turned to me and said, "Secretary Rathbone has told us of your plan for Austria. He says that the United States cannot carry it out and suggests that the British Government do it. We are very much interested but must have complete detail before we undertake such a proposition."

Of course, there was not any detail as I had just made the suggestion to Rathbone in a general way. However, I realized that if Sir John felt that I did not have any detail that he might lose interest. So I made up the details as we discussed the situation.

The plan in principle was as follows: We were to go to the neutral nations and get them to loan money to Austria on the basis that the payments were to be made to their own nationals for things which Austria required that their nationals had in warehouses and were unable to dispose of because of conditions that existed all over the world. Austria would receive no cash whatsoever but the goods which were to be furnished against the loan would enable Austria to employ men to process them where that was necessary and meet Austria's needs for raw material and for food. I suggested that Switzerland be asked for 25 million francs to furnish food, largely; Holland 10 million guilders, and the Scandinavian countries kronas which were to be utilized in Sweden, for instance through supplying copper which Austria needed, etc.; then that funds from Great Britain be used for ships to transport goods, wool, and other things, and that the United States furnish wheat, cotton, etc.

Sir John said that the British government would be willing to undertake the operation but it would be very embarrassing to them to go to the neutral countries and ask for loans and be turned down. He therefore said that if I would obtain agreements from the neutral nations and the others to make the loans that the British government would handle the matter under my direction. This I agreed to undertake and I succeeded in getting Switzerland to agree to advance 25 million francs, Holland 10 million guilders, Denmark and Norway 17

million kronas each and Sweden 10 million kronas. Great Britain agreed to give half of what the United States would advance not to exceed \$75 million.

The proposition was put up to ^{the} Congress of the United States and the Committee in the House turned it down. Then I wrote a cablegram copy of which follows, to John McHugh, chairman of the Commerce and Marine Commission of the American Bankers Association of which I was a member:

Paris, February 26, 1920

"During the past seven months since I have been in Europe I have given a part of my time to studying conditions from the standpoint of the interests of American commerce and the people in my capacity as member of the Committee on Commerce and Marine of the American Bankers Association. My work has brought me into close relationship with representatives of many governments as well as those of the banking and industrial world. While I am thoroughly convinced that Europe for her own good should borrow as little from America as is possible and provide herself with essentials for reconstruction and for existence during the early period of reconstruction, yet I firmly believe that the fifty million dollar credit now being asked of Congress for the countries of Central Europe should be granted immediately by special order. The situation is so pressing that every day's delay is dangerous and the late spring, before the new crop is available, may be the crucial period that will determine the immediate future of all Europe.

"The British Government has already agreed to advance half of any amount that the United States will provide up to a total for Great Britain of ten million sterling advance and France and Italy are studying the proposition. The governments of the neutral (countries) of Europe have in several instances already signified their desire to consider taking part in extending help, provided the United States will do so and there is good reason to believe that practically all may come in. Prompt and favorable action by Congress will therefore release a large fund that should go far toward enabling the reconstruction of industry, which will make it possible for the countries aided to help themselves. Should all of the nations interested join in the plan, it is intended that a proper proportion of raw materials and food will be purchased and the mistake of feeding people without giving them something to enable them to earn their living at the same time, will not be made.

"The funds advanced by each nation will be expended for goods and service furnished by its own nationals. It would seem a great pity for our country, which has done so much, to risk losing the results of

their past action by failing to meet the needs of the present hour. American interests in this movement through American trade and American need for peace throughout the world are just as great as those of the European nations which are ready to take part upon American initiative, even though their economic position has been seriously disorganized.

"The food in Austria today, together with all supplies which it has been possible to purchase that are arriving, will feed the people to about March 15th. Certain food supplies that are available, if shipped immediately from their present locations can reach Austria in time, provided Congress acts immediately. Knowing the country (America) from ocean to ocean, I am certain that the hearts of the people are right and that they would rise to meet any human emergency that they felt required their help regardless of their personal interests. But in the present emergency there is not time to wage a campaign of education and it would seem necessary therefore for America to accept the statement of their European representatives of today, governmental and commercial, for various associations and personal, who are familiar with the situation and who unanimously agree that the loan should be made. On the strength of such representation, I believe Congress should be asked to abandon everything else for the hour necessary to pass this appropriation immediately. The real need is now -- tomorrow may be too late."

"Believe important get this matter before Congress with full power of American Bankers Association immediately and it should be given widest possible publicity."

John took up the matter with the House Committee and read the cablegram to them. They decided to take part in the proposition, but instead of giving wheat for instance that Austria had the mills to grind and that would develop employment, they made the American contribution 50,000 bushels of soft wheat flour that had been left over from the war because our soldiers would not eat it. However, there was nothing I could do but work it out on that basis. Therefore, I used a part of the British contribution for transportation which left less for wool and other things needed.

The situation in Austria was so serious that I had to borrow 300,000 bushels of wheat from Italy while we were working things out.

The only way anyone could buy milk in Vienna was for a

mother to take her baby into the street with a tin cup as the cows walked by and have the cup filled with milk and given to the baby right on the spot.

Sir John Goode of the British government was appointed to work with me and carry out my instructions. He was very able and we worked together without the least friction. The Austrian situation was saved and for a very small amount of money. In three months even the apprentices were working, and I went to Vienna and went through some of the plants and saw what was going on.

At this period warehouses all over the world were full of goods because shipments in excess had been made to meet the demands of Europe following the war and they flowed in from all over the world without the establishment of credits necessary to pay for them.

At first the shipments were sent on the basis of consignment because it was felt that prices would rise. This proved to be true and those who shipped on consignment at first made a tremendous amount of money. Europe, however, could not take the goods directly and therefore in important part they were shipped to the United States first and we forwarded them to Europe in many cases against loans. This was the situation that developed in 1919-20. Finally the accumulation was so great that prices fell off and those who had shipped to the United States from foreign countries expecting to receive big premiums, for goods that were really needed in Europe, met with great losses and often could not sell at any price.

The result was an accumulation in the warehouses of the world of goods even when the war-torn countries needed them that temporarily made a very serious situation. It was to take advantage

of this that I worked out the scheme to take care of Austria. It meant that each country taking part was paying its own nationals instead of Austria for things they could not get rid of that Austria required and it solved the problem very quickly. The whole detail I gave to Colonel Logan.

It would seem well to follow this development in Austria with my later work in this country in 1923 when Austria asked for \$130 million loan and Mr. Prosser wanted me to look into the condition of the country.

I therefore went to Vienna and arranged to meet the principal officers of the Austrian government and the Mayor of Rotterdam who had been selected by the League of Nations to rule the country while the situation was being worked out.

Mr. Washburn was the Minister to Austria from the United States. He was very anxious to be present at the conferences I was going to have with representatives of the Austrian government and of Austrian industry and therefore invited me to his home to dinner every night with the people with whom I had appointments. This made me a great deal of extra trouble because he naturally had to report to his government whatever he might hear whereas some of the conferences were along lines that were confidential and did not belong to government. The result was, as in the case of the Mayor of Rotterdam for instance, I had to make another appointment with him the next day at his office to go over all the things that he did not feel justified in talking about before our Austrian Minister.

The American government rented for the Austrian Minister a palace that had previously belonged to Paul of Poland and they also rented a building for the service of the Austrian Minister. The contract was drawn in Austrian kronas. When the Austrian money depreciated the inflation became very great and as a result our government was able to purchase the Austrian kronas needed to pay its rent for \$15.00 a year. It seemed to me that this was unfair and I recommended that our government consider making our payment in dollars on the basis of the value of the kronas when they made the contract but I understand they never did so.

An officer of one of the Vienna banks told me that an Austrian countess and her sister would like to invite me to dinner with two Austrian gentlemen to give them an opportunity to show me the effect of the depreciation of the Austrian krone. We had dinner at a restaurant on a high hill where we had a very beautiful view and then the Austrian countess wanted to take us through a building that was a former castle but that she now owned. After dinner we went to this castle and entered in the basement and climbed a secret staircase that went up into the rest of the building. It seems that the countess had permission from those who rented the building because they were to be out that evening.

One can imagine my surprise and embarrassment when upon coming out of the secret stairway I found myself in the rooms of Minister Washburn where I had been taking dinner every night and where all the servants of course knew me. However, there was nothing for it and I let the countess and her friends show me around. She explained to me how it was impossible for her to carry on any re-

pairs in the building of any kind whatsoever and that the few dollars she received for rent that represented the cost of the kronas that the contract called for meant that the whole expense of the building was upon her and that she had no income whatsoever from it.

While if I had known that we were going into Minister Washburn's home I never would have done so, yet it was very interesting to have the details of what happens under the kind of depreciation of government monies which went on in many European countries at that time. Complete information on the whole situation was sent to Mr. Prosser, in the form of a detailed special report.

One interesting situation that developed was due to the peculiarity of Senator Brookhart of Iowa who was in Hungary at the time. It seems that Senator Brookhart went to Russia to obtain information to take back to America as to how that country was being run, etc. He had suggested to representatives of the Russian government that they fix up some things in several industries along certain lines which he wanted so that he could actually see the things that he was going to report to America. He apparently did not wish to lie about the things that he saw but he was perfectly willing to have them fixed up in such manner that while he would be telling the truth as to what he saw, it would be far from the actual conditions that existed.

It seems that Senator Brookhart in his early days had been a remarkable shot and he went to all of the county fairs in Iowa and showed off his ability to the great delight of the growing generation. As a result when he ran for Senator in later years all of the boys who had watched him do the shooting at the fair, for instance hitting two bullets that were thrown into the air when they crossed each other and things of that sort, voted for him for Senator.

What bothered Minister Washburn was that the Prime Minister of Hungary had invited Brookhart to dinner. After he had accepted he told the Prime Minister that he never sat at a table where spiritous liquors were being drunk. Of course in Hungary where wines are always served with meals this made an embarrassing situation. However, the Prime Minister was smart enough to work it out and he had sideboards with wonderful liquors in a room just outside the dining room. He told his guests that this damfool American guest would not sit at a table where spiritous liquors were being drunk and he had arranged a special sideboard and whenever they wanted a drink they could just step into the next room and get whatever they wanted. Minister Washburn asked me how he was going to get out of the mess when Brookhart came to Vienna and he was expected shortly. Told him that a person of that character in my opinion did not deserve any consideration and that I felt that he should not arrange a special dinner for him.

Mr. Washburn finally decided that this was the best way to handle the matter but I was not in Vienna when Senator Brookhart reached there.

Washington Conference

In 1922 Great Britain, Japan and the United States held a conference in Washington for the purpose of arranging a relationship between war vessels of the three nations. The conference was seemingly carried on in good faith and statements in the newspapers led to the belief that the three countries were in agreement and would state so over official signatures.

One day near what was supposed to be the end of the conference Elihu Root who represented the United States telephoned me from Washington and asked if I could come over and see him at once. Took the train for Washington and went right to Mr. Root's home. He told me that the Japanese after leading the British and Americans on had refused to sign the agreement and that it would be most unfortunate for the United States and would also be most embarrassing in view of what had gone on before in connection with the conferences. Mr. Root said that he had been given to understand that I had great influence with the Japanese and wanted to know if I would try and get them to agree to sign.

After Mr. Root had given me the details of the situation I told him that I would try and work it out provided no one interfered with me in any way, shape or manner. "Well, we will have to accept your terms as there is nothing else which we can do," said Mr. Root. Took the train for New York that night and arranged a luncheon with the Japanese at the Bankers Club in New York for the next noon at which I had all of the important Japanese banking and commercial men in New York City. When the luncheon was over I addressed them on the questions involved in the tripartite conference. When I had finished

the head Japanese official who was present wanted to know what I thought they should do and I told him I believed that he should send a cablegram to their government immediately , and explained what wording I thought should be used. After discussion the Japanese agreed to do this and the cablegram was sent.

A reply was received in Washington and the Japanese government agreed to sign with the British and the United States.

Mr. Root felt that this was a most fortunate outcome for the United States and although I knew him well I had never seen him so pleased over anything before.

This episode is mentioned in Mr. Elihu Root's biography. At my request, however, the writer made the statement in effect that it was not known what the results of my efforts had been although actually the Japanese cable reply to the cablegram referred to authorized the signing of the document of agreement.

My request to the writer of the biography was because the luncheon to the Japanese where it was determined to send the cable to the Japanese Government was confidential and I feared the Japanese might resent it if it became public and I might lose their future cooperation.

Other Japanese Matters

After the Tokyo earthquake in 1923 Kashiwagi of the Yokohama Specie Bank called upon me at the Bankers Trust Company and said that he would like to discuss the banking situation in Japan as it might be affected by the earthquake and what could be done to take care of the situation. He said that he was talking with other bankers in New York, among them J. P. Morgan Company, and was making a very careful study of the development.

After we had gone over the detail of what had happened up to date because of the earthquake in the financial field I told him that I would write out a cable for him and suggest how in my opinion the Bank of Japan should meet the situation. This I did and gave it to him later that day. He forwarded it to Japan and received a reply that the plan which I suggested met the approval of the Bank of Japan and that it would be carried out.

In the statement I said that I believed that if the plan outlined was carried out that the Bank of Japan would have complete control of the situation and that in one year's time the whole financial situation could be worked out.

Just one year from that date I received a long cablegram from Mr. Inouye, Governor of the Bank of Japan, saying that they had carried out my suggestions, that they had worked out exactly as I had anticipated, that it was one year from the date when they put them in force and that he was able to resign as Governor of the Bank of Japan. He then assumed the position of Minister of Finance in the government because he considered the financial situation was sound.

Mr. Araki

When Japan decided to make war upon the United States the government called back from this country all of its nationals. The representative of the Bank of Japan at that time was Mr. Araki who following the re-establishment of normal relations between Japan and the United States was made Ambassador to the United States.

The day that Mr. Araki was called back to Japan he invited me to luncheon to discuss the whole situation. He knew about my having advised the Bank of Japan following the Tokyo earthquake in 1923 as to how it should carry on and he ever afterward jokingly called me his "boss" because he said he had learned so much about banking from me.

It was a great disappointment to me when his health made it necessary for him to resign as Ambassador to the United States in 1954 as we were very friendly, as Mr. Murphy, Vice President in the Foreign Department of the Bankers Trust Company is well aware.

The Philippine National Bank
(1928 - 1932)

When Mr. Henry L. Stimson was appointed Governor of The Philippines he asked me to come over to his office one day and told me that he had heard that the Philippine National Bank was in very bad shape. He wanted to know if I would be willing to go to The Philippines and straighten the bank out if he found it important after he looked into the situation a little. Told him that I thought it could be arranged unless it came in the rainy season, that I did not like to make a trip like that without taking Mrs. Kent and that I did not feel that I was warranted in having her go to The Philippines in the rainy season. Mr. Stimson said that that would answer he thought and that was the way it was left.

Shortly after he reached the Philippines he found the bank was in such shape that it must be taken care of promptly and that he must have his report for the meeting of the legislative body. Therefore, he cabled me and wanted me to come over immediately even though it was the rainy season. This I really did not wish to do. On the other hand I wanted to be helpful to him.

Wrote to Andrew Mellon who was Secretary of the Treasury at the time and who was a close personal friend of mine, and asked him to send me the records of the Philippine National Bank. This he did and I looked them over very carefully.

Then as luck would have it Mr. Earl Schwulst now with the Bowery Savings Bank who was extremely able at bank analysis was free. I had him take luncheon with me and discussed the matter of the

Philippine National Bank. He said that he thought he would be glad to go out to the Philippines and check the bank so I told him that before making the arrangement I would like to have him take the papers that Mr. Mellon had sent me, go over them carefully and make a statement to me as to how he would handle the situation. This was agreeable to him and his report to me showed his complete understanding of the situation.

Thereupon I cabled Mr. Stimson and told him that as I was not webfooted I did not care to go to the Philippines in the rainy season but that I had a man for him who was thoroughly able and he was willing to make the trip. Mr. Stimson accepted and Mr. Schwulst went to the Philippines and did a wonderful job.

Then later I was asked to go to Siam while Mr. Schwulst was still in the Philippines but after he was practically through with his work in the Philippine National Bank I wrote him and suggested that he look after that situation also.

While handling the international exchanges during World War I, I had discovered that the Philippine National Bank was not handled properly and therefore when Governor Stimson took the matter up with me I was quite well informed about the situation.

Mr. Schwulst did a remarkable job with the bank and Mr. Stimson was tremendously pleased about it.

Peru

In 1928 after I had arranged with Mr. Prosser to carry on my work for the Bankers Trust Company as a Director and not as a Vice President I went to Florida to take a vacation. After I had been there two days I received a telegram asking me to go to Peru and try to straighten out the financial situation for the President of Peru. I wired back that I preferred not to do so as I had come down to Florida to rest. However, I received another telegram saying there were seven million people in Peru who because of the financial situation were having a very difficult life and they thought I ought to be willing to go down to help them out.

This, of course, put a different light on the matter and I telegraphed to have my secretary take the boat out of New York for Havana and Mrs. Kent and I sailed from Miami to Havana, met her there and took a British boat through the Panama Canal to Peru.

Naturally I had no papers on Peru with me but fortunately had read its history rather carefully and therefore on the boat going down I was able to bring together a fairly good picture of the problems that I would have to meet. I picked up a valet in Miami who came with us so that there were four in the party.'

When we reached Calleo the representatives of the National City Bank of New York in Peru met the boat and also Mr. Dennis who was there for J. & W. Seligman & Co. Then when we got to Lima we met Mr. Bloomer who was the attorney for some of the American bankers who were interested in Peru.

I was told that the President of Peru had spies on everybody in the country and I figured that that meant he would have spies on me. They gave me a room for an office in the tower of the golf club. It seemed to me that I had better check on the spy business immediately. Therefore, when I went downtown in Lima to start the research necessary before I could make any recommendations, I left some papers on a big round table that was in my office, marked and spread in such a way that I could tell whether they had been disturbed while I was away. My research required an examination of the banks in Lima, the cotton and sugar houses, the petroleum industry, the Federal Bank, etc. in order to obtain a complete picture of the foreign trade of the country which was necessary before the domestic situation could be straightened out.

In view of the fact that the President was supposed to have spies on everybody I carried all papers that were confidential with me in my brief case wherever I went and this first day as already stated I left some papers on my table whose positions were marked. Upon my return from a morning with certain Lima banks I found that these papers had been handled by somebody and were not at all in the places where I left them. This of course proved beyond denial that the President's spies were already working upon me.

Some time a little later in my study I uncovered the fact that a friend of the President had been abusing his position and taking money from the government. This was something that would be very embarrassing to take up with the President so I wrote the situation out in the form that I thought would be the best approach to the President and left it on my table. The result was most

satisfactory as it was not necessary for me to bring up the matter to the President personally when I next met him because he knew all about it.

From this day on whenever any questions arose where I felt it might be embarrassing to present them to the President I left memoranda on my tables so that his spies would act as my messengers. This proved most satisfactory and as a result I never had any friction with the President whatsoever.

There were great numbers of engineering propositions undertaken in Peru at government expense all of which helped to develop a deficit in government accounting. Realizing that I could not personally investigate all of these propositions I joined the Engineers' Club. Then I asked the president of the Club if he would call a meeting of the engineers who had in charge many of the operations and give me an opportunity to discuss the situation with them. The president was kind enough to do this and one morning at 10 o'clock I think it was, I went to the Engineers' Club and was introduced to quite a number of Peruvian engineers.

Realizing that the President undoubtedly had a spy in the meeting I stated to these men in effect, "The President of your country is anxious to have his financial house brought into order. Among other things this requires knowledge as to the practicability and advisability for the carrying out of many of the engineering projects that have been undertaken in the country. This is something that I could not expect to accomplish personally except over a long period. Therefore, I have come to you and would like to ask you to cooperate

with me for the benefit of the President of your country. Therefore, I will appreciate it if you will forward to me in care of the president of the Engineers' Club statements concerning the engineering projects which are being carried on with your opinion as to whether they will be of benefit to your country or not and such other detail as you may care to give.

"As I realize that you would not be willing to do this if I were to let the President know what your reports to me were I agree not to let the President see them but to utilize them in my report in such a way that they will be of value to him."

Knowing that he had spies in the meeting I felt that this was the best way to let him see that I was not working behind his back but at the same time I was arranging to obtain information that was important to him. The result was most satisfactory and in the papers the next morning it said the President had called in the president of the Engineers' Club and told him that he was free to carry out my wishes in the matter.

The members of the Club met the problem intelligently and their reports to me which were received in confidence and held in confidence were very valuable. Some of them were rather interesting. One man, for instance, said, "I do not know why I should give a foreigner information on any Peruvian engineering project but I feel that it will not be used against me and may be of value to my country and therefore I am going to make a report as requested."

The reason that I had confidence that the President would allow a development of this kind to go ^{on} /is because at my first meeting with him I told him how I was going to approach the problem,

explained to him that I was going to obtain detailed information from the banks, the sugar houses, the copper producers, and all others who did an exporting or importing business in Peru and was going to bring these figures together to ascertain the exact relationship between Peru and the other countries of the world from a financial standpoint. The President said in effect, "That will be wonderful, I have always wanted to see those figures." Then I told him that I would not ask any of the banks or industrial houses to give me their figures except on a confidential basis meaning that I would just use the figures to build totals and that I would give them the benefit of the totals exactly as I would the President. At first the President shook his head and then when he saw that I would not obtain the figures unless they could be held in confidence in this manner and that the totals would be of value to him he said, "I will instruct my people to cooperate with you in every way possible."

This was President Leguia. He had never been out of his country. He was very anxious to be of value to his country. He was smart but not too well educated in economics. There was one proposition which he was trying to put through that was very interesting. Whenever it was possible for him to put his fingers upon a little money he would use it to carry on the building of a tunnel through the western cordilleras of the Andes at a point somewhere around 12,500 feet above sea level. Between the eastern and western cordilleras of the Andes was a great valley at an average of 12,500 feet above the sea. The waters which fell in this valley from the rains accumulated and flowed down through breaks in the mountains

on the east side and formed the head waters of the Amazon River. Leguia was building this tunnel in the hope that the waters instead of going east and into the Amazon could be turned onto the western plains between the foot of the Andes and the Pacific Ocean.

From inquiries I found that Leguia was very partial to this project and that everyone who had objected to it in the past had been given short shrift. Instead, therefore, of speaking to him about it at once I looked into the situation and found that the tunnel when it was completed would flood 600,000 acres of land around Lambayeque which was the birthplace of Leguia. It was clearly his desire, therefore, to make a garden spot of the land around where he had been born and where his neighbors had grown up with him and therefore I did not approach this situation with him directly.

Many of the problems of Peru arose because of the effect of the Humboldt Current which flows up from the Antarctic Ocean along the western coast of Chile and Peru and on farther north. This Humboldt current arising in the Antarctic is a cold current just the opposite from the Gulf Stream which is a warm current. The effect of this cold current through the Pacific Ocean along the shores of Peru is to prevent its raining on the land between the foot of the Andes and the Pacific Ocean. The sun draws the water into the air but not in sufficient quantities to enable a precipitation. The clouds so made at sunset look as though there was going to be a tremendous fall of water but it never comes. The result is that all the land between the foot of the Andes and the Ocean is a desert except where a little water comes through cracks in the mountains in the

form of waterfalls, etc. here and there which result in a growth of vegetation along such areas. Otherwise irrigation is the only possible way to develop vegetation.

They have a golf course just outside of Lima, 18 holes. Every Sunday night it is flooded and is a lake for the next two or three days when it is dried off. In this manner the last few days of the week they have a golf course with plenty of grass that is available from possibly Wednesday or Thursday until Sunday night. It was my privilege to play on this course a few Sundays and I found it most interesting.

The irrigation system is tremendous. It was established at the time of the Incas before Cortez went to Mexico and before Pizarro went to Peru. It was very interesting to realize that these great irrigation works were built during the time of the Incas before, when it cannot be supposed that there was engineering ability among the people and yet they were created along scientific lines that could hardly be improved upon with the scientific knowledge that exists today.

It was necessary for me to make an examination of a railroad which is broad gauge and at that time was the highest broad gauge railroad in the world. It was built by the British I think along 1876 and goes from Calleo through Lima and up the Andes crossing some 60-odd bridges and going over great numbers of trestles which cross valleys. The road also had to have switch backs as it was run on a side of a mountain as far as possible and then had to back up. The President of the road let me take his Hudson Motor car which had

flange wheels to look over the railroad and it was most interesting. We had to run on regular time so that we would be at switches when copper trains came down the mountain. We stopped at Rio Blanco which was 11,000 feet above the sea for luncheon. The air at 12,500 feet has only the same amount of oxygen that is true in Switzerland at 19,000 feet. As a result on the regular trains they have a nurse with oxygen tanks to take care of casualties where people get mountain sickness. After luncheon at Rio Blanco our valet saw some llama in the distance and took his camera and went over to get pictures. He moved a trifle too fast and as a result fell on his face and could not get up for quite a period. As our Hudson Motor car had to arrive on train time we had to start when it was up and I was afraid we would never see him again. However, he showed up just about as the train was ready to start much the worse for wear.

The copper pigs brought down from the Cerro de Pasco Mines are loaded on flat cars and the pigs which weigh 300 pounds a piece are put over the trucks with no pigs in the middle of the car, otherwise it would break the car in two in the middle.

Going back down the mountain there were places where there were cracks in the mountain and the water came through and wild heliotrope grew many, many feet high. We tried to stop the Hudson Motor car to pick some but the driver had to try three times before he could stop the car where the heliotrope was because of the grade.

When they were building the road workmen died in one of the valleys because of poisonous bugs in the air but they did not go up as far as the trestle that goes over the valley so that there was no

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danger. At one place where the car was stopped we were able to get out and walk along where there were quite a number of llama which is a beast of burden in Peru to a certain extent.

Returning from Peru we stopped at one place where copper pigs were being loaded on a ship. They weigh 300 pounds a piece and yet the men handling them did so apparently with the greatest of ease.

One day at a meeting with Leguia he said to me, "I suppose you think our taxes are too high." I said, "Yes, I do." He said, "Then you will be surprised to know they are not as high as they are in Chile."

Then I said to him, "I presume the only way you measure the relationship is on a per capita basis." He said, "Yes." "Well," I said, "you have great numbers of Indians in Peru who live in the woods under trees, who buy nothing from anybody, who sell nothing to anybody, and therefore take no part whatsoever in the economic life of the country. Are those Indians included in the population when you measure the taxation?" He said, "Yes, why not? They are people." I said, "Do you count the monkeys in the trees?" He said, "No, of course not." I said, "What's the difference? Neither of them take any part in the economic life of the people in the towns, cities or villages and therefore they should not be counted in measuring taxation." He said, "Why didn't my economist tell me that?"

Only mention this to show the simplicity of mind.

Examination of the Federal Reserve Bank was very interesting and helped me uncover many of the conditions that made it impossible for the government to carry on without getting into trouble financially. Attached hereto is a copy of the report which I made after my examination of the finances of the country.

While I was not Vice President of the Bankers Trust Company at this time yet I was a Director and therefore represented in a sense the Company and feel that the prestige of its standing was of great help in carrying on the operation.

1931

England Went Off the Gold Standard

When the Oesterreiche Kreditanstalt failed in Vienna in 1931 German banks and banking houses were so tied up with it that it caused a crisis in Germany. Following the war a number of countries (with the exception of France who extended very small credits to Germany) including Great Britain, the Scandinavian countries, the United States and others advanced money to the good German banks and industrial houses. German industry in general had its plants intact and had the know-how of production. However, following the war they had no capital and capital was the only thing which they required.

The Deutsche bank took the matter up with the Bankers Trust Company and we made some advances to the Deutsche bank which were for the industrial houses which did business with them. It began as a perfectly sound procedure. However, such high amounts were loaned altogether to German concerns that when the Austrian bank closed it

developed a very serious strain on the German economy.

~~Some~~ Some of the loans made Germany were on demand and others on time. The demand loans were called first and it is interesting as showing how strong the German position was to realize that something like \$900 million was repaid very promptly before the situation reached toward bankruptcy.

From the British standpoint, however, conditions became very serious because much of the money which had been loaned to Germany by British interests represented money which had been deposited in England by clients throughout the world. As soon as the full extent of the Austrian debacle became known and as the loans which had been made Germany upon demand were called depositors in British banks and industries all over the world began asking for their money in Great Britain. A representative of the British Treasury came to see me and put up the whole situation as it affected the Bank of England.

In my work with the international exchanges in World War I, I had become very well acquainted with Montague Norman, the Governor of the Bank and with others in the British Treasury. It was probably due to this that they wished to discuss the matter with me.

As I recall it the Bank had something over \$600 million in gold in its vaults with which to meet the demands that were being made upon it after a series of payments had been carried out. Their representative told me, however, that in addition to drafts upon the Bank's gold that had already been made they had orders from different parts of the world which altogether exceeded the \$600 million in gold which they then held.

After studying the conditions that faced the British with knowledge of what was going on in Germany, Austria and other countries, I advised the British Treasury to go off the gold standard while the \$600 million in gold was in their hands. Told them that in my opinion it would be more difficult for Britain to recover from the situation if she had to start from scratch without any gold than if she went off the gold standard with \$600 million in hand. It only meant repudiating demands made upon the Bank of England before the gold was exhausted rather than after. We discussed this matter in detail and the representative of the Bank of England finally told me that he believed I was right and that he would so advise his superiors in the Bank. The Bank of England followed my advice and went off the gold standard in 1931.

This was a very interesting episode and I was thoroughly satisfied when England resumed the gold standard that it was able to meet the situation better than it could have done provided it had had no gold at all in the bank at that time.

Siam

When England went off the gold standard the King of Siam sent the Prince to see me to ask me how to stabilize the "tical" -- monetary unit of Siam. I was just leaving for the train for Washington when the Prince called upon me and told me what he had in mind. The Prince said he wanted to return to Washington in any event and would like to go back with me on the train and explain the whole situation. This he did and we were fortunate enough to get seats

together.

It seems that Siam had arranged protection for its currency in the form of sterling not gold in the Bank of England, but merely bank accounts in sterling. The result was that when England went off the gold standard the value of the sterling which belonged to Siam fell with sterling and as a result the currency of Siam depreciated and the currency situation became very strained.

After the Prince had explained the whole situation to me carefully I wrote a cablegram for him to send to the King of Siam with suggested plans for stabilization which I understand met the requirements of the country at the time. The King of Siam undoubtedly had heard about me because of my having handled the foreign exchanges during World War I.

1933

President Roosevelt

As I had had charge of the international exchanges in World War I and the situation had been handled without friction or loss and in the interest of the United States and the allies, when Roosevelt became President in 1933 the Federal Reserve Bank of New York asked me to take charge of the international exchanges during the crisis that developed. Mr. Jay Crane called me over to the Federal Reserve Bank and made the necessary arrangements with me and I agreed to take over.

Mr. Crane was the representative of the Federal Reserve Bank who carried out all my transactions during World War I that went through the Bank and he had proved himself most intelligent and developed an understanding of foreign exchange very rapidly so that I

found him thoroughly dependable and efficient.

On this account it was only natural that Mr. Crane who had moved forward into an important position in the Federal Reserve Bank should have been the one to take it up with me about handling the exchange situation under the Roosevelt regime. Mr. Woodin was Secretary of the Treasury at the time and after my appointment by the Federal Reserve Bank of New York he called me to Washington to discuss the situation with him.

I asked him whether he wanted me to refer decisions on policies to him or not. His answer was, "Fred, you know this foreign exchange situation and I don't. You need not refer anything to me whatsoever because I would not be able to be of help." So I said, "Mr. Woodin, am I to understand that I need not refer any decisions I make to you in the future but that I may feel that I have your okay on whatever I may do, of course working in harmony with the officers of the Federal Reserve Bank of New York?" He said, "Yes, you need never refer anything to me on this matter because I have all that I can do anyway and I know that I can trust you." This was the only conversation I ever had with Secretary Woodin about the foreign exchanges. However, I did try my best to stop him from allowing conferences to go on in Washington in which he took part way into the night lasting sometimes until three or four or five o'clock in the morning.

When Roosevelt first went in as President such conferences became the habit of many departments. They accomplished absolutely nothing but chaos. Those who were in them could sometimes think up

to twelve or one o'clock but after that while they could still talk they could not think and the conversation in the conferences in important part deteriorated into words without ideas and many of the men involved deteriorated from strong characters to persons without real understanding of what they were doing. Some of these men, like Mr. Woodin and Mr. Melvin Traylor of the First National Bank of Chicago for instance, could not stand the strain and died under it.

These long night conferences accomplished nothing because, as already said, while men could talk all night they could not think all night.

It was, of course, necessary to give decisions in connection with the foreign exchange operations promptly, as oftentimes cable offers were only good for a comparatively few minutes. The thing to be accomplished was to protect the business of importers, exporters and foreign traders in the United States from loss of business or the making of losses. Working under Mr. Crane this was comparatively simple because he, through his work with me in World War I, had become very understanding and I made decisions all day long without having to delay for reference.

President Roosevelt wanted to understand what was going on in detail and asked me to write him every day to keep him informed. This I did from early 1933 until the fall of 1936 when I wrote him that I was getting hoarse and asked if it would be satisfactory to him if I wrote him only once a week. This he agreed to and from that day until he died I wrote him every Monday morning. After Mr. Roosevelt died and Mr. Truman became President of the

United States he asked me to continue the weekly letters to him that I had been in the habit of sending to President Roosevelt. This I did as long as he was President as it was clearly my duty as a citizen to give information to the President when he wanted it. Further, it represented an opportunity to stand up for sound procedure before the President which was constantly made possible.

Since Mr. Eisenhower has been President I have had occasion at his request to write him on a number of subjects that I have felt important. For instance I promised him before he was elected that I would write him on how to reduce government expenditure with the least harm to the economy. This I believe covered about fifteen pages. Further I have had occasion to write on other special matters and have been advised that he was much pleased and gave them attention. This merely in passing but it does show that the Bankers Trust Company because of its standing in the United States as an institution of integrity and intelligence has opportunities through its personnel to take important positions in connection with government.

President Roosevelt frequently called me to Washington to take luncheon with him and discuss some of the various matters that were coming up. He had two servers brought in to his office with three courses on each. They were put on his desk and we sat and ate our luncheons and talked over the conditions that he wanted to discuss with me without anyone else being present.

This was most interesting of course and gave me an opportunity to discuss many things with him in addition to those having a bearing upon foreign trade. Further, it put me in position to write

him in detail on many subjects that were also far from foreign trade problems and that covered many important domestic situations.

One of the problems which we went into in great detail had to do with the New York Stock Exchange. While it was only necessary for me to control the foreign exchanges during 1933 and 1934 as conditions affecting them straightened out, I still had much to do with the President because of my membership in the Business Advisory Council which he had asked me to accept in 1933 (and has continued to the present) and also because of the years 1934-5-6 when I was chairman of the Advisory Committee of the New York Stock Exchange.

As chairman of this committee it became necessary for me to carry on discussions with numerous heads of the SEC as this organization developed. Mr. Kennedy was the first appointee and I spent considerable time with him and very effectively because he was sound and willing to have things go in a satisfactory manner. Also had conferences with Judge Landis but found him more under the influence of President Roosevelt when he wished to have political matters carried out. My greatest disappointment, however, was in my conferences with Judge Douglas when he was head of the SEC. He knew nothing whatsoever about the stock exchange but was politically minded.

Advisory Committee of the New York Stock Exchange

The Executive Committee of the New York Stock Exchange decided to have a committee appointed mostly outside of the Exchange on a purely advisory basis and they picked me for chairman of the committee. This work I carried on for the three years of 1934-5-6.

In addition to the duties that fell to me as chairman to consider matters with the committee I also was expected to and did attend regularly the meetings of the Executive Committee of the Stock Exchange, the meetings of the Public Relations Committee, and the Law Committee and occasionally when it seemed advisable other committees.

In the developments that took place between the stock exchange and the government it became necessary for me to go to Washington quite often to discuss the matters with President Roosevelt, with Mr. Kennedy when he was head of the SEC, Mr. Landis when the latter became head of the SEC and with Mr. Douglas who is now a member of the Supreme Court upon his appointment to the SEC.

While laws to regulate the stock exchange were being considered in the Congress some of the provisions that were being discussed if enacted into law would have been detrimental not only to the stock exchange but to the country as well. It became necessary for me to discuss these laws with President Roosevelt for several hours at different times. Finally/Carter Glass who was chairman of the Senate Committee having these matters in charge went to Roosevelt and told him that the law that was being considered would be very harmful to the country and I had several talks with Senator Glass.

President Roosevelt told Senator Glass that if he would draw up a bill covering the regulations that he had discussed with the President, he, Roosevelt, would approve it. Senator Glass then did so. The House Bill, however, was impossible and when the Senate Bill was superseded by the bill that was drawn up by Senator Glass, President Roosevelt gave Senator Glass a positive promise that he would approve his bill.

Frankfurter who was an adviser to Roosevelt at the time was in London and he cabled President Roosevelt he liked the House Bill better than the Senate Bill and Roosevelt decided to switch back. He then took a trip on the Caribbean Sea and I had no way to see him. However, I wrote him a letter which I knew would be forwarded to him because he had made arrangements with his secretarial staff that all my letters when received would be put on top of his mail and forwarded to him whenever he was away. He had asked me in April 1933 to write him every day, as already stated.

The letter which I sent him about the stock exchange law was forwarded to him by air mail and after reading it he switched back to the Senate Bill regulating the stock exchange with just a few of the unfortunate things that were in the House Bill added to it. However, I felt that I had saved the stock exchange as I was certain if the House Bill had gone through the New York Stock Exchange could not have continued.

One situation that arose between us during this period had to do with his determination to change the gold value of the dollar from \$20.67 an ounce to \$35.00 an ounce.

He called a meeting at the White House on a Sunday afternoon of those to whom he wished to give the information. Morgenthau, Secretary of the Treasury, was there, also Jesse Jones, Dean Acheson, Professor Rogers and Professor Warren (who had the President's ear at the time as monetary advisers and who were thoroughly unsound particularly Professor Warren), the President of the Federal Reserve Bank of New York, and a few others including myself.

The first thing the President said when he opened the meeting was, as closely as I can remember it, "If any of you gentlemen do not like what is going to be done here, you had better get out." That naturally did not leave much leeway for discussion. Then the President told us that he was going to have the value of an ounce of gold increased to \$35.00. He was going to do it in such a way that the world would feel that the dollar was going to depreciate. He said that this would result in an increase of exports and a decrease of imports. I stated that the first effect would be just the opposite, an increase in imports and a decrease in exports. Professor Warren said that all the books on economics said otherwise. I admitted that the principles aside from practice did so state.

However, at a later meeting speaking to those who were in attendance all of whom agreed with the President I made the following statement: Suppose you gentlemen were on the Board of Directors of a rubber importing company in New York and you saw that the value of the dollar was going to decrease. What would you do? You would support your officers in importing rubber from London to the full extent of your financial ability to do so even to the extent of borrowing. The same thing would be true in many other lines of business, the

effect of which would be to increase imports. Then I said -- suppose you gentlemen were the directors of a French cotton mill in Le Havre, France. If you saw the value of the dollar was going to fall you would advise your officers to postpone importing cotton until the dollar became cheaper and you could get the cotton at less cost. Other foreign importers from the United States would be affected the same way and therefore American exports would decrease.

During the next few months, April to August, I gave the President import and export figures and they worked out exactly as I said they would. Mitsui and Company imported so much rubber even borrowing to do so that they developed a very serious strain on their finances.

Then in talking to the President at one of the luncheons heretofore mentioned I told him that after the effect of the fear of the fall of the dollar had run its course and the dollar had become fairly stabilized at the new price the principles advocated in the books might take effect if nothing new in the situation developed to prevent.

1945

Robert Dollar Award

When Robert Dollar who founded and was head of the Robert Dollar Steamship Company died his family established a memorial to him through the National Foreign Trade Council of which Robert Dollar had been a director for many years.

The memorial is in the form of a solid gold plaque worth about \$500 which is given to one man in the United States every year.

This man is picked out by a committee nominated by the National Foreign Trade Council from its members in such manner that the whole country is well covered. This committee after canvassing the situation in the United States selects one person for the award for the year of his appointment.

The purpose is to find someone each year who can be considered to have accomplished most for the foreign trade of our country on some year. The committee which was formed for the year 1945 was made up as follows:

William K. Jackson, Chairman
United Fruit Company
Boston, Mass.

Theodore Brent,
Mississippi Shipping Co.
New Orleans, La.

Curtis E. Calder,
Electric Bond & Share Company,
New York, N.Y.

Frederick C. Crawford,
Thompson Products Co.
Cleveland, Ohio.

Charles R. Hook,
American Rolling Mill Co.
Middletown, Ohio.

Joseph C. Rovensky,
Chase National Bank,
New York, N.Y.

Stanley Powell
California Packing Corp.
San Francisco, Calif.

This committee selected Fred I. Kent, Director of the Bankers Trust Company, New York, for receipt of the memorial that year.

This gold plaque was presented to me as is customary at the closing dinner of the Convention of the National Foreign Trade Council by the Chairman of the committee and a speech of acceptance is made at this Council dinner by the recipient.

Since the establishment of the memorial the following persons in the United States have been awarded the plaque:

- 1938 Cordell Hull
- 1939 James A. Farrell
- 1940 Thomas J. Watson
- 1941 Eugene P. Thomas
- 1942 Sumner Welles
- 1943 Juan T. Trippe
- 1944 Eric A. Johnston
- 1945 Fred I. Kent
- 1946 William L. Clayton
- 1947 John Abbink
- 1948 Robert F. Loree
- 1949 Christian A. Herter
- 1950 Paul G. Hoffman
- 1951 James A. Farley
- 1952 Edward Riley
- 1953 Eugene Holman
- 1954 Clarence B. Randall

As in my work for foreign trade I had been a vice president and/or director of the Bankers Trust Company of New York I felt that the credit for the award also belonged to the Bankers Trust Company as did everything else which I had been able to accomplish while representing the Company.

Chamber of Commerce of the United States

As a member of the Chamber of Commerce of the United States representing the Bankers Trust Company of New York I was appointed to the Finance Committee and served upon it from 1921 to 1923, and then became Chairman of the Finance Committee for the succeeding period from 1923 to 1928, and again became a member of the Committee from 1928 to 1933.

The International Chamber of Commerce which was established by many countries of the world in 1920 in London had its representation from the local Chambers of Commerce in each country and delegates to the International Chamber were appointed from the members of the local Chambers.

The United States Chamber of Commerce appointed me as representing the Bankers Trust Company in the Chamber a member of the Executive Committee of the American Branch of the International Chamber of Commerce which position I held until the Executive Committee was changed to the United States Associates of the International Chamber in 1946. This change in the form of the organization made it seem important to me to have an active officer of the Foreign Department represent the Bankers Trust Company on the United States Associates and therefore when my term expired I suggested that Mr. Frank Shepard,

Vice President of the Bankers Trust Company take my place. This was arranged and has prevailed ever since.

The Executive Committee of the American Committee was made up of the following members:

Elliott Wadsworth
Washington, D. C.

Winthrop W. Aldrich,
Chase National Bank of the
City of New York,
New York, N.Y.

Julius H. Barney,
New York, N.Y.

Willis H. Booth,
Guaranty Trust Company of NY
New York, N.Y.

John H. Fahey,
Federal Home Loan Bank Board,
Washington, D. C.

Robert V. Fleming
Riggs National Bank,
Washington, D. C.

W. A. Harriman,
Brown Brothers Harriman and Co.
59 Wall St.
New York, N.Y.

Eric Johnston,
C of C of the U.S.
Washington, D. C.

Fred I. Kent,
Bankers Trust Company,
New York, N.Y.

Thomas W. Lamont,
J. P. Morgan & Co.
New York, N.Y.

Clark H. Minor,
International General Elec.
New York, N.Y.

Lewis E. Pierson
War Savings Staff Hdqrs,
New York, N.Y.

George A. Sloan
New York, N.Y.

Silas H. Strawn
Winston Strawn and Shaw,
Chicago, Illinois.

Thomas J. Watson,
Intern'l Bus. Mach. Corp.
New York, N.Y.

During the time that I was on the Executive Committee of the International Chamber of Commerce American Committee I attended all of the Chamber meetings as a delegate. The meetings were held biennially and I attended those representing the Bankers Trust Company of New York in Paris in 1921, Brussels in 1923, Amsterdam in 1925, Washington in 1927, Stockholm in 1929, Rome in 1931 and Copenhagen in 1939.

At these meetings I made addresses in Paris, Rome and Copenhagen.

Was appointed Chairman of the Economic Reparation Committee of the International Chamber following World War I, a position which I held for four years. During this period in carrying on the work of the Committee I called upon and had conferences with the Prime Ministers of many of the European countries such as Great Britain, France, Belgium, Holland, Germany, Italy, Switzerland, Austria and Hungary.

There were representatives from 31 countries on my committee and we accomplished a great deal in alleviating the friction which had developed among the European countries because of World War I and the unfortunate peace treaties. Due to this work I was appointed technical adviser to the International Chamber.

Following the Copenhagen Conference Hitler started the second World War.

Confidential detailed reports were made of all of these meetings to Mr. Prosser.

Copy of letter from Chamber of Commerce of the United States, dated June 15, 1954:

Mr. Fred I. Kent
100 Broadway
New York, N.Y.

Dear Mr. Kent:

We are glad to send you information from the records of the National Chamber concerning your long and distinguished service to this organization.

The Chamber's records show that you were appointed as a member of its Committee on Foreign Relations in 1918, and served as a member of the Chamber's Committee on Foreign Affairs from 1921 to 1926.

Our records indicate that you served, also, on the Chamber's Finance Department Committee from 1921 to 1923, as Chairman of this Committee from 1923 to 1928, and again as a member of the Committee from 1928 to 1933.

In 1926 you accepted appointment to the Executive Committee on Federal Reserve Inquiry.

You were honored, also, in 1926, by your election as Honorary Vice President of the National Chamber.

Our records show that you served as a member of the Chamber's Committee on Special Banking and Currency Study from 1927 to 1930.

In 1943 -- twenty-five years after your first appointment to a Chamber committee -- you were appointed as a member of the Chamber's Committee on Economic Policy, and served on this Committee until 1949.

It is a genuine pleasure to give you this information from the records of the National Chamber. You can be justly proud of the contribution you made to the work of the Chamber, and through it to the progress of our nation.

Cordially,
(signed) Maurice A. Kramer
Maurice A. Kramer
Assistant to the
Executive Vice President

Cotton Bill of Lading Committee

So many losses were incurred in handling bills of lading because of irregularities in their issuance that bankers abroad and in the United States got together and worked out a validation system for their mutual protection. Sir Edward Holden of the London City Midland Bank came to New York to represent British bankers and he was placed on the American Committee of which I was made chairman.

We took up the situation with the railroads and at one meeting in New York at which I presided the presidents of 52 railroads were in attendance and a complete agreement as to the form of validation was worked out and put into force.

National Foreign Trade Council

(1921)

James H. Farrell who was president of the United States Steel Corporation organized a group which was named the National Foreign Trade Council which he felt was necessary to check on all matters having to do with the foreign trade of the United States for the benefit of importers, exporters, traders and others and also of the trade of our country. He became president of the organization, a position which he held I believe until he died when Mr. E. S. Thomas who had been one of his right hand men in the Steel Corporation took his place.

Mr. Farrell wanted me to go on the Board of Directors which I did, a position which I have held ever since and for which I have been re-elected to continued and regular sequence.

The organization has held a convention every year, recent ones being held in New York City at the Waldorf where there has usually been an attendance of over three thousand people interested in banking and foreign trade.

The committees of the organization have worked very hard and the president and management are guided in their work by the resolutions which are passed at every convention. These resolutions are built up carefully over a period and passed upon by the Board of Directors until final consideration is given to the resolutions by a Special Committee appointed at each Convention by the president. Throughout the life of the National Foreign Trade Council I have always been a member of this committee and have attended its meetings

and studied the resolutions very carefully.

These resolutions are very different for instance from those of the American Bankers Association which cover general principles having to do with banking, currency, etc.

Those doing a foreign business in the United States have so many difficult problems, great numbers of which have to do with the actions of the American and foreign governments, that the resolutions while they have covered many principles such as that of private enterprise which has been developed very fully in many of these annual statements in the different forms necessary to meet going conditions have in effect been a book of instructions to the management and the Board of Directors in their work between Conventions.

On this account these resolutions are studied and passed upon in detail by the Board of Directors, then, as already stated, finally approved by the special committee appointed at the convention. Then the Chairman of this special committee reads the resolutions to the Convention for its approval.

Have served as chairman or member of many of the important committees of the Council, a great many of which have been created to meet different problems of foreign traders that have arisen because of the attitude of our government or foreign governments.

When the Export-Import Bank was formed a special committee was named to study the whole set-up and try to hold the building of the Export-Import Bank in such shape that it would not be harmful to private enterprise. The members of this committee, of which I was the first chairman, were obliged to go to Washington constantly for

a time to discuss the creation of the bank with the members of Congress who were working out the detail.

Other committees which I have been on are as follows:

Executive Committee
 International Committee
 Post-War Planning Committee
 Foreign Property-holders Protective Committee
 Foreign Trade Reconstruction Committee
 Plans and Operations,
 Sub-Committee on Monetary Policy and Exchange Stabilization
 Committee on Education.

Today I am a member of the following committees:

Member Board of Directors
 International Finance Committee
 Point Four Program Committee (inactive)
 Resolutions Committee for November '54 Convention

Since Robert Loree retired from the Guaranty Trust Company as manager of its foreign exchange department he has been Chairman of the National Foreign Trade Council and since the death of Mr. Thomas, Mr. William Swingle has been president.

In my opinion this organization has done more and better work in the interest of foreign trade of the country and those engaged in it than any other organization in the United States has accomplished.

Conference of National Organizations

Officers of the National Association of Manufacturers, the Chamber of Commerce of the United States and other national organizations in the country formed a special Conference having representatives from twenty-three of the most important business and labor organizations.

This body was formed when Lee Wiggin was president of the American Bankers Association which was asked to participate. Mr. Wiggin appointed me as Chairman of the Commerce and Marine Commission of the American Bankers Association to represent the American Bankers as chairman of its committee on what is now called the Conference of National Organizations (its name has been changed a trifle from that used at the start).

Every member organization is allowed three representatives. The meetings are held three times a year, mostly in Atlantic City although a few meetings have been held in Chicago.

The discussions are all off the record and the purpose is to bring labor and management together for serious discussions of national problems. At some of the early meetings I had Randolph Burgess as one of the members of the Bankers' Committee. A few of the meetings have been held at times when I had directors' meetings of the Bankers Trust Company so that I could not attend but I have always had someone there to represent me in such cases. All other meetings I have attended for the several years that the conference has been in existence.

The discussions have proved to be of great value and have

enabled business men who have represented the Chamber of Commerce of the United States, the N.A.M., the American Bankers Association and others to obtain an understanding of the point of view of the CIO, the AF of L, the railway unions and other groups of labor men because all have talked off the record extemporaneously and without fear at these meetings. Some of the organizations represented on the Conference are the following:

Air Transport Association of America
 American Bankers Association
 American Farm Bureau Federation
 American Federation of Labor
 American Legion
 American Trucking Associations
 American Waterways Operators
 Association of American Railroads
 Association of Stock Exchange Firms
 Chamber of Commerce of the United States
 Committee for Economic Development
 Congress of Industrial Organizations
 Cooperative League of the USA
 Disabled American Veterans
 General Federation of Women's Clubs
 Investment Bankers Association of America
 Kiwanis International
 Lions International
 National Association of Manufacturers
 National Association of Retail Grocers
 National Council of Farmer Cooperatives
 National Education Association of the United States
 National Foreign Trade Council
 National Grange
 National Retail Dry Goods Association
 Veterans of Foreign Wars of the United States

National Industrial Conference Board

In 1920 so many problems were developing between capital and labor and management and labor that a small group of men felt that such problems should be studied carefully by industry in order that it might be able to intelligently meet them. Frederick Fish, a very able lawyer from Boston, was willing to give his time to help in the original development.

Meetings were held once a month throughout the year except in June, July and August and a research body was formed within the National Industrial Conference Board that has proved to be one of the most technically able and valuable research groups in the United States.

For a number of years I was Treasurer of the organization representing the Bankers Trust Company following which I was appointed a trustee of the Board, a position which I hold at present as I have been constantly re-elected. Further, for one year I was chairman of the Board and had to preside over its meetings.

The program of the Board has been for the Board of Trustees to hold a luncheon meeting monthly followed by general meetings where discussions are held on crucial subjects of the day having to do with management, labor and government, and a dinner of board members and guests at night with addresses on current national problems. At these dinners the audience has consisted of some 1500 to 1700 business men. Usually three addresses are made taking different sides of the current important problem of the moment. These addresses are off the record except where the speaker is willing to have them published.

The Board also has a small group of 16 of the Councillors whose terms run for five years. Following are the present Councillors:

Sewell L. Avery, Chairman of the Board,
Montgomery Ward & Company, Inc.
Chicago, Illinois

Irene du Pont,
E. I. duPont de Nemours & Company, Inc.
Wilmington, Del.

Frederick H. Ecker, Chairman of the Board,
Metropolitan Life Insurance Company,
New York, N.Y.

Eugene G. Grace, Chairman,
Bethlehem Steel Company, Inc.
New York, N.Y.

Paul G. Hoffman,
Formerly Administrator,
Economic Cooperation Administration,
Washington, D. C.

Honorable Herbert Hoover,
Palo Alto, Calif.

Cornelius F. Kelley, Chairman,
Anaconda Copper Mining Company,
New York, N.Y.

Dr. Fred I. Kent, Chairman,
Council of New York University,
New York, N.Y.

Frederick J. Koster, President,
California Barrell Company, Ltd.,
San Francisco, Calif.

W. L. Mellon, Director,
Gulf Oil Corporation,
Pittsburgh, Pa.

A. W. Robertson, Chairman of Board of Directors,
Westinghouse Electric Corporation,
New York, N.Y.

Alfred P. Sloan, Jr., Chairman,
General Motors Corp.
New York, N.Y.

Myron C. Taylor, Former Chairman,
United States Steel Corporation,
New York, N.Y.

Thomas J. Watson, President,
International Business Machines Corp.
New York, N.Y.

General Robert E. Wood, Chairman of the Board,
Sears, Roebuck and Co.
Chicago, Illinois.

Owen D. Young,
General Electric Company,
New York, NY.

Last year I was re-appointed for another five-year term. For a number of years and at present I am a member of the Finance Committee of the Board representing, of course, the Bankers Trust Company, which is a Board member.

Statistics are published weekly covering tremendous detail that carries on the going relationships between industry and labor and also statistical industrial developments.

For possibly some twenty years a so-called Yama Conference has been held, so named because the first conference was held at Yama Farms. The president of the National Industrial Conference Board invites about fifty important business men covering the whole United States to gather for Friday afternoon, Saturday and Sunday morning to discuss off the record without program all the problems of the moment that are industrial or about labor and government.

These conferences I have attended since their inauguration with the exception of the very few which have come when I have been out of the country.

During recent years the meetings have usually been held in November and Irene DuPont has arranged for us to have the facilities of the golf club at Absecon, New Jersey, where we can meet under conditions that prevent publicity.

At present the membership of the National Industrial Conference Board consists of 3,381 presidents or other high officials of the big and many of the small industries of the country.

In addition to the meetings held monthly in New York, during recent years since Mr. Sinclair has been president, meetings have been held in other parts of the country such as the south, middle west and far west. These special meetings are attended by some 50 or 60 of the most important industrialists of the localities.

American Arbitration Association (1926)

An Association was formed some years ago aimed to arrange an arbitration of differences that might arise between industries and between labor and industry. It was named the American Arbitration Association. Mr. Colt is a member of the Board as am I also and I have worked very closely with the organization in many respects.

In one large arbitration development where Holland was on one side, its government requested me to serve as a member of the special arbitration board but I felt that because of the conditions that developed it would be unwise to do so although I was able to

refuse without offense to the Dutch interests who had asked me to go on the arbitration panel.

This organization has proved most valuable and has accomplished the settlement of a vast number of disputes that otherwise might have run into expensive law suits.

Transportation Association of America

(1935)

The strained conditions that developed between the railroads and carriers by water and later with the truck interests caused a group of men to believe that something should be done to ameliorate the frictions that were arising and also to put the railroads upon a more sound basis.

The Transportation Association of America was organized by thirty-seven outstanding leaders of agriculture, industry and finance who were concerned with trends affecting transportation and the drift of this great public service toward government ownership. It has been carrying on panel meetings made up of very important men with technical understanding and experience of the problems covered in each panel.

A division of panels has been made in such manner that every live railroad problem and problems that developed between water carrying interests, trucking and the railroads have had detailed consideration.

Frank Rathje is president of the organization. He was formerly a president of the American Bankers Association and is president of the Chicago City Bank and Trust Company in Chicago. James

L. Madden, Vice President of the Metropolitan Life Insurance Company is Chairman of the Executive Committee.

For a number of years I have been a member of the Board of Directors with the understanding that I could not attend the monthly meetings in Chicago but that I would be present when possible at annual meetings and also would work with men in other organizations and advise them of the activities of the Transportation Association of America.

This Association is persona grata with Congress and has taken forward positions in connection with much railroad legislation that has gone before Congress.

The Executive Vice President, Donald Conn proved to be an extremely able person. Unfortunately he died suddenly in August 1954 and Mr. Rathje and the Board have a very serious problem to find anyone able to take his place because it required a tremendously broad and technical understanding of the whole transportation system of the United States, something that Mr. Conn held to a high degree.

American Bankers Association

When I was with the First National Bank of Chicago in 1898 they made me one of their representatives at the annual meeting of the American Bankers Association. In the Association they appointed me a member of the Express Money Order Committee and then I became chairman of this committee. This matter is covered in my statement about the American Bankers Association travelers checks so that I will only refer to my other connections with the American Bankers Association in this particular statement.

When Bob Maddox was president of the American Bankers in 1918 he formed the Commerce and Marine Commission with John McHugh of the Chase National Bank as chairman and I was one of the members. When Mr. McHugh resigned the chairmanship in 1921 I was appointed Chairman and have been re-appointed to the Commission as Chairman constantly since, year by year, and am now Chairman of this Commission.

The duties of the Chairman are rather strenuous because he is obliged to report to the Commission in detail twice a year at the spring meeting of the Executive Council and at the Convention, developments in our national business and also foreign conditions, that should be brought to the attention of the members of the Executive Council. This is done confidentially for distribution by the members of the Council to all the bankers of the country through private channels.

Further the chairmen of the Commissions are all ex-officio members of the Administrative Committee and have to meet with it. Again they are members of the Executive Council.

In my own case I have also been appointed every convention year as a member of the Resolutions Committee. A number of years I have been chairman of the drafting committee and one year chairman of the Resolutions Committee itself.

When the Advisory Committee on Special Activities was formed and Linn Hemingway was made chairman I was appointed to this committee and have been a member/^{ever}since it was established. At the Executive Council meetings and the Convention this committee meets

with the Committee on Government Bonds of which Bob Fleming has been chairman for many years.

For many years I have also been on the Research Committee of the Association. Mr. Ardrey felt that it might be of value to have Roy Reiersen on this committee because of the nature of his work at the Bankers Trust Company. Therefore last year (1953) I resigned from the Research Committee with the understanding that Mr. Reiersen was to be appointed. This was carried out. Then, however, as the chairman of the Research Committee wished to have me attend the meetings so that he could refer matters to me when he considered it desirable, I was made a member of the Advisory group to the Research Committee.

The result of this combination of developments has been that I have had to attend the Administrative Committee meetings all day Friday, and all day Saturday before the general meetings of the American Bankers Association. Then Sunday morning at 10 o'clock I have had the meeting of the Committee on Special Activities and the U. S. Bond Committee and at 2 o'clock Sunday afternoon the meeting of the Commerce and Marine Commission of which I am chairman which has lasted ordinarily two hours or more. Have also attended the meetings of the Research Committee on Sundays. Have had meetings of the Resolutions Committee interspersed with other meetings one usually being held the first thing Monday morning.

As Chairman of the Commerce and Marine Commission I have had to read to the Commerce and Marine Commission the full report

which usually takes about two hours because members of the Commission have to approve the report before it can go to the Executive Council. Then at the Spring meeting of the Executive Council I have had to report to the Council the action of the Commerce and Marine Commission members.

It has been my habit to do this extemporaneously and without notes because reading a report which might take two hours is quite impossible. Further by speaking extemporaneously and without notes one can touch the high spots and give the members of the Executive Council a clear idea of the important matters that should be brought before them. This report has usually been asked for at the Council meetings Tuesday or Wednesday. At the Convention meetings, however, all reports to the Council are turned in to the Secretary without other presentation.

It seemed wise to give this detail here because when I suggested to Mr. Prosser in 1928 that I resign as Vice President and carry on my work for the Bankers Trust Company as a Director that had to do with the American Bankers Association and the other organizations at which I represented the Bankers Trust Company he felt that it would be of very great value to the Bankers Trust Company. He said we would have an important position in connection with such activities and in the case of the ABA it would leave all the officers of the Bank free to carry on their work with customers and

prospective customers and other activities that might be of benefit to the Trust Company.

Bringing all these matters together one can see that beginning with every Friday morning when the Administrative Committee is called I go from one committee to another throughout the whole period of the Executive Council meetings and of the Convention.

All of these matters I am carrying on at present and I just received advice from the Association that they want me to act on the Resolutions Committee at the Convention to be held in Atlantic City in October of this year 1954.

Further, in connection with the American Bankers Association I have made a number of addresses for different divisions as well as at some Conventions.

American Institute of Banking

The American Institute of Banking under a slightly different name was developed in the form of numerous interrelated chapters in different cities in the country with the headquarters in New York City. Just previous to 1900 the Chicago chapter was formed and Mr. Forgan who was president of the First National Bank of Chicago asked me to organize it. This I did and was made the first president of the Chapter.

We had great success in developing a membership from practically all Chicago banks and the activities of the Chapter covered education in important part as well as entertainment. Along the educational lines we had classes, one of which for instance Judge Mack carried on in banking law and also meetings with important men as speakers.

The Chicago Chapter of the American Institute of Banking made me an honorary member which holds today as is also true with the New York Chapter which made me an honorary member in 1910 when I came to New York.

From the New York office of the Institute which was carried on under the auspices of the American Bankers Association they arranged to have representatives of the Chapters get together in Cleveland, Ohio, in 1903. We carried on in the form of a convention and the consolidation of the chapters of the institute was brought about. I was made first president and I have worked for the Institute in many ways ever since as I have made addresses before various chapters and also before annual conventions. Further, after I came to New York with the Bankers Trust Company I was made a member of the Board of Regents of the American Institute of Banking. Mention this particularly because my original commitments with the Institute were while I was with the First National Bank of Chicago, but as Vice President of the Bankers Trust Company I carried on for the Institute in different many ways one of which as already stated was membership on the Board of Regents in New York City.

Mr. Prosser

In connection with all of the matters which are covered would say that I discussed them in full detail with Mr. Prosser when I was in the United States and when I was in foreign countries I made special reports to him in full detail, sometimes as long as thirty pages or more.

If he were able, therefore, to read these notes, he would recognize every one of the incidents covered. It was wonderful cooperation which I had from him.

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New York University

In 1928 Mr. Nichols, president of the Allied Dye & Chemical Co. invited me to call on him at his office. He told me that he was Acting Chancellor of New York University but was an old man and he needed advice. He said, "I know, Fred, that you are extremely busy but I cannot talk with you about the University unless you are a member of the Council and I will appreciate it if you will come on the Council solely for the purpose of advising me when I wish to discuss anything with you."

Naturally, I could not refuse. However, I had been on the Council only a short time when Mr. Nichols died. It was then my intention to resign as I felt that I was too busy to continue. However, before I had an opportunity to do so I was appointed chairman of a committee to examine the educational and financial conditions prevailing in the University. When this report was made the Council elected me President and I carried on for more than twenty years as President of the Council.

This period covered the ten years of the depression and realizing the difficulties that might develop I brought the University into close form and saw that it balanced its budget every year for that ten years. We had small surpluses every year which totaled \$57,000 for the ten years of the depression.

Henry Cochran was a member of the Board of Trustees of Princeton University and I talked with him about the situation. The University did business with the United States Trust Company as Mr. Kingsley who was University treasurer was President of the United States Trust, and also with the National City Bank and the Guaranty

In talking with Mr. Cochran I suggested that the Bankers Trust Company find some way to do business with New York University but he absolutely refused to approve on the basis that the nature of the development was such that he felt the Bankers Trust Company should have nothing to do with it in a financial way.

There was, of course, no doubt about it but that the financial situation was very precarious for this period as the student body fees were not sufficient to meet all the needs of the University and as a result many millions of dollars were borrowed every year for a period from the three bankers of the University, that is, the United States Trust Company, the National City Bank and the Guaranty Trust Company.

When Chancellor Chase of the University retired we had great difficulty finding a new Chancellor but finally succeeded in obtaining a man who is probably one of the best educators in the country and who also has great ability in University development. Mr. Henry T. Heald. When he came into the organization I resigned as President of the Council and was elected to a new position as Chairman of the Council and George Roosevelt was named President. This situation prevails today.

Therefore, the Bankers Trust Company has a position in one of the important Universities in the country and is able indirectly to take part in this important field through a representative.

THE COUNCIL OF NEW YORK UNIVERSITY

recognizing that the year 1954 will mark
not only the eighty-fifth anniversary of the birth
of our esteemed fellow-member and Chairman

FRED I. KENT

but the twenty-fifth anniversary of his membership in
the University Council
during which time he occupied with singular distinction
for more than twenty years the office of
President of the Council
would now express to him the deepest gratitude
for manifold services hitherto which have impressed
the indelible stamp of his resourceful leadership upon
the fabric of New York University
and for the promise of his continued helpfulness
in guiding to ever-ascendant heights
the destiny of this institution.

Signed and sealed in the City of New York
this 25th day of January, 1954

John L. Raasch
Secretary of the Council

George Roosevelt
President of the Council

Henry T. Heald
Chancellor of the University

SEAL OF
NEW YORK UNIVERSITY

Business Advisory Council

Department of Commerce

In 1933 Mr. Daniel Roper who was Secretary of Commerce organized what was called a Business Advisory Council of the Department of Commerce. President Roosevelt asked me to go on as a member which I did and I have been a member of the Council ever since and am today in the form of what is now called a Graduate Member but with power to vote. This Council is made up of about fifty-odd men who are at the heads of the big industries of the country. At first men like Alfred Sloan and others of his caliber were members and as the membership changed each year because three or four new members were brought into the organization it was still held to top executives in the industries of the country.

During the period that I have been a member I have been on many important committees and chairman of some. Reports are made to the Secretary of Commerce and with his approval are carried to the committees of Congress when that is thought advisable.

All statements made at the Council meetings are off the record and as a result the officers of government outside of the Department of Commerce who speak before the meetings of the Council frankly state the facts of the developments of their departments.

It is from such information that the members of the Council decide on their point of view in connection with various recommendations that are put before it for consideration. The meetings are held once a month except during the summer, in Washington and in addition they usually have a spring meeting and a fall meeting outside of Washington, usually in Hot Springs, West Virginia. It has been of

very great value to be able to attend these meetings and with the rotation of members that has been going on I have met many of the very important business executives of the country.

Merchants' Association

Commerce and Industry Association of New York

When I came to the Bankers Trust Company it was a member of the old Merchants' Association of New York and the dues paid by the Bankers Trust Company authorized it to have someone to represent it on the Board.

The Directors of the Association elected me as a member and I was made Chairman of the Banking and Currency Committee and Chairman of the Committee on Education. Worked with this organization for several years and then the name was changed to the Commerce and Industry Association and I have been a board member throughout its life and have served on a number of important committees.

One of these committees of which I was chairman carried on a very extensive campaign to try and save private enterprise. I had a committee of very important men whose names appear in the booklet attached. We met constantly and discussed the points of view that were being taken and I wrote the pamphlet embodying these points which was approved by the committee. Thousands of these books were sent out in New York and throughout the country to Chambers of Commerce. The general reaction to this pamphlet was excellent from members of Congress and others throughout the country.

The first pamphlet came out while the war was on and

when peace was attained I re-wrote it to carry the principles forward for consideration under peace-time conditions.

Later when it appeared as though there were going to be an important change in our tax system I was asked to head a committee for its consideration. This I undertook and I picked out men whom I knew were extremely able in connection with taxation and we made a report to Congress.

Have served on a number of other special committees of the Commerce and Industry Association and have recently been elected for a further three-year term as director.

Chamber of Commerce, State of New York

The Bankers Trust Company wanted me to take out a membership in the Chamber of Commerce of the State of New York which I did shortly after I came to New York. Served for a time on the Committee on Education in 1928-1931, and I was made chairman of the Committee on Finance and Currency in 1948-1950. The members of my committee were as follows:

Alexander C. Nagel
Charles E. Adams
John E. Bierwirth
Joseph P. Ripley

Dudley H. Mills
Robert Lehman
Walter E. Sachs
J. Luther Cleveland

One member of the Chamber who for years has fought to have gold restored by our government on the old basis had this matter referred to this committee. We reported in favor of the gold standard but against presenting it to our government with recommendation that action be taken at once to bring this about as the committee felt that the time was not quite right to make such a change and we realized that such a recommendation would be futile at that time in any event as the administration that was in existence was absolutely opposed to the restoration of the gold standard on its old basis.

When my term as Chairman of this committee ran out I was elected a member at large on the Executive Committee of the Chamber of Commerce and served there for three years, the full time allowed by the by-laws which I believe required that under such circumstances a member has to be off all the Chamber's committees for two years before he can be re-appointed.

Honorary Diplomas and Crosses Awarded
Following World War I.

While as the representative of the Bankers Trust Company these honors were conferred upon me personally yet I have always felt that the Bankers Trust Company was justified in feeling that it had been honored also.

Following World War I the French government made me a Chevalier (Knight) of the Legion of Honor which was established by Napoleon in 1815. This authorized me to wear the cross of the Legion of Honor at foreign functions and the red ribbon in the lapel of my coat. As I was constantly meeting Frenchmen I wore this ribbon. The award was made because of work that I had carried on during World War I in connection with the international Exchanges which the French considered had been of great value to them.

Later the French had occasion to make a report to the committee set up by the American government to consider the indebtedness of the different governments to the United States and arrange for payment.

The French government realized that there was considerable friction apt to occur because of the difficulties they realized they would certainly have in making payments.

As I had had to work with the French government very closely during the war and knew many important people in it, they requested me to write the report for them. This I agreed to do with the understanding that they would furnish me with all the figures.

The introduction I felt was the crucial part of the statement and I wrote that originally in English in the hope of having it develop a good feeling on the part of the members of the American Committee who had shown some feeling against the French. The balance of the report I wrote in French and then made a translation so that it would not appear to be the statement of an American and took the chance that the introduction even though it was written originally in English would be accepted for what it said.

The French were much pleased with the statement and presented it to the American Debt-Funding Commission. Two days after this Assistant Secretary of the Treasury Dewey came to my desk in the Bankers Trust Company (we had been friends for a long period) and said, as near as I can recall it, "Fred, you have no idea what a pleasant surprise it was to the Debt-Funding Commission to receive the French statement on the debt. It eliminated all friction at once and was a great surprise to all concerned."

Of course, I did not let him know that I had written it and I was glad to find out what had happened upon its presentation.

Before I turned it over to the French I let Mr. Prosser read it and he was extremely pleased and wrote me a very nice letter about it.

Brianz was Prime Minister of France at the time and he cabled to Berenger the French Ambassador to the United States and said that they would like to promote me from Chevalier (Knight) to an Officer of the Legion of Honor if there was no objection. Berenger

cabled approval and the promotion was made. Instead of wearing the red ribbon, as an Officer I was authorized to wear a rosette in my buttonhole and a different cross was sent me. As I have had occasion to meet a great many Frenchmen in my work which I have been doing I have worn the rosette constantly and have found that it was of great value to do so. Mr. Prosser was very much pleased when I received this promotion.

Following the war the Italian government also recognized me for the work which I had accomplished for them in raising the price of the lira at a critical time, the details of which I have mentioned in the report on my work as Director of the Division of Foreign Exchange of the Federal Reserve Board.

The first diploma given me from the government of Italy was Commander of the Crown of Italy. Commander is one step higher than Officer. The Crown of Italy was established for the purpose of recognizing those who had accomplished something for the country in 1846 when King Humbert brought the whole of Italy into one country.

Later, however, Mussolini while he was working hard for Italy and before he was broken under the power of Hitler, felt that I should have a higher honor. A diploma and Cross were therefore sent me making me Commander of the Order of St. Maurice and St. Lazarus. This was the highest honor the King of Italy could give a civilian and there were only three people in the United States who received it. One, General Harbord, was a director of the Bankers Trust Company; two, Colonel Walsh, who was an employee of the Bankers Trust Company; and three, myself, a vice president and director of the

Bankers Trust Company. This always seemed to me extremely interesting

that the three men in the United States who were given this high honor were all in the Bankers Trust Company.

This order was established in 1500 at the time of the Crusades and was in two parts, the Order of St. Lazarus which I believe was the first one, and the Order of St. Maurice. They handled hospitals during the Crusades and had tremendous wealth and were later joined together and then the Order of St. Maurice and St. Lazarus was determined upon as a special means to recognize things that had been done by individuals for Italy.

It seems to me that the Bankers Trust Company is justified in accepting the fact that this honor had been extended to three of its representatives as something adding real prestige to the Bank's position as a world bank.

The Cross for the Order of St. Maurice and St. Lazarus is very beautiful. It is a gold crown from which hangs an ivory cross on a green ribbon.

TRANSLATION

The French Ambassador
United States

Washington, March 25, 1926

My Dear Mr. Kent,

At the moment we achieve the work on which we have been working together, I want to thank you for the help you so kindly gave us, in the name of the French Government and myself.

Not only your influence enabled us to profit by the technical services and personnel of the Bankers Trust Company but you took into your hands with an extreme kindness all matters that would have caused us a thousand difficulties.

Furthermore, not hesitating to put aside your personal work, you have helped us with your good advice even going into the smallest details, you have enabled us to profit by your perfect knowledge of all economical and international questions and by your knowledge of American opinion to such an extent that if the pamphlet we submit to the War Debt Commission convinces the American people of the real situation of France, we certainly will owe it to you.

I shall not fail to let the French Government know about the new and important service you have rendered to the cause of France in United States but I wanted to thank you personally without waiting until it is possible for my Government to witness their appreciation.

I hope you will be able to have lunch with me on April 1st, to which I am looking forward with pleasure and in the meantime, I remain,

Very truly yours,

(signed) Henry Berenger,
French Ambassador,
Senator

C O P Y

RÉPUBLIQUE FRANÇAIS

Ministere

Des

Affaires etrangeres

Direction
des

Affaires politiques
et commerciales

Paris, le 20 Avril 1923

Cher Monsieur Kent,

J'ai appris le court sé jour que vous faisiez parmi nous, et je tiens à vous dire combien je regrette qu'ill ne me soit pas possible de vous recevoir. J'aurais tenu à vous dire moi-même combien nous vous sommes reconnaissants de l'action décisive que vous avez exercée à Rome, à la réunion de la Chambre de Commerce Internationale. Nous savons que vous êtes du nombre de ceux sur les sentiments de qui nous pouvons toujours compter.

Je vous sais un gré particulier d'avois fait comprendre aux Allemands que vous avez rencontrés à Rome, que l'Amérique n'interviendrait pas dans le différend franco-allemand. Il est indispensable, en effet, que la France règle elle-même et directement avec l'Allemagne, le conflit actuel. Il faut que le Gouvernement allemand fasse directement et officiellement ses propositions au Gouvernement français, sans que des pourparlers plus ou moins officieux se fassent au paravant par intermédiaires.

Je pense qu'il serait très dangereux de dire autre chose aux Allemands: toute négociation officieuse amènerait des marchandages et permettrait au Gouvernement allemand de se dérober à la dernière minute, comme il l'a dé jà fait trop souvent./.

Veillez croire, cher Monsieur Kent, à mes sentiments les plus distingués.

(signed)

BRIANZ

Monsieur KENT
aux soins de Monsieur de VALLOMBROSA
Bankers Trust
Place Vendome
PARIS

C O P Y

FEDERAL RESERVE BOARD

Washington

PERSONAL

June 30, 1919

My dear Kent:

The sending in of your formal resignation marks the end of our very pleasant association in connection with the Division of Foreign Exchange. The job was well done from start to finish and was, I think, carried out with as little annoyance to the business community as due regard for the public interest made possible. The business community is, I think, greatly indebted to you, probably more indebted than they will ever know, for the fact that the transactions which they thought were obstructed and interfered with were really facilitated as much as circumstances permitted.

Personally I want to express to you the pleasure that I have had in my association with you, and my appreciation of the very effective work that you have done. I hope your trip abroad will be pleasant, and remain,

Very sincerely yours,

(signed) Albert Strauss

Mr. F. I. Kent
New York, N.Y.

C O P Y

FEDERAL RESERVE BOARD

Washington

Office of the Governor

My dear Mr. Kent:-

I have brought to the attention of the Board your letter of June 26th in which you state that as the need for the maintenance of the Division of Foreign Exchange, except in a minor way, no longer exists, you feel free to tender your resignation as Director of that Division, to take effect July 1, 1919. The Board feels that it should meet your wishes in this matter, and therefore has accepted your resignation effective as of the date named.

You have discharged the arduous duties of your position with fidelity and zeal and with the highest order of intelligence and efficiency; your work has been of the greatest value to the Board, the Treasury Department, and the country, and you have shown an ability to enforce the rigid regulations made necessary by the war impartially and effectively, but in such manner as to avoid friction and to enlist the cooperation of those most affected by the restrictions imposed. You have declined to accept adequate compensation for your services, but have rendered them for the nominal amount prescribed by law as a minimum, thereby making a patriotic contribution of your time and labor.

The Board desires to express its warm appreciation of all that you have done as well as its regret at the severance of our official relations.

Sincerely yours,

(Signed) W. P. G. Harding

Governor

Mr. Fred I. Kent, Director,
Division of Foreign Exchange,
15 Wall Street,
New York City

C O P Y

INDIA OFFICE
LONDON, S.W.1
26th June 1919.

My dear Mr. Kent,

Now that we have received the last of our Pittman Act silver and the control over exports of silver introduced in connection therewith has been withdrawn I should like to write and tell you - as perhaps I may be permitted to do - how deeply indebted to you I feel myself to be, as indeed all of us who are concerned in Indian matters, for the immense help you gave throughout these transactions. The result has been to tide India over a very grave situation at a most critical moment of the war and afterwards to keep her currency system effective for a considerable period, so that, in spite of the difficulties and uncertainties which are still ahead of us, there is now much ground for hoping that she will pull through altogether. All this would have been impossible but for the co-operation of the United States' Treasury and your friendly exertions both in preparing the way at the outset and afterwards in working continuously to make the arrangements the complete practical success which they have proved to be. I suppose it would not be correct to make this the subject of an official letter but I know that in thus writing informally and personally I am only expressing the views of all my colleagues on the Council of India.

I was very sorry that you did not after all get to England as I had particularly hoped that we should meet again here.

Please remember me very kindly, should you see them, to Mr. Leffingwell and Mr. Baker, both of whom helped me so much in Washington, and also to Sir Hardman Lever, who went back before I could get an opportunity of saying good-bye.

Yours sincerely,

(signed) J. B. Bruingate