

No. 014.0

Federal Reserve Bank
District No. 2
Correspondence Files Division

STRONG PAPERS

SUBJECT

1.) STRONG'S CORRES. WITH U.S. SECTY. OF WAR
AND OTHERS
1917-1921

014.0

a. John W Weeks
Secretary of War

1921

John W. Weeks

PERSONAL

July 14, 1921

Dear Mr. Secretary:

Referring to our talk of last week, Governor Harding is at the present time in New York, having come over for the purpose of discussing an opportunity which has been offered him to associate himself with some New York bankers in an important enterprise. I have had a talk with him along the lines of our discussion of last Thursday, and believe that he is persuaded that his duty lies in continuing to serve out at least his present term of office on the Federal Reserve Board.

Copy on file Harding

On the other hand, I feel that I should not influence him to pursue this course if it means foregoing a favorable opportunity to enter business in New York, and without any knowledge or understanding as to the views of the present Administration as to his work and usefulness in his present position.

Governor Harding, in my opinion, has performed a service of the greatest value to the Federal Reserve System, and to this country, and has done it with wisdom and courage. I gain the impression in my talks with him that he is becoming increasingly conscious, as I am, of the danger of too much political influence entering into the management of the Federal Reserve System, a development which he has resisted from the outset, and in which he has been supported by the management of the different reserve banks, and in general by the bankers and the public. It seems best that I should write this to you frankly, because I believe, as do all those who are students of the Federal Reserve System and who are familiar with its operations, that an increasing political influence in the management of the System will ultimately be a death blow to its prestige and success.

Honorable John W. Weeks

July 14, 1921

These views are emphasized by the report which I have just received that there is some prospect of the passage of a bill recently introduced in the Senate by Senator Capper, providing that the Secretary of Agriculture shall be a member of the Federal Reserve Board. My opposition to this proposal is not based upon any suggestion of personal disqualification of the Secretary of Agriculture. I do not know him, and have no knowledge of his qualifications for the office. The proposal will be interpreted by the country, and I believe correctly, as an intention on the part of Congress, which is supported by the Administration (if the bill passes and is signed by the President), to inaugurate political control. The objections to the proposal are principally four:

(1) The one to which I have referred above, that it would mean a political and, ultimately, a partisan control of the System.

(2) It would introduce a representative of special interests. Agriculture would enjoy an advocate to the exclusion of all other interests, and the tendency of that particular interest, in the present temper of the country, would be distinctly detrimental to the System were it allowed free play or strong influence.

(3) Cabinet members are engrossed with the duties of their departments and cannot regularly attend the meetings of the Board. Such a membership would result in delays and embarrassment in the despatch of the business of the System.

(4) The Federal Reserve System is not ideally designed for furnishing the type of credit needed by a considerable class of our farmers and cattle men. They are at present served by the Federal Farm Loan Organization which provides funds for long time mortgage loans. Those who require accommodation for not over six months are adequately served by the Federal Reserve System. The farming business, however, is seasonal, and largely annual, and the production of live stock usually covers a cycle of possibly two years. They need longer credits in many cases than six months. If the agricultural interests are specially represented on the

July 14, 1921

Federal Reserve Board, the tendency will be to press for special privileges, special legislation, and other advantages, such as long time credits, or credits for unliquid and unliquidating transactions, which should be discouraged rather than promoted by the supervisors of the System.

This particular matter I am citing simply as an illustration of one of many developments of the past year, which have led us all to feel much anxiety as to the future of the System, and I would indeed feel anxious were we to lose now the courageous leadership of Governor Harding at a time when he is most needed.

Let me repeat the suggestion which I have taken the liberty of making to you, that all of these matters can be dealt with by an understanding between the President and Governor Harding. I believe that no greater service can be performed for the country in the difficult times through which we are now passing than to insure by this means a continuance of the hearty and constructive support and cooperation of the entire System, by giving the head of the System the courage and confidence which he will feel if supported by the Chief Executive.

Apologizing for the length of this letter, I beg to remain,

Respectfully yours,

Benj. Strong,
Governor.

Honorable John W. Weeks,
Secretary of the War Department,
Washington, D. C.

BS:MM

WAR DEPARTMENT,
WASHINGTON.

ACKNOWLEDGED

July 16, 1921.

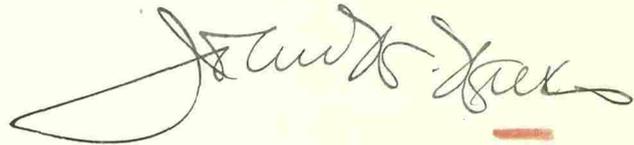
JUL 18 1921

B. S.

Dear Mr. Strong:

I have your letter of the fourteenth and approve all you say in the matters to which you make reference. I will do what I can, as I have once or twice in the past, to make the position of the Governor a stable and satisfactory one, for I think I appreciate as well as one can outside of the system, how important it is that that be done.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Woodrow Wilson". The signature is written in dark ink and is positioned below the typed name "Woodrow Wilson".

Benjamin Strong, Esq.,
Federal Reserve Bank,
New York City.

WASHINGTON
WAR DEPARTMENT

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JUL 18 1921

and my yours

Frank [unclear]

1921

July 18, 1921.

PERSONAL

Dear Mr. Secretary:

Thank you for your note of July 16. I am relieved to have your assurance of sympathy with the expressions contained in my letter of the 14th, which were inspired entirely by my deep interest in the Federal Reserve System.

Sincerely yours,

Honorable John W. Weeks,
War Department,
Washington, D. C.

BS:MM

W. C. A. Johnson
American Relief Mission

Paris

1917

Denver, Colorado,
April 27, 1917.

Dear Mr. Johnson:

I was very glad today to receive your letter of April 10th, with further word in regard to your plans and of your doings in Paris.

I am called back home for a short stay and am leaving tonight, and, until I reach New York, it seems impossible to send definite word to you or Mr. Lyons in regard to the exact date of leaving the house, but I will see that notice is given and, of course, leave everything in good shape, with Flora in charge.

In case I return as expected and neither you nor the children anticipate occupying the house until the middle of June, it may be that we could stay on until nearly that date. On the other hand, I may learn on reaching New York that it will be necessary to leave by the 15th of May. If necessary, I will cable you more definitely in a week or two.

With kindest regards and many thanks for your letter, I am,

Very truly yours,

C. A. Johnson, Esq.,
American Relief Clearing House,
5, Rue Francois Ier,
Paris, France.

BS/CC

P.S. Sorry to say that clamps had been put on alcohol before the arrival of your letter and no further importations are possible. I will leave a moderate supply of whiskey, both Rye and Scotch, and cocktail ingredients with my compliments and sorry there is not more.

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Logan, James A. Col

1919

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American Relief

Administration

Paris

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AMERICAN RELIEF ADMINISTRATION

Hotel de Crillon, Paris.

5th. September 1919.

Mr. Benjamin Strong,
American Embassy,
London.

Dear Mr. Strong,

Colonel Logan has asked me to send you the enclosed tabulation.

Under separate cover we are sending a complete set of American
Relief Administration Bulletins.

Faithfully yours,

W. White

Secretary to Col. Logan.

Ritz Hotel, London,
September 11, 1919

Dear Mr. White:

Thank you for your note of September 5th enclosing the tabulation, which I have left with Colonel Logan, and for the set of American Relief Bulletins which you were good enough to send me.

Yours very truly,

G. A. White, Esq.,
c/o Col. James A. Logan,
Hotel de Crillon, Paris.

BS/PE

FOOD SECTION

FORECAST OF SITUATION IN BREAD GRAINS

MEMORANDUM FROM DIRECTOR GENERAL OF RELIEF.

The present date gives the last opportunity for pre-harvest forecast. The next available figures will be harvest data, of little additional value until the first of September. Wheat has continued to deteriorate in the United Kingdom. It has not improved in France and Italy. Bread Grains have improved in Germany and Hungary and have held their own in Czecho-Slovakia. Bread Grains have held their own in the South-East, but the maize is so retarded, the conditions so poor and the climatic prospects, on the basis of experience, so unfavorable that we must fear a maize crop so small as to exclude the possibility of exportation of any material amount of wheat. Crops in Denmark and Sweden are stated to have improved and with rather heavy carry-overs, their import requirements will tend to be lower.

The condition of spring wheat in the United States and Canada has deteriorated so rapidly and so gravely as to have reduced the figure for exportable surplus from North America very heavily. The conditions for the new crop in India are favorable, in the Argentine unfavorable. The margin of safety between import demand and exportable surplus has been notably narrowed during the past month.

July 24.

BREAD GRAINS

THOUSANDS OF TONS

COUNTRY	CROP EX SEED	MINIMAL CONSUMPTION	MAXIMAL CONSUMPTION	MINIMAL IMPORT	MAXIMAL IMPORT
UNITED KINGDOM	1,500	7,300	8,100	5,330	6,600
FRANCE	5,700	7,380	10,350	1,680	4,550
ITALY	4,000	7,000	7,200	3,000	3,200
BELGIUM	340	1,350	2,380	1,010	2,020
FINLAND	250	650	800	400	550
NORWAY	30	380	410	350	380
SWEDEN	710	1,010	1,100	300	390
DENMARK	410	540	920	130	520
HOLLAND	470	1,190	1,460	720	990
SWITZERLAND	140	610	680	470	540
SPAIN	3,780	3,780	3,900	000	120
TOTAL	17,330	31,190	37,200	13,590	19,860

BREAD GRAINS

THOUSANDS OF TONS

COUNTRY	CROP EX SEED	MINIMAL CONSUMPTION	MAXIMAL CONSUMPTION	MINIMAL IMPORTS	MAXIMAL IMPORTS
GERMANY	8,500	11,160	12,230	3,000	4,250
AUSTRIA	520	1,350	1,460	810	940
HUNGARY	1,850	1,800	1,860	----	210
POLAND	4,000	4,860	5,900	800	1,200
CZECHO SLOVAKIA	1,720	2,160	2,780	200	400
ROUMANIA	2,050	1,800	3,240	---	---
S.H.S.	1,240	1,350	2,000	---	---
BULGARIA	1,160	900	960	---	---
TOTAL	21,040	25,360	30,430	4,810	6,980

BREAD GRAINS

COUNTRY	CROP EX SEED	MINIMAL CONSUMPTION	MAXIMAL CONSUMPTION	MINIMAL IMPORTS	MAXIMAL IMPORTS
WESTERN EUROPE	17,330	31,190	37,200	13,590	19,860
EASTERN EUROPE	21,040	25,360	30,430	4,810	6,980
TOTAL	38,370	56,550	67,630	18,400	26,840

PROBABLE EXPORT SURPLUSES

	MINIMAL	MAXIMAL
UNITED STATES	10,000	11,000
CANADA	1,500	2,000
THE PLATE	2,500	4,000
AUSTRALIA	2,000	4,000
TOTAL	16,000	21,000

In the event of a good maize yield per average in Roumania, Bulgaria and S.H.S., they will have between 1,000 and 1,500 for export, but with present maize forecast this is very improbable.

Ø Includes Iron Ore, Iron sheets profiles, rounds, wire, taken at mien prices of £12 per ton.
 # Includes copper square, rounds, blocks, sheets and wire.

TOTAL REQUIREMENTS OF RAW MATERIALS
OF ALLIED AND ENEMY COUNTRIES
FOR ONE MONTH - Tons.

NOTE : Although amounts shown are monthly requirements a minimum supply would have to be given at once for three months.

COMMODITY	Germany	Austria	Poland	Roumania	Czecho-Slovakia	Serbia	Esthonia	Lithuania	Lettland	Total Requirements.
Iron ore	849,000	-	50,000		83,300	3000				985,300
Pig Iron			33,000	4,842			1,000		600	39,441
Manganese Ore	46,000									46,000
Ferro-Manganese Bohemian Lignite					8,300					8,300
Pyrites	406,000									406,000
Copper	18,750		4,000		8,300					31,050
Brass scrap	9,400	500	400	32#	2,500	600				13,432
Brass rods				3 1/3						3 1/3
Brass Ingots										
Lead	10,000			95						10,095
Antimonial Lead										
Tin	1,000	80		17 1/2	250	80	42			1,469 1/2
Nitrate Cupro Nickel										
CARRIED FORWARD	1,340,150	580	87,400	4,989	102,650	3,680	1,042		600	1,541,091

Ø Steel squares, rounds sheets,
wire & Tool steel @ £85 per ton.

TOTAL REQUIREMENTS OF RAW MATERIALS
OF ALLIED AND ENEMY COUNTRIES
for one month - Tons.

Note : Although amounts shown
are monthly requirements
a minimum supply would
have to be given at once
for three months.

COMMODITY	Germany	Austria	Poland	Roumania	Czecho- Slovakia	Serbia	Esthonia	Lithuania	Lettland	Total Require- ments.
BROUGHT FORWARD	1340,150	580	87,400	4,989	102,650	3,680	1042		600	1541,091
Chrome										
Chrome dye	2,300									2,300
H.S. Steel				Ø 44						44
Ferro Tungsten										
Tungsten ore		70								70
Tungsten Powder										
Ferro Sillicon										
Zinc Ore	8,700									8,700
Zinc G.O.B.				35						35
Zinc refined										
Nickel	160	25	16		160					361
Ferro Chrome										
Sulphur	625		300			120				1,045
Graphite	1,240									1,240
Antimony				1/2						1/2
CARRIED FORWARD	1353,175	675	87,716	5,068 1/2	102,810	3800	1042		600	1554,886 1/2

TOTAL REQUIREMENTS OF RAW MATERIALS
OF ALLIED AND ENEMY COUNTRIES
for one month - Tons.

Note : Although amounts shown are monthly requirements a minimum supply would have to be given at once for three months.

COMMODITY	Germany	Austria	Poland	Roumania	Czecho-Slovakia	Serbia	Esthonia	Lithuania	Lettland	Total Requirements
Brought Forward	1,353,175	675	87,716	5,068 1/2	102,810	3,800	1,042		600	1,554,886
Sisal	900									900
Ramie	175									175
Coconut Fibre	340									340
Rags	3,750	900								4,650
Hides & Skins	20,000	8 million sq:ft. upper leather	1,600			800				22,400 X Austria
Quebracho	5,460									5,460
Quebracho Extract.	4,300	500	16,000		8,000			4		28,804
Valonia	2,185			250						2,435
Chrome Oxide	100									100
Rubber(raw)	781	250	100		200					1,331
Rubber(Waste)										
CARRIED FORWARD	1,391,166	2,325	105,416	5318 1/2	111,010	4,600	1,042	4	600	1,621,481

TOTAL REQUIREMENTS OF RAW MATERIALS
of ALLIED AND ENEMY COUNTRIES
FOR ONE MONTH - Tons.

NOTE : Although amounts shewn
are monthly requirements
a minimum supply would have
to be given at once
for three months.

COMMODITY	Germany	Austria	Poland	Roumania	Czecho-Slovakia	Serbia	Estonia	Lithuania	Lettland	Total Requirements.
BROUGHT FORWARD	1,391,166	2,325	105,416	5,318 1/2	111,010	4,600	1,042	4	600	1,621,481
Shellac	53		200							253
Rosin	3,125		250	3 1/2	60	175			18	3,631 1/2
Oils										
Petroleum	25,000						250	1250		26,500
Turps	500									500
Benzine	12,500									12,500
Lubricating Oil	15,000	6,000	160			800	100	100	22	22,182
Castor Oil	250									250
Tallow	1,700									1,700
Colza	2,800									2,800
Fertiliser	46,000		8,000		8,000					62,000
CARRIED FORWARD	1,498,094	8,325	114,026	5,322	119,070	5,575	1,392	1,354	640	1,753,798 1/2

Ø American
 (a) Excluding Tungsten ore, coconut fibre & Chrome Oxide. In addition there are small requirements of other raw materials for Roumania amounting to approx. £30,000 per month.

TOTAL REQUIREMENTS OF RAW MATERIALS
OF ALLIED AND ENEMY COUNTRIES
FOR ONE MONTH - Tons.

Note : Although amounts shown are monthly requirements a minimum supply would have to be given at once for three months.

COMMODITIES	Germany	Austria	Poland	Roumania	Czecho-Slovakia	Serbia	Esthonia	Lithuania	Lettland	Total Requirements
BROUGHT FORWARD	1,498,094	8,325	114,226	5,322	119,070	5,575	1,392	1,354	640	1,753,798
Cotton	28,000	4,000	3,200		8,300	250	1,000			44,750
Cotton Cloth		6,000								6,000
Cotton Yarn	250	500		400					27	1,177
Cotton Waste Raw	1,000		2,300							3,300
Wool	5,000	1,000	2,500	200	4,000	1,000	50			13,750
Wool tops	1,150	2,500								3,650
Flax	3,500	120								3,620
Flax yarn	1,100	8		8						1,116
Jute	7,500	800	1,000		100					9,400
Silk	187									187
Aviation Fabric	Quantity to be served out with Raw Materials.									
Hemp	3,000	800								3,800
Sand bags (Jute)	Any quantity, at cost each - 3 1/2									
TOTAL	1,548,781	24,053	123,026	5,930	131,470	6,825	2,442	1,354	667	1,844,548

014.0

Dr. F. R. McCoy
Chief of Staff
American Military Mission
to

~~America~~

1919

AMERICAN MILITARY MISSION TO ARMENIA,

Paris, France, August 16, 1919.

MEMORANDUM FOR ALL MEMBERS

AMERICAN MILITARY MISSION TO ARMENIA:

1. With regard to mail and telegraphic service while with the American Military Mission to Armenia the following is presented for your information:

For messages to Constantinople or beyond, best service will be obtained by sending all messages through Admiral Bristol, whose cable address is: STANAV, CONSTANTINOPLE.

The average time on ordinary messages between Paris and Constantinople is two days. RUSH MESSAGES may make it in somewhat shorter time.

Mail should be addressed to each member care of

Major General James G. Harbord,
Chief, American Military Mission to Armenia,
45 Ave. Montaigne,
Paris, France.

Arrangements have been made with the Postmaster at Paris to collect and re-forward all mail addressed as above by courier to Constantinople through the facilities of the American Commission to Negotiate Peace.

F. R. McCOY,
Brig. General, U. S. A.,
Chief of Staff

AMERICAN MILITARY MISSION TO ARMENIA,

CIP/whe

Paris, France, August 19, 1919.

MEMORANDUM FOR ALL MEMBERS
AMERICAN MILITARY MISSION TO ARMENIA:

1. For your information please be advised that it has now been definitely decided for the Mission to leave Paris for Brest tomorrow evening, WEDNESDAY, August 20, 1919, at 7.00 P.M. on the AMERICAN SPECIAL, leaving the Station: GARE DES INVALIDES (Near the Alexander III Bridge). Reservations have been made on this train for all members of the party. Details as to assignment thereto will be in the hands of R. T. O.
2. THERE ARE NO DINING CAR FACILITIES ON THIS TRAIN.
3. BAGGAGE WILL BE COLLECTED TOMORROW BETWEEN 8.30 AND NOON. PLEASE HAVE IT READY FOR TRUCK WHEN SAME CALLS.
4. For your information the Transport "MARTHA WASHINGTON" has been placed at the disposition of the Mission.

CLARENCE I. POORE,
Chief Clerk

Secret
TELEGRAM

Paris, August 26, 1919.

BRIGADIER GENERAL F. R. McCOY

Steamship Martha Washington

Gibraltar

Letter received Will do everything possible to carry out your wishes
and only regret I am not with you Best wishes

STRONG

Special
AMERICAN MILITARY MISSION TO ARMENIA
On Board S.S. Martha Washington,
Brest, France.

Aug. 23rd, 1919.

Dear Ben:-

General Harbord and I were very much disappointed as we still had a strong hope that you would be able to join us, but this in no sense is a reflection on you because we appreciate your noble effort to accompany us and we still hope to have the benefit of your help. Please have Kent work up everything that you think advisable at the London and Paris end and join us at Constantinople if it can be arranged in reasonable time. If he cannot join we would appreciate the results of his work at this end on our return in October, when we can either see him personally or have the result of his work left at our disposition. In any case, please help us yourself and have him do it from this end by putting your Imperial Ottoman Bank people in Constantinople and any other financial people there like the English head of the Bank of Turkey, sympathetic toward us and ready to give us help and information, and I should also appreciate your talking to Leland Harrison and asking him to arrange to have Professor Elliott Mears work with us at Constantinople ^{and} such information as he has at our disposition.

All this I ask without a flicker of doubt in your ability or willingness and without hurting your own health or business and shall always regret that you could not go with us.

Give my best wish to Elliott Goodwin and tell him how much I regret to leave Paris without sitting in with him and you together.

Faithfully yours,



Mr. Benj. Strong,
Hotel Ritz,
Paris.