

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

1925

January 15  
January 15  
February 24  
(February 27)  
March 9  
March 9  
March 20  
March 21 (not sent)  
March 24  
(March 26)  
March 30  
April 15  
April 21  
April 27  
April 27  
April 30  
May 4  
May 4  
[May 9 (from secretary)]  
May 9  
May 11  
May 14  
(May 15)  
May 18  
May 18  
May 21  
(May 25)  
(May 26)  
(May 26)  
June 1  
June 6  
June 12  
June 12  
June 13  
June 13  
(June 16)  
(June 16)  
(June 16)  
(June 18)  
(June 18)  
[August 1 (to Anderson)]  
(August 16)  
August 19  
August 20  
August 23  
[September 19]  
September 26  
October 2  
October 2  
[October 3]  
(October 6)  
November 7  
November 10

November 20  
November 27  
December 3  
[December 7 (to Anderson)]

[Misc. J.C. Robold & Co. to Strong;  
Nov 28 & Dec 2 on shipment of statuette]

Note from original list: C = Cables

Letters and cables with deputy governors also included in Strong's files with a few others, such as that to Osborne. Also letters to ER Peacock, a director of the Bank of England, which were marked private for BS alone

Strong Papers Key:

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

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

06/01/04

STRONG PAPERS, Strong to Norman, 1925 - 1926

1925

Jan. 15  
 Jan. 15  
 Jan. 24  
 Mar. 9  
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 Mar. 20  
 Mar. 21 (not sent)  
 Mar. 24  
 Mar. 30  
 Apr. 15  
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 June 13  
 June 13  
 Aug. 1 (to Anderson) *(see add'l file)*  
 Aug. 19  
 Aug. 20  
 Aug. 23  
 Sept. 19  
 Sept. 26  
 Oct. 2  
 Oct. 2  
 Oct. 3  
 Nov. 7  
 Nov. 10  
 Nov. 20  
 Nov. 27  
 Dec. 3  
 Dec. 7 (to Anderson)

1926

Jan. 6 (to Anderson) *Zem has file*  
 Jan. 10 (to Anderson)  
 Jan. 15 (to Anderson)  
 Jan. 18  
 Mar. 3  
 Mar. 6  
 Mar. 11  
 Mar. 17 C  
 Mar. 18 C  
 Mar. 18  
 Mar. 18  
 Mar. 26 C  
 Mar. 27  
 Mar. 29 C  
 Mar. 30 C  
 Mar. 30  
 Apr. 1  
 Apr. 1  
 Apr. 21  
 May 15 (to Harvey) *Zem has file*  
 May 15  
 May 15  
 May 25  
 May 27 (to Harvey)  
 June 5  
 June 5 (to Harvey)  
 June 6  
 July 5 (to Harvey)  
 July 22  
 Aug. 10 (Harrison to Trotter, with letter to Prof. Harr and letter of introduction)  
 Aug. 18 (from Harrison)  
 Aug. 20 (from Harrison)  
 Aug. 21  
 Aug. 27  
 Aug. 28 (to Osborn)  
 Nov. 8  
 Nov. 23  
 Nov. 26  
 Nov. 26  
 Dec. 28 C  
~~Oct. 20 (Harrison to Peacock)~~  
~~Nov. 8 (s's secy. to Peacock)~~

Misc. J.C. Robold + Co. to Strong  
 Nov. 28 and Dec. 2 on shipment of  
 statuette.

C-Cables

Note: Letters and cables with deputy governors also included in Strong's files with a few others, such as that to Osborn. Also letters to E.R. Peacock, a director of the Bank of England, which were marked private for B.S. alone. *Lates letters out and placed in separate files*



PERSONAL

January 15, 1925.

My dear Norman:

It seems as though our conversations had left nothing further to be said or written, the ground having been so thoroughly covered, and our opportunity for quiet talks having been unusually favorable.

There are, however, two or three matters which afterthought leads me to refer to, simply to make sure that they remain in your own mind.

One is the question which I once touched upon; in fact, as I recall, somewhat because you had made a similar inquiry of me, - and that is as to continuity of management in the Bank. I do not need to elaborate on this; in fact, it is a delicate subject. But I do hope that you and your associates will have in mind that this is one of the elements which cannot be overlooked during the next year or two in striving for a successful conclusion to whatever plans may be undertaken, which, indeed, concern your institution and this one so vitally.

Another matter is the currency note issue. I can only express the hope, which I cannot but feel, that your Government will find means for placing an effective limit upon fiduciary issues of currency notes. Possibly, it is wholly needless for me to express this hope at all. But you were good enough to join me in discussing these matters from the standpoint of both countries, and it was on that account that I took the liberty of enlarging somewhat upon this subject, and of mentioning it now.

The third matter is the need for some sort of an arrangement or understanding as to which of the two proposed revolving credits shall be used in this market from time to time, should they be put into operation.



I think you understand my point of view fully enough without any repetition in this letter, and am writing now only that you may have in mind these three points which continue in my own as having an important bearing upon the success of whatever is done.

I am leaving this evening for the South, but have arrangements made so that my secretary will be there, and messages will be re-coded at the bank and transmitted if needed.

With best wishes, I am

Faithfully yours,

Right Honorable Montagu C. Norman,  
Thorpe Lodge,  
Campden Hill,  
London, England.

BS.LS



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January 15, 1925.

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With best wishes, I am

Faithfully yours,

Right Honorable Montagu C. Norman,  
Thorpe Lodge,  
Campden Hill,  
London, England.

BS.LS



PERSONAL

January 15, 1925.

Dear Monty:

This is just a line to let you know what a great pleasure you gave all of us, and especially me, by making a visit here at this time.

But beyond the pleasure, it has been of the greatest possible value. So much so, indeed, that I fear at times I was an inconsiderate host on the one hand, in keeping you too busy, and on the other hand, in giving you no opportunity for a little recreation while here.

Some time when you have a minute to spare, if you can drop me a line giving something of your impressions of our organization, I will be glad to have it. Possibly Anderson would do it and save you the bother. It might be useful to me.

Once more, every possible good wish to you and every possible success to your plans.

Sincerely your friend,

Right Honorable Montagu C. Norman,  
Thorpe Lodge,  
Campden Hill,  
London, England.

BS.LS



CONFIDENTIAL

February 24, 1925.

My dear Norman:

This is to acknowledge and thank you for your personal letter of February 10, which I have read with much interest.

It makes clear that our views are quite in harmony in the matters we discussed, and I am very glad, indeed, to feel that that is so.

The parenthesis in the last paragraph of your letter is rather cryptic, and I assume that in due course some explanation will reach me. You will, I am sure, not overlook that our program here, so far as it has a bearing upon your own hopes and plans, will need to take account of prospects and possibilities just as much as it will of certainties, so I am relying on you to keep me advised.

My absence in Florida and the need for a trip to Washington, for which place I am leaving today, have made it difficult to write you very fully, which I hope to do on my return.

In the meantime, with warmest regards, I beg to remain,

Sincerely yours,

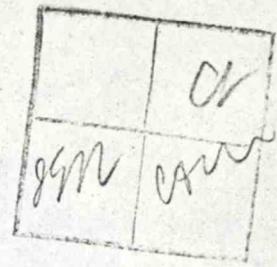
Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

B. LS

P.S. Since dictating the above, your cables 71 and 72 have been received and throw much light on the situation.



FEDERAL RESERVE BANK  
OF NEW YORK



*aired  
1/23*

February 27, 1925.



Dear Norman:

The enclosed is a copy of the Tenth Annual Report of the Federal Reserve Bank of New York for the year ended December 31, 1924, which I am sending with the compliments of our directors and officers.

You will note that the annual report this year does not contain the usual statistical tables. In order to avoid duplication these tables are being published only in the composite report for the entire Federal Reserve system prepared by the Federal Reserve Board. This report will be available within a few weeks and we shall take pleasure in forwarding you a copy.

We should appreciate receiving a copy of your own annual report when available, and beg to remain

Very truly yours,

BENJ. STRONG,  
Governor.

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
Threadneedle Street,  
London, E. C. 2, England.



March 9, 1925.

My dear Norman:

Possibly I was derelict in not writing you earlier in regard to the volume of Ricardo's Works which your associates were good enough to locate for me.

We are very glad indeed to have it, and much appreciate the courtesy shown us by the officers of your Bank in locating the volume, which is very difficult to purchase in this country.

With kindest regards, I am

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

ES LS



March 9, 1925.

My dear Norman:

Your letter of the 26th of February has just reached me, and you may be sure that I shall enjoy this opportunity for another visit with Farrer, and that we will have a perfectly frank discussion of the matters we both are so much interested in.

As you say, our cables keep us up to date better than letters may, and I expect by the fifteenth we will be at it again, so I shall not elaborate in this letter.

I hope you have had a good rest. You needed it quite as much as I did.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



March 20, 1925

Dear Norman:

If the statements made to the Commerce Committee of the House of Commons have been printed and are available to the public, I would like very well to have a copy. So far press reports indicate that the Commerce Committee has heard statements from McKenna, Leaf and Keynes. Doubtless others have been made, and, as you have mentioned, it would be interesting reading for me.

With best regards, I am

Very sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, The Bank of England,  
Threadneedle Street, London.

BS.MSB



THIRTY THREE LIBERTY STREET  
NEW YORK

*First sent*

270 Park Avenue,  
New York City,  
March 21, 1925.

Dear Monty:

This is one of my house-cleaning Saturdays when I am catching up with back work, and I happen to receive your cable #86 at the same moment that your note of March 9 reaches me from France. This is a very personal answer to both.

I am really troubled about the evidences which you give now and then of exhaustion from your work, and I cannot but believe that, in part at least, it is your own fault. In large matters of policy you certainly have a much heavier burden to carry than most of us, and your own letter is a confession that you are not organized in the Bank in such a way that you may be spared many things which others might do if they were given an opportunity and trained to do them. Please take a leaf out of my book in that respect, for I am sure that you went home convinced that the organization method is better, at least so far as the comfort of the boss is concerned, than the personal method which you pursue.

You need have no concern about the way I am getting along. Rarely have I ever been so well as I am now, and if a little short of breath, it is more from lack of exercise than anything else, and that I can correct this summer with regular golf. In fact, I did play every clear day, almost, at Palm Beach, though not more than nine holes, - and it did me a world of good.

There is little to say about the cables we have just exchanged, except as to the outlook. We had an easing of money this last week due to the usual heavy advances we make to the Treasury on the quarter day pending the collection of income tax receipts. (It is a slow job.) The week ended with the banks in New York owing us over \$100,000,000, and with the Treasury owing us about \$50,000,000, which latter the market must repay to us in the way of income tax proceeds, etc., rather early in the week, and I expect to see money tighten up a little bit. As you know, we wish to keep the banks in our debt and convince the speculative community that there is not unlimited money for their deadly work, but, at the same time, not let our money market get into a position to force us to another increase. It strikes me that the situation is well in hand but will require some rather careful management. This summer we are liable to have easier money, but "sufficient unto the day is the evil thereof!"

3/21/25.

I had a nice talk with Farrar, and will have another before he sails next week. We talked over everything in some detail, and I expressed to him much the same views that I did to you and Anderson, but, of course, he is now able to give me a little information as to the reaction resulting from your trip and the report you had made.

Now I am somewhat troubled about a few things which appear more by implication than by anything that you have cabled, or that he has directly said. Let me recount them:

1. I do think that the difficulties of maintaining gold payment after resumption is undertaken may be somewhat greater than off-hand opinion which one hears so frequently expressed really appreciates. I refer to those particular things outlined when you were here and which I will not repeat. That is what made me feel cautious about the amount of credit which it might be wise for you to provide, and why I said that \$500,000,000 appeared to me not excessive.
2. The placing of a "loan," although less than \$300,000,000, rather than a drawing credit, would have an immediate effect upon our money market; place that part of the transaction beyond the scope of management; and would be fait accompli once it was done. That is not to be preferred, in my opinion, to a revolving credit, although other considerations from your point of view might be controlling.
3. If a loan, instead of a market credit, is employed, it means that the management of the two credits cannot be handled so well with a view to the maintenance of stable money rates, as would be the case under your plan. Obviously, if the British Government is paying interest on a loan, it will wish to use the proceeds of that loan in case of need in preference to using any credit which we might extend to you. It leaves the Reserve Bank in position where it might be helpless, except at some sacrifice of its own policy of domestic character, to prevent the development of conditions in the money market which either you, or we, or both of us, might not wish to see arise.
4. The suggestion that the British Government may be reluctant to issue a dollar obligation to secure our credit is, of course, a distinct modification of the program, of a character which we have got to consider very carefully. It really should be discussed face to face because all of the considerations - whatever they may be - are quite unknown to us over here, and I could form no opinion without knowing more about it. It would, of course, involve my taking the matter up again with associates here.
5. Possibly the most important inference which I gather from my talk with Farrar, and from your cables, is as to reluctance in some quarters to get into a position which might appear to be a dependence upon us, or upon our market, or upon our System. I know too little to com-



3/21/25.

ment on this, but, in a general way, I think the statement is justified that the most important consideration to preserve is the right spirit of cooperation and helpfulness, which cannot be made the subject of written agreements and obligations. And if that spirit is absent, or its value not realized, all of these matters of management and of policy, and of cooperation, which are so essential to success, may be overlooked.

Nothing that I have written in this letter is intended to be the least bit critical. I realize that your difficulties (including your associates') are in some ways immense, and that they are economic, political, and financial. And, after all, these decisions are yours. I simply wish to help you by a few frank reflections on things that are going through my mind, just as I would if you were here.

I did say substantially this to Farrar: There are certain things which you must decide; there are also certain things which we must decide; but there is one thing which we neither of us can decide alone, and that is in what spirit these undertakings are entered into. That spirit is something which exists or does not exist. It cannot be made to order, nor by contract. And, all things considered, it is the most important element in the success of your plans.

I am so glad that you enjoyed your visit, and I hope that you did as much as I did. Phil was very much thrilled by the opportunity to spend those evenings with us, and he feels that he has gained much by your being here, as I always do.

Katharine is making me a visit next month, and she has written me that if I go abroad this summer her husband will give her a ticket of leave to go with me. But I fear the trip would not suit her desire to see something of Europe. If I do go to London, it might be possible for me also to visit Paris, Brussels, Amsterdam, Berlin, Prague, Warsaw and Berne. We are doing quite a little business with all of the banks of issue at those points, and I suppose the time is coming when I should look some of them in the face.

Please sit down with your secretary <sup>3</sup> some day and write me, exactly as I have written you.

With every kind of good wish, I am

Very sincerely yours,

The Right Honorable Montagu C. Norman,  
Thorpe Lodge, Campden Hill,  
London, England.



Norm

March 24, 1925.

Dear Norman:

Your cables Nos. 87 and 88 came yesterday, but my talk with Morgan and his partners was too late in the day to enable me to send replies until today. They have now been dispatched (my Nos. 48 and 49).

I shall try to write you in some detail a little later in the week. In the meantime, this is to advise you that McGarragh is sailing tomorrow and is planning to stop in London for a day or two before going on to Berlin. He will tell you something of the way I feel in regard to the announcement of such a decision as is made, and is something which I believe should receive careful consideration.

Also you will be interested to know that Winston of the Treasury is sailing for Europe on April 8. It will be his vacation, but he is anxious to have a chat with you and I am proposing also to give him some letters of introduction to friends in London, a list of which I will send you before he arrives.

Finally, one of the young men from the bank, Mr. Edward O. Douglas, who is in Mr. Kenzel's Department, is sailing for Europe with his wife on the 16th of April, and he is proposing to spend the second week of May in London, and while there he would like to gain some first-hand knowledge of the discount market and like matters. If it is all right for him to do so, he would like to know something of your methods in handling market transactions, especially the discount market, the issuing and handling of Treasury bills, clearings and settlements of clearings for the clearing banks, and the money market in relation to stock exchange settlements and contango. X

Douglas was a school-mate and college-mate of Ben's, and is his most intimate friend. He is a fine fellow and entirely dependable. If it is quite proper, possibly one of your young men could give him all that he needs in a few days, and you may be sure that he and we will appreciate it very much.

I hope my cables going to you today are in every way satisfactory and will be helpful.

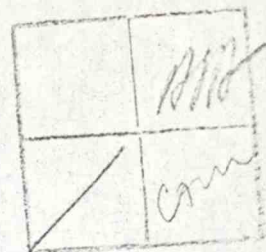
My best as always.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



FEDERAL RESERVE BANK  
OF NEW YORK



ack  
6/12/25

\*  
March 26, 1925.

Dear Governor Norman:

It gives me pleasure to advise you that a bound volume of the Federal Reserve Bulletins for 1924 is being forwarded under separate cover to you. This will supplement the volumes sent in previous years, which I trust you find a useful addition to your library.

With assurance of my high esteem, I am

Sincerely yours,

BENJ. STRONG,  
Governor.

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
Threadneedle Street, E. C. 2,  
London, England.



March 30, 1925

Dear Monty:

Under separate cover I am sending you an addition to the batch of so-called Presidential Medals which went to you back in July of 1924. It is not, however, the likeness of any of our Presidents, but rather that of our first Secretary of the Treasury, - Alexander Hamilton.

The recent observance of the one hundredth anniversary of the death of Hamilton prompted the issue of these medals, and I thought I would send one along for such interest as it may have in your collection of such things.

Always sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
Threadneedle Street, London.



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE April 10, 1925 192TO Mr. Strong

SUBJECT: \_\_\_\_\_

FROM Miss Bleecker

Will you make a different sort of reply when next you write? The original of this never went off.

PERSONAL AND CONFIDENTIAL

April 15, 1925.

My dear Norman:

I am cabling you today as per enclosed copy of my message, but feel that the cable by itself may not be sufficiently explanatory to give you quite the point of view which I hold personally as to the matter referred to.

You have observed the care with which we have urged that our proposed gold transaction should be entirely separate and distinct from any credit or borrowing conducted by the British Government in this market in connection with the resumption of gold payment. It has seemed to me that our discussions and communications have most carefully observed this point, but now comes the question of what announcement shall be made, how it shall be made, and when.

There appear to be three points to be especially observed when the first announcement to the public is made.

1. That the transaction in which we are interested is a purely bank transaction between two banks of issue, relating to the monetary problem with which we are confronted.
2. That any credit issued to the British Government in this market is quite a separate affair arranged by the British Government through their fiscal agents in this country, and
3. That no statement should be made which could be interpreted by the public as indicating that understandings or commitments have been made as to policy in the future which would in any way deprive you or us of entire freedom of action in dealing with our local credit situations or markets.

I have always felt that the successful conduct of this matter depends upon the spirit of cooperation which can be and has been developed, and that that spirit, which is so obviously present in this matter, is all that is needed.



There have been a number of dispatches in our press recently indicating the existence of some opinion in England that a resumption of gold payment by the Bank of England (especially if fortified by credits in this country) must necessarily subject the London market in some way to New York control or management. There have likewise from time to time appeared statements here which would indicate that there is some possibility of the opinion being held in some quarters that any arrangement which we might have would necessarily imply obligations as to our domestic policy, which might prove to be dangerous or burdensome. Neither feeling is justified, as we both fully understand, but certainly no encouragement should be given on your side or on this side in any public statement as support for this unfortunate view.

I am also quite in the dark as to your wishes in regard to any statement which might be made here either at this bank or at Messrs. J. P. Morgan & Co. after April 28. It will be very difficult indeed to prevent the public becoming aware of the character and amount of the credit arranged for the British Government by Messrs. J. P. Morgan & Co. Too many banks will be interested in it. To a somewhat lesser extent, the same will be true here, after the arrangement is concluded and the announcement is made by the Chancellor. Many of the other Reserve Banks, and possibly all of the other Reserve Banks, by the usual interbank arrangement, will to some extent and in some way participate with us in the account. I am anxious to have your views as to what, if any, statement should be made here, assuming of course, that Messrs. J. P. Morgan & Co. will also be advised as to any statement which they should make, and we should agree pretty exactly as to the form of the statement and the extent to which details should be made known to the public.

With all this in mind, I am cabling you today as per enclosed confirmation, and you should receive my letter (which goes by Mr. Tiark's hand) some days in advance of the 28th, and in time for further exchange of cables, if that is necessary before the 28th.



4/15/25.

An announcement, followed by fairly complete news comment which is neither misleading nor prejudiced, would seem to be helpful. I fear that no announcement would lead to many misleading and possibly exaggerated stories which might eventually force a statement for the purpose of correction, but risking in the meantime some harm.

With best regards, I am

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

Enc.  
BS.LS



April 21, 1925.

My dear Norman:

This will acknowledge the receipt of your confidential letter of April 8, which accompanied your formal letter following the lines of the draft of January 13. To this I am replying separately, the original being sent via Steamship Mauretania, and the duplicate via Steamship Homeric.

My reply is identical with the draft of January 13, except that the agreed change as to rate of interest has been incorporated, and the total amount of the two credits stated at \$300,000,000 instead of \$500,000,000, and you will observe that the clause to which you refer in regard to any discount earned on sterling commercial bills is in the letter in its original form.

You must not think that I have failed to appreciate quite fully the difficulties which confronted you in dealing with this matter. As you say, those difficulties arise from the unavoidable difference of view between political-minded people on the one hand, and bankers on the other. It might have relieved these difficulties a little had I been able to carry out my intentions some weeks ago of making a very hurried trip to London while the finishing touches were being put on the plan.

I was regretful to see the amount reduced. Our first figure was, on the whole, I believe the right one, and then it so changes the proportion between the two credits as to considerably add to our difficulties here in case money market management becomes important.

You don't know how glad I shall be to have a visit with your friend Peacock. Of course, I remember him well and have the same feeling of regard for him that you have.



The letter which I sent you by Tiarks was inspired by fear of just what seems to be occurring, that is, the Chancellor's reluctance to state the character and amount of the credits arranged in this country. When in the midst of active cable correspondence, letters sometimes become a bit confusing, and I shall only comment to the following extent:

You have had years of tradition in doing things of this sort without any publicity at all. We have had some years of tradition in which we are expected to keep the public fairly well informed. The resumption of a free gold market in London will be a matter of world-wide comment, and will be discussed in the press here searchingly and possibly controversially. If it is not disclosed at the outset that we have any participation in your program, it will undoubtedly become known later; in fact, very shortly after the budget address is made. In the meantime, the newspapers will be filled with surmise and misleading statements, which will force us to correct them. We will be charged with lack of frankness and an effort to conceal. In general, people on this side will claim that they have a right to know something about an undertaking of that sort, of such great consequence to the country's affairs. Then you realize that under our scheme of things, a share of this undertaking must be offered to each of the other Federal Reserve Banks, their directors must necessarily know about it. It would be, of course, known in detail by our associates in Washington and in the Treasury. Under these circumstances, I am sure it is impossible to keep the fact of our participation from disclosure, and the minute it is disclosed, we will be flooded with inquiries. We cannot deny participation, and if we cannot admit it, we are placed in the uncomfortable position of simply declining to give any information. Once we take that position we will invite adverse criticism by a large section of the press, and likely some sort of inquiry later in Washington.

On the other hand, I don't want you to feel that we are unmindful of your difficulties. My cables and letter have referred to some of the press comment, and I



4/21/25.

I have even read private letters from London, indicating considerable opinion over there that any arrangement for credits in this country when resumption is effected, must have the effect of subordinating the London market and the Bank of England to control from New York. We, on the other hand, are in a position where some of our critics may claim that we have surrendered our freedom of action in domestic policy in order to further your plans.

All of these circumstances lead us in the bank to believe that the safest course is to make a brief statement at the outset, and then privately to explain to the press just sufficient to insure fair discussion of the facts. You will not, I am sure, be impatient of facts as they are. We have different ways of doing things in our country than in yours, and I am endeavoring only to meet the conditions here without doing harm on your side.

For some time I have been endeavoring to write you news of the family, and will do so in a day or two. All the news is good.

You may be amused by the enclosed slip, which appeared in the Dow, Jones Bulletin this morning.

Now, I hope that your troubles will soon be over, and you know how gladly we will do anything that is possible to further the plan which we believe is so greatly in the interests of both countries.

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

Enc.  
BS.LS



April 27, 1925.

My dear Norman:

The Committee Report which you were good enough to send me is certainly a most orthodox and comforting document for those who believe in the gold standard.

Possibly the only point where I would like to see a little different slant given to the argument is in the price discussion. On the other hand, that leads to the upper and rarified atmosphere of economic discussion, which it may be just as well to avoid at the present time.

When the final document is issued, I hope you will send me a copy for my files.

Very sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



CONFIDENTIAL

April 27, 1925.

My dear Norman:

Your letter of April 15 reminds me that I have not written you recently of my plans for the summer and fall.

They will fit in very well with the tentative program you outline. If possible, I hope to sail in time to enable me to do the visiting I wrote you about and to escape bad weather - this means sailing sometime during August. It is possible that I may ask Dr. Stewart to accompany me for at least a part of the trip. He wishes to acquaint himself more intimately with the foreign money markets, and would much prefer to do so while I am there than to go alone.

How extensive a trip I shall take depends upon circumstances, but if it happened also to fit in with your plans, I might for the first time in some years deliberately take two weeks' "European" holiday, hoping that you could spend it somewhere with me.

Confidentially, I have received an intimation that Dr. Schacht might like to come to this country this summer for a short visit, but would prefer, as I understand it, to receive the suggestion from us. If this is arranged, I would probably propose that he come before I sail for Europe rather than await the uncertainties of my return. This is the best prognosis that I can now give.

As to the bank meeting, a feeling has been growing upon me for some time that the most important meetings of this kind have already been held and have had their results in the understandings between the Bank of England and this bank, and that the only question now to determine is the extent to which the same sort of relationship shall be furthered in other directions. I would agree without much



hesitation as to Holland, Sweden and Switzerland. If the meeting is simply a fortuitous "happenchance" without publicity and without commitments, it might be possible to confine it to those three countries with the addition of, say, Germany. Once the field is enlarged beyond that, the meeting would be so large, indeed, as to unescapably attract public attention and lead to much wondering as to what it is all about.

Also it has been going through my mind that much of the object to be accomplished could be even better done if I were able to stay long enough abroad to meet some of the gentlemen (outside of those in the countries above named) separately in London or at some convenient point on the continent, provided always, of course, that you were able to be there.

As you express it, this is only thinking aloud. If we do not have a meeting but just happen to meet, then there would be no difficulty in drawing the line. If we have a meeting and invitations are sent out, I can see some difficulties.

There is ample time for further thought and correspondence, and this is my offhand reaction to your letter. But in any event, you may count upon seeing me, and the date largely depends upon you.

My best to you as always.

Very sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



April 30, 1925.

My dear Norman:

Your note of April 20 has just reached me.

I have felt since reading the portion of the Chancellor's address relating to the re-establishment of a free gold market, that the matter had been dealt with so comprehensively and in terms of such definiteness that little, indeed, was left to be said.

My inquiry about the currency notes was not made in disregard of the difficulties generally presented by that subject, which are referred to in your letter; and I agree with what I recall to be your own feeling, and what others have expressed, that an arbitrary treatment of the limit to the fiduciary issue at the present time might involve dangers which can better be appraised and escaped by waiting until experience indicates the wise course.

But, of course, you and I both agree that the security of the British currency position for the long future (and under its present currency system) will ultimately be assured only when a definite limit has been fixed. The report of the Currency Committee is reassuring on this point, and the Chancellor's statement that the recommendations of that Committee have been adopted in toto and will be the policy of the Government, should be satisfying to you who are principally concerned, and therefore to us who are indirectly concerned, but nevertheless greatly interested.

I cannot conclude this letter without expressing my great admiration



#2

Right Honorable Montagu C. Norman 4/30/25.

for what I feel is a brilliant achievement, for which you are yourself responsible, and which I hope gives you as great satisfaction as it does us.

With every good wish,

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



THIRTY THREE LIBERTY STREET  
NEW YORK

RECEIVED: 14/5  
ANSWERED: 19/5

	MMT
	CTW

\*

May 2, 1925.

May 4

My dear Norman:

The enclosed note from one of the librarians at Princeton explains itself.

If you could send me a supply of copies of the Committee Report, for the Princeton Library, I would very much appreciate it.

Sincerely yours,

*Re: Strong*

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



CONFIDENTIAL

May 4, 1925.

My dear Norman:

Your letter of April 24 was received too late to reply by Saturday's steamer. It happens to be almost entirely answered by my letter of April 21, which crossed yours; and in fact, both letters, as events have disclosed, proved to have been unnecessary because of the most admirable way in which the Chancellor dealt with the subject of resumption of gold payment in his budget address, and the most satisfactory reception which the announcement received in this country.

The reference in my cable No. 76 to the need for some further enlightenment as to the character of our transaction, relates particularly to the doubt expressed by both the press and some of our banking friends as to whether there will be an actual shipment or delivery of gold to you or whether we propose to make some investments in sterling bills. After the Act of Parliament, to which you refer, has been passed, it will be possible for us to quietly clear up doubt on this point, after which we believe that this nine-day wonder will be succeeded in public interest by other events, and no further discussion of consequence will take place.

I think we may congratulate ourselves upon the favorable reception of this important news in this country.

With kindest regards,

Very sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



May 9, 1925.

My dear Norman:

Your note of the thirtieth duly reached me, and very opportunely, as Dr. Stewart has been most anxious to have a copy of the report which you now sent me.


I have passed it all on to him, and you will hear from him in due course. I think he will probably send you a very interesting comment on the report.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS





May 11, 1925.

My dear Norman:

Thank you for yours of the twenty-seventh, containing copies of the final Report of the Committee on the Currency and Bank of England Note Issues, together with a draft of the bill known as the Gold Standard Act, which I now understand has passed the House of Commons and is before the House of Lords.

Yours very sincerely,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS. S



PERSONAL

May 14, 1925.

My dear Norman:

I am very delighted to have yours of the fifth, enclosing Parliamentary Debate on Mr. Snowden's motion to reject the Gold Standard Bill, and shall read it with a great deal of interest.

You doubtless understand our desire to have the record of the budget speech and the debate thereon in our files for future reference as a matter of very great interest to us, and all of this I gather is coming, as advised by cable.

The explanation of the procedure contained in your letter is most interesting.

Yours very sincerely,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



*Re Harrison letter  
to them Holland*

*SFA*

RECEIVED: 4/25/5  
ANSWERED:

	<i>mm</i>
<i>dist.</i>	<i>cc</i>

FEDERAL RESERVE BANK  
OF NEW YORK

*X*

May 15, 1925.

My dear Norman:

On rather short notice Mr. Harrison has decided to sail for a very hurried trip to London. He is possibly taking the Aquitania, and Mr. Crane will accompany him; but I shall cable the steamer later.

The object of his trip is to make some study on the ground of the technique of the London gold market. You may not realize that the handling of gold in this country is still subject to the rather antiquated procedures which grew up from our old independent Treasury system and the free coinage laws. The independent Treasury system was established at the time of the closing of the Second Bank of the United States in 1836; so you may understand that some of our methods in the handling of gold require modernizing. There seem to be very few people in this country who understand much about the technique of such matters - so few, indeed, that we have not yet been able to discover anyone who is competent to make a report upon the whole subject.

It is hardly necessary to commend Mr. Harrison to you. You know him quite well enough without any words from me, but I shall much appreciate any assistance and advice that you can give him, especially in naming the individuals and pointing out the methods where guidance and light may be found.

I shall be greatly obliged if you will permit Mr. Harrison to draw through the Bank of England such amounts as he and Mr. Crane may require for their expenses in London and for their passage home, the total sum of which will be reimbursed to you by this bank.

Our cable correspondence has recently been too active to permit of



letters, but I shall hope before very long to write you something of what has -  
been occurring here, and hope that you also will find it possible to write me.  
Mr. Harrison will take you the last word of our own affairs.

With best regards, believe me,

Sincerely yours,

*Ray. Strong*

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



May 18, 1925.

My dear Norman:

I have just read an article on the gold standard by J. M. Keynes in the May 2d issue of "The Nation and The Athenaeum."

It raises a question in regard to the obligation of the Bank of England to purchase gold at a fixed price (77s. 9d. per standard ounce, if former practices continue) and I am writing to ask you if you will be good enough to give me some information as to both the legal position of the bank and its policy, if you feel free to do so.

Of course, the question at once arises with the new limitations in operation, whether a free gold market in London will be affected by any change of policy on the buying side, just as it is somewhat affected by the changed conditions on the paying side.

With best regards,

Very sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BSLS



May 18, 1925.

Dear Monty:

This is to advise you something of my plans for the summer. I shall remain in New York taking as much time as possible for golf.

Katharine has been here visiting me, following quite an extended trip with her husband who has just been laid up as the result of two operations and found it necessary to take a long rest. She is well and happy and now proposes (if her father can arrange it) to accompany him when he goes to Europe this summer. She can go at any time.

As you know, Dr. Stewart is thinking of making a trip to Europe, and would like to be there when I am. The party therefore may consist of Katharine, Dr. Stewart and myself, and I shall probably take Ernest with me; and with the prospect of quite a little correspondence and in order that Dr. Stewart and I may both be free of the burden of letter-writing, I may decide to take Miss Bleecker.

The important thing now is to decide when we shall go. I would like to go as early as possible and get back pretty early. This is partly because of the advantage of good weather for traveling; also partly because there is some possibility of a political attack upon the System this fall, and if it does develop, I shall want to be busy for a couple of months at least in preparing for it. Concerning all of this Mr. Harrison will make explanations. When you are able, therefore, won't you please write me in more detail of your plans.

You will be glad to know that Ben and his wife and my grandsons are flourishing and well and happy.

My best to you, as always.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Bank of England,  
London, England.  
MS.LS



Taken by Mr. Harrison

CONFIDENTIAL

May 21, 1925.

My dear Norman:

Your letter of May 8 gives me some needed information and furnishes an opportunity to advise you something of our own developments.

Publicity here has brought out three points:

1. Some confusion arose as to the exact nature of our transaction with you.
2. There was some questioning of our powers following the appearance of a statement by Mr. Oscar T. Crosby, formerly Assistant Secretary of the Treasury, a copy of which I am enclosing, and
3. Some complaint was made by a few bankers that our arrangement with you deprived them of a profitable piece of business.

-Times 5/15/25  
P.2.

As to the first, it may be necessary a little later for us to give the public more detail as to the way the account will operate, if it is ever used.

As to the second, we are wholly satisfied, having, as you know, taken good advice before the arrangement was concluded.

As to the third, it is one of the reasons (although possibly a minor one) why I regretted that the bankers credit was reduced.

Mr. Harrison will explain to you, when he arrives, more in detail than seems necessary to write, as he is fully conversant with all that has developed.

What you write about the transition is most reassuring. It might help us somewhat here if you found means to divert some part of your drain of gold, if it continues, from London to New York; but that, after all, is purely a problem of exchange so long as you continue not to use your facilities here.



We are still living under the menace of a rather buoyant stock market, but at the same time there have been evidences here and there of a slackening of business. This is true especially in the steel business, while building construction, automobile production and other manufacturing are still active. There is some small reduction in wholesale prices. Pig iron is today selling at about cost of production.

I am anxious to see you as soon as our arrangements can be concluded for me to make my trip abroad, concerning which I will write you separately. One complication grows out of the fact that I have learned that Dr. Schacht would like to come to this country and is awaiting some word from me about it. The autumn will probably be the best time for him, which will rather lead me to advance the date of my trip as much as is possible without inconveniencing you. Some word from you at an early date will be appreciated.

I am glad to have you and your friends feel that our attitude towards resumption was sympathetic and helpful; the only real fly in the ointment is the dissatisfaction among some of our own friends in New York.

With every good wish, believe me,

Yours most sincerely,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

Enc.  
ES.LS



COPY.

CONFIDENTIAL.

Original in Chief Cashier's  
Private Safe.

Federal Reserve Bank of New York,

May 23, 1925.

copy in C.C.P. 155

X

Dear Mr. Governor,

I beg to acknowledge the receipt of your favor of May 14, with which you enclosed, in original, a letter F.8505 of the same date, signed by Sir Otto Niemeyer, the Controller of Finance to His Majesty's Treasury, and a certified copy of the Treasury Minute giving the guarantee of the Lords Commissioners of His Majesty's Treasury under Section 2 (1) of the Gold Standard Act 1925 to the principal and interest of the credit of \$200,000,000 gold granted to the Bank of England by the Federal Reserve Bank of New York. This is the guarantee referred to in (2) of the conditions expressed in your letter of April 8 last.

Thanking you, I beg to remain,

my dear Mr. Governor,

Yours most faithfully,

(Sd.) BENJ. STRONG

Governor.

Right Honorable Montagu C. Norman,  
Governor. Bank of England,  
London, England.



12-10-25  
J. A. C. A. Y.

FEDERAL RESERVE BANK  
OF NEW YORK

RECEIVED: 3/25  
ANSWERED:

W. C.	MM
J. A.	CC

ack 4/2

May 26, 1925.

recd June 3<sup>rd</sup>

Dear Norman:

One of our directors, Mr. Samuel W. Reyburn, is sailing for England on the sixth of June, and, while you met him here earlier this year, I am taking the liberty of giving him a note to you, of which the enclosed is a copy.

Mr Reyburn is one of our Class B directors; that is, one appointed to our board as a representative of the business interests of the community. He is President of the Associated Dry Goods Company and the head of Lord and Taylor, one of our larger department stores. While Mr. Reyburn is one of our newer board members, he is an actively interested one.

Anything that you may do for Mr. Reyburn will be very greatly appreciated, as I am sure you know.

Faithfully yours,

Benj. Strong

The Right Honorable Montagu C. Norman,  
Governor, The Bank of England,  
London, E. C. 2, England.

Enc.



May 26, 1925.

Dear Governor Norman:

This note will be presented to you by my friend and associate, Mr. Samuel W. Reyburn, one of the directors of our bank who is shortly sailing for England. Doubtless you will recall meeting him here at the time of your recent visit, and I hope that this renewal of acquaintance on your side may prove a pleasant and profitable occasion.

Any courtesies which you may be able to extend to Mr. Reyburn will be very greatly appreciated.

With kind personal regards, I am

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



June 1, 1925.

My dear Norman:

It seems a shame that I have not been able to advise you more definitely about visiting Europe, but at last I begin to see daylight.

The present plan is for me to sail on the Homeric on June 27, taking with me, as I cabled you, Katharine and her maid, Dr. Stewart and Miss Bleecker. The first thing will be to get Katharine some clothes in Paris; so I thought of going directly there and after a week or less, if possible, going right to London. This would enable Dr. Stewart and Miss Bleecker to go on to London and he could start laying out a little work in his money market studies.

It struck me as better that I should go to England after a short stay in Paris, and not travel until later, because that would largely avoid the crowds and difficulties of accommodation and also avoid the worst of the continental heat which, as I recall, is bad in July and early August.

I am in some doubt as to where we should stay in London. Formerly I always stopped at the Ritz, but it has changed character since those days, and I am not sure that I should care for it as much as either Claridges or possibly Berkeley's. Your advice will be most helpful and your help will be most acceptable because I fear we will arrive when the hotels are very crowded.

I shall leave details of the trip to the continent until later. I notice that this does not quite fit in with the advice in your letter of May 13, and if you think better that I should go from Paris to Brussels and Amsterdam and even Berlin before going to London, I will do so, and then decide later whether I should go into middle Europe at all. For some reasons it might be more convenient if we let some of those gentlemen do a bit of the traveling themselves and save me some rather long journeys.

So this is as far as I can develop plans now, and I do hope that it fits in with your own.

With best regards to you, as always,

Faithfully yours,

Right Honorable Montagu C. Norman,  
Bank of England, London, England.



June 6, 1925.

My dear Norman:

Thank you for your two letters of the 28th, one enclosing copies of the "Gold Standard Act, 1925" and the other a copy of Keynes' letter to the Times. I am glad to have both of them, though for differing reasons!

There is little to write because of recent cables and the prospect of an early visit, to which I am looking forward the more keenly because our thermometer has reached a fairly high point and remained there for a number of days.

With kindest regards, believe me

Yours very sincerely,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, E. C. 2, England.



June 12, 1925.

My dear Norman:

I have your cable No. 83, but have not yet received the letter of June 5.

In view of your cable, we shall go directly to London as you suggest, and then on to Berlin. In the meantime, if you will be good enough to get accommodations for Dr. Stewart and Miss Bleecker, I shall be very grateful.

It will be most helpful to have Dr. Stewart with us. He is interested in doing some work in connection with the London money market, but will also relieve me of some of the work which I otherwise might feel obliged to do, and enable me to have a little fun with Katharine.

Very sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



CONFIDENTIAL

June 12, 1925.

My dear Norman:

Since the receipt of your letter of the 26th May, the situation has changed from day to day to such an extent that I have hardly known what to write in reply.

The account you give of the developments of the last few weeks is most enlightening, but apparently the gold you are getting is not South African gold after all, but principally from the Continent. Since our cables in regard to American balances in London, we have seen a little evidence of withdrawals of accounts which have matured. How extensive it has been it is impossible to say, but rumors reach us that a number of institutions are not getting returns for extensions of their deposits which satisfy them, and are bringing the funds home and putting them out here.

Possibly that explains the weakening of sterling which yesterday and today has been below 4.86. As you say, the test will come in the Fall, but I hope our faith in the outcome will not be put to too severe a test.

All that I might add in this letter will be deferred until I see you.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



Enc 26/1

June 13, 1925.

My dear Norman:

On May 29 I received a packet of 24 copies of the Report of the Committee on the Currency and Bank of England Note Issues, which were forwarded with your compliments on May 15th. But an acknowledgment of them was delayed pending receipt of the other documents which I had requested in connection with the return of Great Britain to the gold standard.

I now have your letter of June 4, advising me that the following documents are on their way

- 12 copies Gold Standard Act.
- 12 copies Report of the Committee on the Currency and Bank of England Note Issues.
- 18 copies Official Report Parliamentary Debates 28th April
- 12 copies ditto 4th May
- 11 copies ditto 5th May

for all of which I wish to thank you. I scarcely believe there will be need for more copies than those which you have so generously sent, but if occasion arises, I shall take advantage of your offer to procure additional ones.

Each Federal Reserve Bank will be furnished with a complete set of the documents, inasmuch as they will participate with us in the credit arrangement between the Bank of England and ourselves.

With kind personal regards, I am

Very sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, E. C. 2, England.



June 13, 1925.

My dear Norman:

Your confidential note of the 5th June reaches me today after I cabled you yesterday about going directly to London. I am not taking Ernest. Katharine's maid will perform the dual role of maid and valet, and as she is an old family attachment, I am sure we will be more comfortable than if we were lumbered up with too many people and the consequent addition of luggage. And then Phil will be at home alone, and I am glad to leave Ernest to have an eye on him.

Frankly, I am always a bit anxious about Mr. Harrison. He is so ambitious to be helpful, especially to me personally, that he disregards proper precautions about his health. One reason why I am glad that he returns home before I leave is so that I may give him a serious lecture on this subject and insure that he gets away for a long rest. I can tell you more about his history when I see you.

Of course, now that we shall go directly to Thorpe Lodge (and I do hope that we are not putting a great burden on you) I can arrange to go to the Continent whenever it is desirable. Early in July, if you say so. I want to give Katharine a good time. It is probably the only trip of the character that we shall have together, and it will do her good to have a fling at some of the milder dissipations of Europe. All of this we can elaborate when I see you, and I will be glad of your advice as to what we shall do.

If we happen to meet any of those central bankers when we go to Berlin, there are many reasons why it will be helpful and desirable to have Stewart with me. He may simply be known as a member of our organization. Then Miss Bleecker will be



along to do mail, etc., and Miss Bleecker being with us will make it easier for me  
to leave Katharine at times for business meetings, etc.

With best regards,

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BS.LS



*not to be used*  
72<sup>A</sup>

FEDERAL RESERVE BANK  
OF NEW YORK

RECEIVED: 30/6 June 16, 1925.  
ANSWERED:


\*

Dear Norman:

Supplementing the Tenth Annual Report of this bank which we sent you some weeks ago, it gives us pleasure to send you at this time a copy of the ~~Federal Reserve Board's~~ <sup>in reference library</sup> full report reviewing operations of the Federal Reserve System in 1924 and giving complete statistics for the year. Data for the Federal Reserve Bank of New York are shown on pages 323 to 333.

Very truly yours,

*Benj. Strong*

Benj. Strong,  
Governor.

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
Threadneedle Street,  
London, E. C. 2, England.

Enc.



Noted by Mr. Tilden  
29.6.25.  
13.7.25

FEDERAL RESERVE BANK  
OF NEW YORK

RECEIVED 24/6  
ANSWERED

\*

June 16, 1925.

June 24


My dear Norman:

Enclosed is a copy of a note of introduction which I feel obliged to give at the request of Honorable Robert L. Owen. I think you may have met him in the past, as I recall giving him a letter to one of your predecessors.

Mr. Owen, you will remember, was for a long time United States Senator from Oklahoma, and was Chairman of the Senate Committee on Banking and Currency when the Owen-Glass Bill, which established the Federal Reserve System, was passed by Congress.

Mr. Owen is no longer in the Senate, and is practising law in Washington. I have no knowledge whatever of his affairs, or what his object may be in desiring letters of introduction in London. I have given him this letter to you and one to Reginald McKenna and one to Tiarks.

Would it be asking too much of you to explain privately both to Tiarks and to McKenna that I do not wish to assume any responsibility for any business matter which may be suggested by Mr. Owen. I do not know enough about his affairs to feel willing to do so.

I hope you appreciate the difficulty with which I am confronted in a case of this character and are willing to assist me in this way in dealing with it.

With best regards,

Sincerely yours,

*Wm. C. Strong*

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.



FEDERAL RESERVE BANK  
COPY  
OF NEW YORK

X  
June 16, 1925.

Dear Mr. Governor:

This note will be presented to you by  
Honorable Robert L. Owen, who is visiting London this summer  
and who advises me that he will be interested in discussing  
the principles of the Federal Reserve Act with some of my  
friends in London.

You will, I am sure, recall that Mr. Owen was for  
many years United States Senator from the State of Oklahoma,  
and was Chairman of the Senate Committee on Banking and Currency  
which formulated the bill known as the Federal Reserve Act, under  
which the Federal Reserve Banks were established.

I am sure you will enjoy the opportunity of meeting  
Mr. Owen.

Faithfully yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

EC.LS



Noted by Mr. Tilden 29.6.25

750

long to

So.

12.7.25

RECEIVED: 27/6  
ANSWERED:

FEDERAL RESERVE BANK  
OF NEW YORK

lot	

\*

June 18, 1925.

Montagu C. Norman  
Cleveland

Dear Governor Norman:

At the request of Mr. D. C. Wills, Chairman of the Board of Directors of the Federal Reserve Bank of Cleveland, I am today taking the liberty of giving a letter of introduction to you to Mr. George A Coulton, a member of the Federal Advisory Council from the Cleveland District.

While I have no knowledge of, nor acquaintance with Mr. Coulton, I am venturing to recommend him to your kind attention on behalf of Mr. Wills, who is a warm personal friend, as well as a colleague of mine, and whose judgment I am quite willing to rely upon. He does not advise me what is the purpose of Mr. Coulton's visit, and I think it only proper to say that I have absolutely no knowledge of Mr. Coulton's affairs.

For your information I am enclosing herewith a copy of Mr. Wills' letter to me, as well as a copy of the note I have given to Mr. Coulton to present.

I hesitate to burden you with letters of this character, but Mr. Wills is a valued associate, and I do so for him.

With kind personal regards, I am

Sincerely yours,

*Wm. C. Brown*

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
Threadneedle Street,  
London, E. C. 2,  
England.



\*

June 18, 1925

Dear Mr. Governor:

This note will be presented to you by Mr. George A Coulton, a member of the Federal Advisory Council from the Cleveland Federal Reserve District, who is commended to your kind consideration at the request of Mr. D. C. Wills, Chairman of the Reserve Bank of that district, and a valued friend of mine.

I shall be deeply grateful for any courtesies you may extend to Mr. Coulton, and beg to remain

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, E. C. 2,  
England.



August 16, 1925

THORPE LODGE,  
CAMPDEN HILL. W. 8.

B.S.

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

First of all you're a perfect old dear, though you  
may not know it & from every standpoint it's

good that you & I should go about the world

together (good for me & good for Central Banking  
& much else) & that you are in fine health

that pleases me: I have never seen you looking

so well. Further you have done a great

deal of good - especially by going to Berlin -

which is something you ought to realize

with satisfaction & pleasure.

And you have



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

With great thanks  
I am thine.



*Norman*

Hotel Majestic,  
Paris, France,  
August 19, 1925.

Dear Norman:

Your telegram in code, as below, arrived too late last night to send any reply, but this morning I have sent you a reply, which, together with my hand written note, will, I believe, enable you to go ahead with the arrangements.

Whatever arrangements you make will be satisfactory to me, but I feel obliged to sail for home on September 9 unless something very urgent prevents my doing so.

The messages exchanged decode as follows:

"Strong, Hotel Majestic, Paris:

Before I can arrange date for the Pole and Schacht to come here you must tell me Visserings date and place of meeting. Shall expect you here on Aug. 27 or Aug. 28, but suggest Olympic on September 9 is too early for above three visitors." Norman.

"Bank of England, London - For Governor:

Just advised that Vice President Bank Polski sails from New York Saturday this week expecting to meet me in London. I shall arrive there Aug. 28 and leave arrangements for meetings with Vissering and German to you but suggest about September 3 which will enable me to sail on September 9, as I am anxious to do. Wrote Vissering fifteenth advising length of stay in London but hope you will communicate with both and fix dates. Will this suit you." Ben.

Very sincerely yours,

The Right Honorable Montagu C. Norman,  
Bank of England, London.



*Norman*

CONFIDENTIAL:

Hotel Majestic,  
Paris, France;  
August 20, 1925.

Dear Norman;

Last night, after my wire had gone forward to you, I received the enclosed from Vissering, which, with my reply, will fully acquaint you with what I have done. I shall leave the final arrangements entirely to you, and am very glad that the meeting can be held in London.

I sent you a wire this morning, but believe it is as well to forward the correspondence for your information.

If the arrangements are concluded before I reach London, I shall be glad to know what the plan is.

My best to you always.

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Bank of England, London.



BENJ. STRONG

Hotel Majestic,  
Paris, France,  
August 20, 1925.

PRIVATE:

My dear Norman:

Of course I remember Sir Edward Cook very well. He was Hailey's right-hand man when I visited him in Simla in 1920, and not 1921.

Cook's letter is exceedingly interesting. I cannot write him very hopefully just now, and shall await opportunity to discuss this matter with you in London. But I will certainly be glad to give Cook the best advice I can.

Believe me,

Most sincerely yours,

*Benj. Strong*

The Right Honorable Montagu C. Norman,  
Bank of England, London.



PERSONAL:

Hotel Majestic,  
Paris, France.  
August 23, 1925.

My dear Norman:

I have your telegrams of the 20th and 22nd on returning from Switzerland. And the arrangements all suit me very well indeed. As our Polish friend reaches London Friday or Saturday of this week, we may be able to dispatch him at once.

They have kept you advised from New York as to the arrangement with them. Apparently they are a bit pressed with their exchange, and we have agreed to assume our share of the yellow man's burden and make them a loan on gold, which we are bothering them to ship to you, and bothering you to receive. I am not sure of all of the particulars and leave it to New York to advise you.

There will be much for us to discuss, and I hope you will not become so involved in Caillaux's visit that you will be worn out with it all.

I am troubled about the rate situation. It would be difficult indeed for us to make any reduction, and if we do not reduce it may be difficult for us to take care of all the gold that we get. So there you are.

Dwight Morrow is here this morning, and Gilbert reaches Paris this evening. I shall have a good talk with them before seeing you.

My best regards, as always

Sincerely yours,



PRIVATE:

September 26, 1925

My dear Norman:

I am spending Saturday afternoon at the bank to clean up some mail, and could well spend a number of them before I would free myself from the accumulation.

It is most difficult to write you an account of affairs while we are cabling so actively, and I shall ask you to read this letter as of its date of dictation rather than the date of receipt.

On my return home I found, as I cabled you, that there had been a very considerable change in our situation. There is taking place a considerable expansion of business throughout the entire country. I cannot say that it is unhealthy; in fact, rather the reverse. The whole farming community, as to whose situation we had long felt concern, seems to have been lifted out of the slough of despond as a result of this year's good crop and good prices, and, of course, this gives rise to optimism both with the farmers and with those who realize that the spending power of the farmers has been greatly increased, and who see that as the foundation for increasing their business and commitments. The railroads are doing almost a record business, and the effect is shown in their earnings. This is also true of many of our industrial establishments, notably the motor companies, and all of the contributory trades. And it is now being felt by the steel business, which, until recently, had been lagging behind the others.

The best judgment that I can get convinces me that the development is not speculative; that traders are not over-extending; that inventories are not piling up. But in this country good business is always discounted by certain classes of speculators, and the reflection of this development is largely in the stock market,



There there has been an active speculation with rising prices and a considerable enlargement of the loan account. The only other unsatisfactory development has been a spotty speculation in real estate, principally along the Atlantic seaboard, but in a smaller way in some other places. Building is still going on at a feverish rate.

I found that some of my associates had been seriously considering an increase in the discount rate to 4%, but, nevertheless, under some tacit obligation not to make the change immediately after the Treasury operations of September 15, which meant awaiting the first of October. I was also advised of the existence of a similar sentiment in Washington, and further that the Federal Reserve Bank of Boston was contemplating increasing its rate.

I did not feel willing to await the Open Market Investment Committee meeting scheduled for September 22 in Washington before sending you some word, and the best I could do was my cable No. 51, which reflected simply that part of the picture which I could see in New York. It was not intended to be more than enlightening to you and a bare indication of possibilities.

Your No. 16, paragraphs 2 and 3 indicated to me that you felt, as to our position, that a reduction of your rate would be the equivalent of an increase in ours. This is measuring the situation solely from the standpoint of the exchange without regard to domestic matters, and my reply, No. 53, indicated that while the ease in your market suggested that a reduction by you might be appropriate, the tendency of money rates here and this speculative situation might indicate that in a domestic way it would be appropriate for us to increase, but that I could not send word until after discussion in Washington.

Now it develops that my own point of view is really held by almost all of my associates, and I should explain briefly what this view is: We all feel that the Stock Exchange speculation may reach a point where some action will need to be taken, but, on the other hand, that a rate increase by this bank, which must necessarily be followed by at least a similar increase in Boston, Philadelphia,



Cleveland and San Francisco, and possibly other increases by those banks now having a 4% rate, would result in a general and considerable revision of interest rates throughout the country and for all classes of loans. The danger of such a result is not only in the foreign exchange. While it might have the effect of checking speculation to some extent, and would be regarded as directed at that if it were not effective in checking it, it would likely be necessary for us to make another increase. But the real danger in this first step, and in the consequences described, is that it might at least temporarily have such an effect upon the negotiation of foreign loans in this market as to seriously interfere with the normal movement of the crops and create difficulties in supplying the exchange to enable them to be paid for. Such a development might, indeed, have quite an unsatisfactory reaction upon the business situation, which is now satisfactory in most respects. In a word, I still feel that it is wiser to take some risk as to the speculative market and to reduce the risk as to this international situation to the very minimum, and that means postponing an advance in our discount rate for some period longer.

But this conclusion could not be arrived at without delay and discussion with a number of people. This is a very large country and we have a very complicated central banking system. I would not have cabled you as I did in my No. 56 had I not had the benefit of the views of many others than myself, and, fortunately, of those most able to express sound opinions.

I was embarrassed to find that you had concluded your plans for the issue of the conversion loan in the light of my earlier cables, and can only beg that when we are cabling in this fashion, you warn me of such a development so that I may have that especially in mind and take steps to avoid embarrassing you, which I certainly will endeavor to do.

There can be no certainty as to the continuance of our 3-1/2% rate more than from week to week, or fortnight to fortnight. It is our earnest desire to postpone an increase just as long as possible. We believe it is in our own interest as well as in the general interest, and I shall endeavor to give you as



Early warning as possible of any indication of a change, but you will not take my cables, sent so long in advance of a date of action, as in this instance, as more than an endeavor to keep you posted until the time comes for me to give you definite word.

May I ask you to keep in touch with Gilbert about his plans. He may be coming to this country later and if you could arrange your visit so as to be here at the same time, I think it would be advantageous for all of us.

Please write me quite fully, and relieve my mind of any feeling of responsibility as to the conversion loan, if you feel able to do so.

My best regards to you as always.

Sincerely,

The Right Honorable Montagu C. Norman,  
Governor, The Bank of England,  
Threadneedle Street, London, E. C. 2.

P. S. As all of the unconfirmed confidential cables relate to this matter, I am attaching copies hereto of:

	<u>Your</u>	#	24	-	September	25
			25		"	26
			27		"	28
and	<u>Our</u>	#	54		"	22
			56		"	24
			58		"	26
			59		"	28



CONFIDENTIAL:

October 2, 1925.

My dear Norman:

Your letter of September 13 and the enclosures reached me after I had already heard from Gilbert and McGarrah in regard to this new development in the affairs of the Reichsbank. Gilbert sent me quite a budget of papers to read, including copies of his letters to you of September 10 and 13. And I have also read a copy of Bruin's letter to Addis of September 15.

In view of all of the circumstances, I have replied to Gilbert's invitation by writing him quite fully, as per the enclosed copy. I hope you do not think it too pedegogic.

It would be disturbing indeed if this development resulted, as is not impossible, in the spread of a feeling of dissatisfaction and distrust as to the German situation throughout our banking community. The consequences require no elaboration.

I have already written to Dr. Schacht, without attempting to express any final views, but inquiring as to the circumstances and expressing the fear that it may indicate a development in connection with the policy of the Reichsbank which might impede or defeat the progress of reconstruction.

These last few days have had their full measure of gloom, - the failure of the French negotiations and the circumstances associated with it, this development in the Reichsbank, and some other things of less consequence. It sometimes makes me wonder whether the game is worth the candle.

But at any rate our friends from Belgium seem to have the courage of their convictions, and I am awaiting cable advice from you as to the next step.

In view of the fact that both Messrs. J. P. Morgan & Co. and the Guaranty Trust Company are fiscal agents of the Belgian Government and these matters have been discussed with them, I have taken the liberty, very confidentially, of advising them of the possibility of a visit from Hautain and possibly the Finance Minister, and of simply asking them to let me know promptly if they have any suggestions to make which



make which would have bearing upon their visit to this country.

All of these matters make me more anxious that you do not abandon your plan for a visit here at the end of this year or early next year.

Now a very confidential suggestion to you as to a possible course by Dr. Schacht. As I recall, the terms of the London protocol provide a method for interpreting the plan in case dispute arises. The papers are not before me, but, as I recall, certain questions are to be referred to the Reparation Commission and others to arbitrators, and the process of selecting arbitrators is all provided in the protocol.

I, personally, believe that the wise course for Gilbert would be to prepare the minds of those with whom he is associated for action directly in accordance with the terms of the protocol. If he is satisfied that he will enjoy the support of his colleagues, and if he is further satisfied that the proposal of the Ministry of Finance violates either the letter or the spirit of the plan and of the protocol, then, instead of arguing the matter with the officials of the Reich, he should simply notify them that he has invoked the remedies provided in the protocol and will do so at once. Of course he must be sure of his ground. Such a course would be strictly in the line of procedure indicated by the agreements and treaties, and would make the German Government conscious of the fact that the consequences of evasion or violation of the plan might be even more serious than would be the unfortunate consequences of the proposal which they now advance.

I have reason to believe that this suggestion will be conveyed to Gilbert. In fact I am not advancing it as an original idea of my own at all, nor do I want to assume responsibility for it when I feel so little acquainted with the situation beyond the papers sent to me. This reserve is partly due to the telegram you received from Dr. Schacht. Of course you know without word from me that he has my entire sympathy in any program which seeks to maintain the integrity of the Dawes Plan and of the Reichsbank.

Sincerely yours,

The Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London.

Enc.



October 2, 1925.

Dear Norman:

Since the receipt of your letter of September 21 I have been unable to see Mr. Simmons, the President of our Stock Exchange, but I expect to do so on Monday and may be able to make some suggestions to him which will be useful to him in connection with his visit abroad.

I think you doubtless understand that in recent years the policy of the New York Stock Exchange has undergone a considerable change as the result of the introduction in the management of its affairs of some of the younger element with more progressive ideas than had prevailed formerly.

Mr. Seymour Cromwell, who preceded Mr. Simmons as President, and who was recently killed in a regrettable accident, undertook a series of reforms in the policy of management of the affairs of the Exchange which had met with public support and approval and which some of us believe have very much improved the general standards and practices of the Exchange. This has not only to do with the mechanism of trading and settling, but has much to do with the general standards of ethics applying to dealings in stocks. A determined war has been waged against the so-called "bucket shop" traders. Anything savoring of sharp practice or violation of the rules of the Exchange has been investigated and, in many instances, rather severe discipline has been administered to offenders. Generally speaking, I think for the last five or six years the whole atmosphere of the Stock Exchange has developed and improved under the newer management in a striking and commendable way.

Something over a year ago Cromwell retired in favor of Simmons, who is one of the younger members and a member of Rutter and Gross. I have known him a good many years. He is a man of integrity and, I believe, of considerable ability, who enjoys the respect of the members of the Exchange. While his house is not one of the larger ones, it is in every way well regarded. Mr. Simmons is, I should imagine, a man not yet fifty, and possibly without the energy and imagination of his predecessor, but nevertheless I believe he has proved to be a satisfactory and progressive president.

I shall have a talk with Mr. Simmons on Monday, and possibly ask him to call to see you while he is in London. If you are able to promote the object of his visit in any way, I shall appreciate it.

Very sincerely yours,

The Right Honorable Montagu C. Norman,



October 3, 1925.

My dear Norman:

Supplementing my letter of October 2, I have just had a talk with Mr. Simmons, and he tells me that various matters which have arisen will necessitate deferring his trip to London until next spring.

I shall probably give him a note of introduction to you, and would be glad if you could give him a few minutes to enlighten him about the general stock exchange position in London.

Sincerely yours,

Right Honorable Montagu C. Norman,  
Governor, Bank of England,  
London, England.

BE.LS



PERSONAL:

November 7, 1925

My dear Norman:

This letter will acknowledge your typewritten one of October 19.

There is not much to add, except as to very recent developments. Today, on the trainback from Washington, I am cleaning up some accumulated mail. We have just concluded our fall conference which has kept us there over a week.

The situation has become a curiously mixed one. The most important development has been some evidence that the speculative temper of the American people is not going to be satisfied by a fling in the stock market, and may turn its attention to commodities. This will be in every way bad, for once it got under way it would be very difficult to stop.

Undoubtedly the speculation of the present time is due to a state of mind, originally emanating, possibly, from brokers offices, but assiduously spread throughout the country. The bullish sentiment about stocks is based, first, upon the improvement in business, which is marked, and, second, upon the belief that there will be a very large reduction in taxes, possibly as much as \$250,000,000 next year. A third reason is that there is a feeling of assurance that there is ample money and that our rate will not be advanced so long as yours has been reduced to 4% and stays there.

Now the speculator is more influenced by apprehension of things to happen than he is by the happenings, hence, if we advanced our rate to 4%, he would be inclined to say, as he so often does, that the worst news is out; and then, after a lull, such as occurred last March and April, he would be back at his old tricks again. So the scheme now adopted, which will commence on Tuesday (not Friday as I thought when I cabled you) is to advance the rate at the Boston bank to 4%. This will create the apprehension that we will advance our rate. When Friday morning it is discovered that we have not, the upward move may begin again, but the following Monday or Tuesday they will encounter a rate advance by, say, Philadelphia. And the same thing will be repeated with Cleveland and San Francisco. In other words, the Sword of Damocles will be suspended over their heads for some time.

During this period, with your market open to foreign loans, you may be forced to advance your rate, and that would, indeed, do much to stop the margin trader.

The need for this particular type of treatment largely arises from the fact that the Stock Exchange loan account has increased over 50% above the previous high water mark in an advancing stock market and with probably two-thirds of all the money employed in this speculation coming from outside of New York, - or certainly from other than New York City banks.

The fact that the program is spread over a period of time, and is



11.7.25.

progressive and cumulative in its effect, gives us opportunity to observe its effect and be guided accordingly.

Now all of this reads very much like an attempt to manipulate the stock market. I confess that I hate it. It is repugnant to me in every possible aspect. It is the sort of thing that would not be necessary at all if general resumption of gold payment had been effected throughout the world and we had been able to effect some distribution of our excess vault reserve. It seems a shame that the best sort of plans can be handicapped by a speculative orgie, and yet the temperament of the people of this country is such that these situations cannot be avoided.

In some respects the development is not as bad as appears on the surface. This advance in prices is partly a natural and reasonable one to readjust prices of the equities in our great industrial, transportation and public utility properties to something more nearly corresponding to the present price level, which is another way of saying that the inflation of commodity prices caused by the depreciated currency is now being carried out into the industries which produce and carry these commodities.

It is merely another chapter in the argument against a managed currency, and I long for the day when a normal movement of gold, reacting upon bank reserves and bank rates, will attend to all of these matters more automatically.

I am comforted in the thought expressed in the first paragraph of your letter, that you have come to feel that what I said to you in July and August now seem to have been justified.

Faithfully yours,

The Right Honorable Montagu C. Norman,  
Governor, The Bank of England,  
London, England.

P. S. I must ask you to take into account the lapse of time since the dictation of this and its reading, which may indeed make considerable difference.



November 10, 1925

My dear Norman:

I hope you will pardon the delay in replying to yours of the 21st ultimo.

I think you may have been misled by a correspondence of figures, which is a happenchance. Our advances on gold to foreign correspondents have increased in some cases and decreased in others, so that the net difference, ZI. 2,800,000 is really no more than a coincidence.

The change in the figures of the Bank Polski which is significant is the increase in the item "Liabilities in Foreign Exchange" between September 10 and October 10 from ZI. 24,643,000 to ZI. 41,684,000. This just about offsets the total advances on gold of \$3,400,000 which we made in that period.

The increase in "Foreign balances, bills and money" and the increase in gold are doubtless due to other causes, except that the item "Foreign balances, bills and money" may reflect unused amounts of the credit which we have given them.

I hope this explains the matter.

Sincerely yours,

"B.S."

Right Honorable Montagu C. Norman  
Governor, Bank of England  
London, England



270 Park Avenue,  
New York, N. Y.  
November 20, 1925.

Dear Monty:

I am just preparing to leave for Chicago, but felt I must answer yours of November 8 at once, for I have been most dilatory in replying to your Plodge letters.

You don't mind, I am sure, a few comments passing through Miss Bleecker.

In some ways I like the arrangements for the future; in others I don't. In the first place, I have a great deal of confidence in Trotter. If there is any reserve, it is what I once expressed to you, that, after all, responsibility will have much to do with remedying what is probably more a deficiency of manner than of fact.

The thing that is not as clear to me as I would like to have it, is

First, whether this is anything less than a temporizing solution of the whole bank problem; and

Second, whether it ever will be possible, after seven years as Governor, for you to occupy a rather anomalous position, where you are neither a-foot or a-horse back.

But, of course, two years hence is two years hence, and the immediate future I believe is disposed of as well as it can be. And all of this I am looking forward to discussing with you when you come in December. Of course I am expecting you to sail on the sixteenth, and to stay with me at 270.

As for Christmas. Phil and I will be alone, and we would like to have you stay here with us. So there is no question of going out of the way. With my mother and sister absent, our Christmas will be a slender affair anyway.

Now about your health: It troubles me that you should have these outbreaks of one or another sort, really indicating that something needs attention, though it may be obscure, but, nevertheless, lurking in the background, ready to pounce whenever you get below par. I know all about those things, and how necessary it is to get at them fundamentally and not superficially.

About my own plans: They are still as unformed as ever. So long as my health remains reasonably satisfactory,



S/W 11/21/25

there is a strong desire that I should not quit. Dr. Miller gave me a thorough over-hauling recently and tells me that I am in better shape than he has ever seen me, notwithstanding that I have been so busy and a great deal harassed. It is extraordinary why this is so, for he has often said that on my record there is every reason to believe that I should be safely dead.

My recent difficulties have really not so much been in Washington as one would suppose. There has been a difficult technical situation to deal with, increased in its difficulty I must confess by the need for not putting such pressure on you as would alter the whole credit situation. We have had a dangerous speculation develop in the stock market, with some evidence that it is extending into commodities. There has been a rampaging real estate speculation in some spots, but that is too far away from our influence to be a direct factor.

My feeling has been that having the New York Bank raise its rate first, the bad news would be out, and, after a severe shock to the stock market, it would go off on its merry way again. And that we could better control it as a psychological problem by keeping a sword of Damocles suspended over the speculator, that is, rate advances in sequence. This has been attempted and has been reasonably successful. While prices have not greatly declined, nor indeed was that our primary object, the volume of trading has been curtailed, and a wholesome air of caution has been bred throughout the country. But I think you must prepare your mind for our advancing the discount rate in New York before the end of the year. I would prefer not to do it, but there is some evidence that it cannot be avoided.

It is most important that we should advance first, before you do so.

I agree with you that some more comprehensive plan as to gold must be discussed soon. What I now have in mind is to try and lay out the principles when you are here, and then, rather early in the Spring, go directly from New York to Italy, thus avoiding the bad weather further north. After some time there, I might make a short trip into central Europe (possibly persuading you to meet me in Berlin or Amsterdam). And I am gradually approaching the idea that we may have a quiet meeting of some of the heads of the central banks early this summer. It must not be anything like a convention, which would attract a lot of publicity; nor, indeed, do I want to decide finally until I see what Congress is going to do this winter.

I shall not now write you about Belgium. The whole matter is in a state of flux. My position has been that we are willing to help in any reasonable plan - I named \$5,000,000 as the sum and am prepared to try to do more if it is necessary - but to do nothing if the plan is not right; chiefly to help in every way possible, if it is right. The details will have to



3/N 11/20/25

A great many thanks to you for your help for my Mother. I have written to your Mother, and to mine, and suggested direct communication between them. It will be fine to have those two ladies meet.

I am not only obliged to dictate this letter, but to ask Miss Bleecker to sign it for me.

Now take care of yourself, and accept my blessing.

Faithfully yours,

The Right Honorable Montagu C. Norman,  
Thorpe Lodge, Campden Hill,  
London, England.



November 27, 1925.

My dear Governor Norman:

Your kind letter of November 12 has just reached me on my return from an absence, and I am really quite at a loss to adequately express the great pleasure and satisfaction which this act of courtesy by you and your associates has given me.

Of course, you, better than anyone, appreciate the sentiments of respect and affection which I feel for your great organization, and the honor in which I hold all of those brave comrades of yours who crossed the dark water to the further shore. I shall cherish this evidence of our association and friendship as one of my most priceless possessions.

With earnest assurance of my gratitude, I beg to remain,  
my dear Mr. Governor,

Yours sincerely,

Right Honorable Montagu C. Norman,  
Bank of England,  
London, England.

MS.LS



December 3, 1925.

My dear Monty:

First, my apologies once more for a typewritten letter, which is the best I can do with the time at my disposal.

This acknowledges yours of November 23, from Harrogate. Since it was written we have agreed upon an arrangement for Belgium, and anything that I might write would be out of date anyway.

You will have heard from me, by letter and cable, in regard to your visit. I am definitely expecting you; have your room reserved; and am free of any engagements whatever. But I shall not attempt to meet you down the bay, as the weather at that season is too bad and the trip down on the boat and waiting around without decent shelter on the Revenue Cutter is too great a hazard. So I shall see you on the dock.

This time you may, I fear, encounter some publicity. If the reporters don't catch you on the boat, they may do so on the dock. If you are caught on the boat, I think I would be inclined to tell the newspaper men that your trip has no special significance; is more a holiday than anything; but that you are coming over to make us a visit as you plan to do every year; and that if you have any statement to make you will make it after going to the Bank.

Our bank rate position will, I hope, work out better than your cables suggest. It would be awkward for us to advance to four on the eve of an issue of \$400,000,000 of Treasury obligations which are being figured very close to the market, and which must be offered on the eighth, - the day following next week's meeting. It would necessitate a difference of one-quarter of one per cent at least to the Treasury, and I think with the exception of one or two people we are all generally agreed that the really fundamental conditions here do not well require an advance. Speculation has tempered down a bit, but still needs watching. The announcement of your advance today has had a little dampening effect, and now the market will await word late this afternoon or early in the morning of a change by us. As we will not advance, they will still have the feeling that the sword of Damocles is suspended over their heads.

I am mighty glad that your rest did the business. You will have another week on the boat, and, I hope, a more restful time here with me than you did last time. Possibly we could get away somewhere for a few days.

If the four per cent rate has helped, as you suggest, far be it



12.3.25

from me to withhold my congratulations. It did make difficulties for us for a time, but I think the outlook signifies that they have been successfully surmounted, and that next year things will go easier. We have been advised that there will be an investigation of this business by the Senate, but it causes us no uneasiness.

My best to you, as always.

Faithfully yours,

The Right Honorable Montagu C. Norman,  
Thorpe Lodge, Campden Hill,  
London, England.