

LIBRARY

JUN 20 1919

June 18, 1919.

FEDERAL RESERVE BANK

My dear Dr. Vissering:

My plans have now sufficiently matured to enable me to advise you that I am expecting to sail for Europe about the first of July and that I shall hope to give myself the pleasure of a visit with you during my stay abroad.

My arrangements are as yet a little indefinite, but I shall probably be in London for a while, and then go either directly to Holland, or, possibly, first to France and later to Holland via Belgium.

I shall look forward with great pleasure to meeting you at that time, and hope to have the good fortune of finding you at home.

With cordial regards, believe me,

Sincerely yours,

B.B.

Dr. G. Vissering, ^{*}
President, The Netherlands Bank,
Amsterdam, Holland.

BS/MSB

LIBRARY

JUL 5 1919

FEDERAL RESERVE BANK
July 3, 1919.

Dear Dr. Vissering:

My departure for Europe, which was fixed for the 1st of July, has been postponed to the 12th instant, on account of derangement in the sailing schedule of the White Star Line caused by labor disturbances at Liverpool. I now expect to sail on the Baltic on the latter date and am anticipating with pleasure seeing you again at an early date.

With kindest regards, I am,

Sincerely yours,

RA.

Dr. G. Vissering,
The Netherlands Bank,
Amsterdam, Holland.

COPY OF CABLEGRAM

Amsterdam, Holland

July 15, 1919

Federal Reserve Bank

New York

Received via Hoover your cable quote Federal Reserve Bank requires that all gold shall be weighed in conformity with formula in paragraph one and expects to make payments as rapidly as lots approximating twenty million marks are completed and cable advices are received in compliance with terms your cable unquote We state that alternative given in your cable directly to us on July second is cancelled by this instruction Stop We execute your last instructions and have undertaken the weighing which will probably last three days for the first lot of twenty million marks We understand you agree Hoover will be via Brown got informed of this cable.

Nederlandsche Bank

COPY OF CABLEGRAM

New York,

July 16, 1919.

Nederlandsche Bank

Amsterdam

We regret that Hoovers advice to you which is evidently only part of our cable to American Mission Paris caused you to consider same as cancellation of alternative given in our cable July second Stop Please do not interpret the advice from Hoover as changing in any respect the instructions in our direct cable to you of July second which we hereby confirm ~~Hoover~~

Federal Reserve Bank

July 29 1919

NEDERLANDSCHE BANK, Amsterdam

Your cables seventeenth and nineteenth instant to New York repeated to me here stop Suggest continue cabling reports to New York which will be repeated to me by FEDERAL RESERVE BANK stop Planning to reach Brussels early next week and Amsterdam shortly thereafter stop Address until Friday Ritz Hotel PARIS

STRONG

BENJAMIN STRONG, Numero 12,

August 6, 1919.

Dr. G. Vissering,

Nederlandsche Bank

Amsterdam

Am arriving at Amsterdam tomorrow afternoon by motor and have telegraphed for rooms at the Bracks Doelen Shall hope to have the pleasure of calling upon you Friday morning if convenient for you.

BENJAMIN STRONG, Governor Federal Reserve Bank
of New York

Brack's Doelen Hotel, Amsterdam,

August 11, 1919.

My dear Dr. Vissering:

It is quite possible that some mail and telegrams will come to the Bank for me after I have left Amsterdam, and I am writing to ask if you will be good enough to have your secretary repeat telegrams to me in care of the National Bank of Belgium, Brussels, until Friday of this week and thereafter in care of Morgan, Harjes & Company, Place Vendome, Paris.

Any mail, I believe it would be safer to forward direct to Morgan, Harjes & Company, as I shall only be in Brussels a day or two and might miss it.

It has been a great privilege to have this visit with you and with your associates, and I value greatly the opportunity to become personally acquainted and to have these discussions. May I express the hope that your institution and mine will succeed in establishing a close relationship to our mutual advantage.

With warmest appreciation of your courtesy and hoping that you will not fail to command me in New York in any matters in which we can be of service to you or to your fine institution, I beg to remain,

Faithfully yours,

Dr. G. Vissering,
Nederlandsche Bank,
Amsterdam.

BS/V

Hotel Ritz, Paris,

August 16, 1919.

Gentlemen:

Owing to my proposed absence of a few weeks I find it necessary to entrust to Mr. Kent, who will present this letter, all arrangements in regard to the shipment of gold to the Bank of England.

It is of course understood that the Bank of England is to actually take charge of the shipments, and I do not wish in any way to alter the arrangement in that regard.

Nevertheless, Mr. Kent will be in communication with the Federal Reserve Bank of New York, of which he is still acting as Deputy Governor, and I would greatly appreciate your enabling him to facilitate in every way the carrying out of the arrangements covered by my written instructions to you of this date.

Mr. Kent has his own code and check words to the Federal Bank to enable him to conduct cable correspondence exactly as I have done and he is likewise thoroughly familiar with the details of the transaction.

Faithfully yours,

The Nederlandsche Bank,
Amsterdam, Holland.

BS/V

Hotel Ritz, Paris,

August 16, 1919.

Dear Dr. Vissering:

Quite unexpectedly I am called to Constantinople, the trip seemingly taking about four weeks. In the meantime I have asked Mr. Kent to call at the Bank of England and effect detailed arrangements in regard to the shipment of the gold which we discussed.

In order that the necessary payments may promptly proceed I am going to ask if you will be good enough to observe the following plan:

1. Complete the exact count and examination of ten lots of 20,000,000 marks each, as is now being done, and report the results by the present method to the Federal Reserve Bank of New York.
2. Examine the remaining 240,000,000 marks by the method which we discussed, to wit, weigh the small bags without opening them, allowing for the weight of the bags and reporting the result as accurately as can be estimated to the Federal Reserve Bank of New York by the same method as is now being pursued in reporting the results of the accurate counting and weighing of the first ten lots. The cables should be both direct in code and through the American Legation for purposes of check.

The Bank of England has been good enough to handle the shipment of the gold to London and Mr. F. I. Kent, who accompanied me to Amsterdam, is leaving tomorrow for London and there will discuss the arrangement of details with the Bank of England. I am furnishing him with the necessary letter of authority to handle the matter in my absence and am giving him a copy of this letter. A cable just received from New York indicates that not over \$4,000,000 in any one shipment can be covered by insurance payable in dollars. Of course, all the gold should be insured, and the Bank of England is being asked to accommodate their plans to this limitation if it proves to be final.

It is our present intention to ship a total of 240,000,000 marks to London and I shall await my return and further advices from the Federal Reserve Bank as to the disposition of the remaining 200,000,000 marks, being the amount accurately examined.

With many thanks for your courtesy and looking forward to a further visit with you on my return from Constantinople, I beg to remain,

Sincerely yours,

Dr. G. Vissering,
Nederlandsche Bank,
Amsterdam, Holland.

Hotel Ritz, Paris,

August 16, 1919.

PERSONAL

My dear Dr. Vissering:

Much to my regret it seems desirable that I should accompany an official party to Constantinople and I find myself with only time to send you the enclosed official letter with these very warm thanks for your many courtesies to me while in Amsterdam, which I deeply appreciate.

It was great pleasure to visit you and become personally acquainted and to find such great harmony in our views.

Your cooperation with the Bank of England and with Mr. Kent in arranging this gold matter is very greatly appreciated, and I can assure you that the Federal Reserve Bank of New York will reciprocate by every means in its power.

Very sincerely yours,

Dr. G. Vissering,
The Nederlandsche Bank,
Amsterdam, Holland.

Hotel Ritz, Paris,

August 17, 1919.

My dear Dr. Vissering:

In my letter of yesterday I omitted to refer to the question of expense in connection with the handling of the gold.

It is understood of course that we will reimburse you for all expense and outlay in connection with the verification and shipment of the gold, which I understand will include the compensation paid to your men for overtime work.

It is impossible for me to advise you definitely of the amount to be left with the Nederlandsche Bank for safekeeping, until my return, when I shall have heard from the Federal Reserve Bank, but it is understood that if the Bank authorizes, as I shall recommend, the reimbursement of all charges which we have made for the custody of gold held for the account of the Nederlandsche Bank at New York, the Nederlandsche Bank will then be willing to take the custody of this gold without commission charge.

For purposes of accounting, to cover the period when our books have been closed, we may ask that the amount of the fee to be reimbursed be charged back to the Federal Reserve Bank as a custody fee in connection with this transaction.

You may be assured, my dear Dr. Vissering, that it is my desire, and I am sure that of my associates, that the relations between the two institutions shall be established upon a basis free of commission charge, if that is quite agreeable to you.

Again with assurance of my esteem and many thanks, I am,

Sincerely yours,

Dr. G. Vissering,
President the Nederlandsche Bank,
Amsterdam, Holland.

BS/V

(Following cable received at Paris August 18th)

Amsterdam 59296 35 14 11 ;

BENJAMIN STRONG

Care of National Bank of Belgium
Brussels

Received following telegram begins

Learn from New York insurance can be arranged Terms unknown to
Bank but understood cabled you direct Governor Bank of England ends

NEDERLANDSCHE BANK

[8/14/19]

(Following cable received at Paris August 18th)

Amsterdam 5982 44 #5/8 9, 59 M

BENJAMIN STRONG

Care of Morgan Harjes & Company, Place Vendome, Paris

Received following telegram begins

We are ready to send to take delivery at both centres as soon as authorized We await terms upon which to insure with Chubb Governor Bank of England Ends

NEDERLANDSCHE BANK

TELEGRAM

Paris, August 18, 1919

Doctor G. Vissering
Nederlandsche Bank
Amsterdam

Have abandoned trip to Constantinople of which I have written you stop
my telegraphic address continues care Morgan Harjes and Company Paris

BENJAMIN STRONG

AMSTERDAM, 21st August 1919

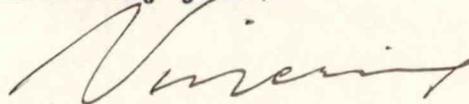
My dear Mr. Strong ,

From your letter of August 16th we noted your wishes about the further examination of the gold deposited with us by the German Reichsbank for the account of the Federal Reserve Bank of Newyork , and about shipping of 240 million Marks to the Bank of England .

We are awaiting further instructions either from you or on your authorization from the Bank of England about the shipments and about the question if insurance will be covered by the Bank of England .

I suppose that your suggestion to solve the question of the commission , paid by the Netherlands Bank on the deposit of gold in Newyork , will be very attractive . We from our side will be happy to come to an understanding that both parties will store up the gold in the shape of earmarking for the account of one another without any commission , the extra expenses of weighing , counting , etc. only to be reimbursed .

Very sincerely yours



President of the Netherlands Bank

Benjamin Strong Esq.

Governor of the Federal Reserve Bank of Newyork

Hotel Ritz

P A R I S .

Amsterdam , 21st August 1919

My dear Mr. Strong ,

I received your two letters of August 16th and your letter of August 17th , and only yesterday your wire of probably 18 August reached me .

I see from your wire that you have abandoned your plan to make a trip to Constantinopel . I sincerely hope therefore that we may have again the pleasure to see you in Amsterdam , for I would highly appreciate to have still a talk with you on several of the extremely delicate questions that are to be solved in the next time . I had the advantage in the meantime to see Mr. Paul Warburg on his way to his family . He also is very much impressed by the serious situation everywhere in Europe , and in the end no less in America , for of course various difficulties in Europe must finally have their repercussion in America . Would it not be possible to use the very special opportunity that several so very prominent men from America are just now staying in Europe , to have a discussion - of course quite informally - on all these problems , and would it be possible for you to spend some days especially for this purpose ? I should highly appreciate if such a meeting could take place in Holland ; we may then have also the opportunity to change views with some of the prominent men here , f.i. in the first place with Mr. Ter Meulen from Hope & Co . Of course

Benjamin Strong Esq.
Governor of the Federal Reserve Bank of Newyork

Hotel Ritz

P A R I S .

GV

DR. G. VISSERING
AMSTERDAM.

Amsterdam , 21st August 1919

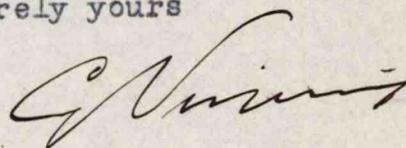
(2)

I would be ready to go abroad if it would be more convenient to you and the other gentlemen that might be present to meet at another place .

I get the impression from all serious men of business I have seen in the last months that they want to co-operate to any practicable solution and that they all see the necessity of coming to some understanding in these intricate matters of international exchange ; so I feel that it is the duty of all of us to do the utmost each in his own sphere to come to the rescue of the European community .

Would you be so kind to inform me if it would be possible for you to come back to Holland ? If you could inform us some time before , we will try to arrange another trip for you to some interesting parts of our own country .

Very sincerely yours



President of the Netherlands Bank .

Benjamin Strong Esq.

Governor of the Federal Reserve Bank of Newyork

Hotel Ritz

P A R I S .

Hotel Ritz, Paris,

August 23, 1919.

My dear Dr. Vissering:

Your favor of August 21 in regard to a conference along the lines of our discussion has just reached me, and, as I stated to you in Amsterdam, this subject interests me very much as I have long been impressed with the necessity for a better acquaintance and, if you please, a better understanding between the managements of the various important central banks of issue.

My thought was to arrange for a meeting of the Governors of the Nederlandsche Bank, the Bank of England, the Bank of France and the Banque Nationale de Belgique, while I am now in Europe, but I have had some hesitancy in advancing the idea upon my own initiative, the Federal Reserve Bank system in America being in a sense the youngest of the group, and possibly it might not seem becoming that the suggestion should come from me.

Of course, inasmuch as the Peace Treaty has not been ratified by the United States, it would not be possible to include a representative of the Reichsbank, certainly not without the express direction of the United States government.

I am planning to return to London by way of Amsterdam, when we may discuss this matter at greater length and in the meantime take the liberty of suggesting that any meeting such as I have in mind should be of a very informal and unofficial character and, if you please, without public notice. My principal reason for suggesting this is the unwisdom of creating the impression in the minds of the public that the central banks are undertaking to assume the burden of readjustment of the exchange situation. That problem impresses me as too vast an undertaking for any group of banks to assume and it might cause uneasiness if the impression gained publicity that we were contemplating undertaking measures of such an important nature.

If quite agreeable to you I will postpone any further consideration of the matter until I see you in Amsterdam.

What you write about Mr. Warburg's visit interests me very much. He is an old and valued friend and associate of mine and a man of very rare judgment and ability. Nevertheless, I have sometimes felt that Mr. Warburg and others of our good friends in America are inclined to exaggerate somewhat the seriousness of the future, both in Europe and in America. My inquiries on this trip have convinced me that while it is indeed a most serious situation there are, on the contrary, many signs

of gradual improvement, not only in a material way but in general in the state of mind of the war-weary population of Europe.

Just as soon as the business which now detains me in Paris is completed I shall telegraph you of my intention to visit Amsterdam with sufficient notice so that you may not be inconvenienced.

Again with kindest regards and many thanks for your courtesies, I beg to remain,

Sincerely yours,

Dr. G. Vissering,
The Nederlandsche Bank,
Amsterdam, Holland.

BS/V

Hotel Ritz, Paris,

August 23, 1919.

My dear Dr. Vissering:

Your favor of the 21st instant just reaches me and by now you will have doubtless heard from the Bank of England in regard to the arrangements for shipping 240,000,000 marks gold to the Bank of England.

I am informed by the Governor of the Bank of England that representatives of the Bank are to be in Amsterdam this week to arrange the matter.

Since my return to Paris I have obtained more precise information in regard to the amount of the payment to be made in connection with the matters we discussed, and have decided that it will not be necessary to leave more than 80,000,000 marks for safekeeping with your good institution. I am therefore writing to advise you that instructions are being sent to the Bank of England to ship a total of 360,000,000 marks, the amount to be left with you being four lots of German coin which have been exactly verified, the weight, quality and value of each therefore being already reported.

May I trouble you to inform the representatives of the Bank of England to this effect and that I am writing to the Governor of the Bank in order that they may receive their instructions direct from him.

I may say that I am still without final authorization from the Federal Reserve Bank in regard to this matter, as cables seem to be greatly delayed, but I have no doubt that this arrangement, together with the arrangement which I proposed in regard to commissions, will be entirely satisfactory to my associates in New York and I am grateful to you for your kind cooperation.

Very sincerely yours,

Dr. G. Vissering, President,
De Nederlandsche Bank,
Amsterdam, Holland.

BS/V

Hotel Ritz, Paris,

August 26, 1919.

My dear Dr. Vissering:

With this I am enclosing copy of a note of introduction which I have taken the liberty of handing to Mr. Dean Jay, of Messrs. Morgan, Harjes & Company.

Mr. Jay is a personal friend for whom I have a very high regard, and I need not assure you of his reliability and trustworthiness.

When I learned of the nature of his errand to Amsterdam, it occurred to me that it might be to his advantage and yours to meet and discuss the plans which he has in mind, and it well may be that I can reach Amsterdam before he leaves and discuss the matter in person. Any advice which you find it possible to give him will be much appreciated by me.

I am looking forward to reaching Amsterdam the latter part of this week, or early next week, and will telegraph you a few days in advance of my arrival.

With kindest regards, I beg to remain,

Sincerely yours,

Dr. G. Vissering,
De Nederlandsche Bank,
Amsterdam, Holland.

BS/V

Hotel Ritz, Paris,

August 26, 1919.

My dear Dr. Vissering:

This note will be presented to you by Mr. Dean Jay, of New York, who is a valued friend and was formerly associated with me in the Liberty Loan organization of New York.

Mr. Jay has been for some years connected with the Guaranty Trust Company, but has recently associated himself in an important capacity with the firm of J&P. Morgan & Company, of New York, and Morgan, Harjes & Company, of Paris.

Mr. Jay is about to proceed to Amsterdam on an important mission for his firm and I have taken the liberty of suggesting that he call upon you and seek your advice in regard to the business in which he is interested.

You may be sure of my appreciation of anything which you may be able to do to facilitate Mr. Jay.

With assurance of my esteem, I beg to remain,

Sincerely yours,

Dr. G. Vissering, President,
De Nederlandsche Bank,
Amsterdam, Holland.

BS/V

Hotel Ritz, Paris,

August 29, 1919.

My dear Dr. Vissering:

A cable just received from the Federal Reserve Bank of NewYork advises of a change in the program in regard to the handling of our gold, which will make it necessary to ship the entire amount now held by your institution to London. This I regret, but I feel obliged to carry out these instructions unless they should be altered before my arrival in Amsterdam about Wednesday or Thursday of next week .

Advice of this change of program is being sent to the Bank of England with a request that their representatives be notified.

I am also advised that the total amount which may be insured in any one conveyance is \$6,500,000, this amount to include the value of the gold plus one per cent. allowance for cost of shipment.

I am planning to leave here on Tuesday, spend one day in Brussels, and then proceed to Amsterdam, where I shall hope to spend two days, but I very much fear that it will not be possible for me to make the trip in Holland which I had contemplated.

There are many matters which I am anxious to discuss with you, and, if we are quite free the latter part of next week, we will I hope have opportunity for a further visit.

With kindest regards and thanking you for your courtesy in handling the gold in our behalf, I beg to remain,

Faithfully yours,

Dr. G. Vissering, President,
De Nederlandsche Bank,
Amsterdam, Holland.

COPY

T.S.

6th September 1919 .

for Mr.Strong.

To the American Legation ,

THE HAGUE .

Dear Sirs ,

Complying with the wishes of the Federal Reserve Bank of New York , we herewith kindly request you to dispatch the following by cable to your State Department :

OZCUJGULRO GYDARDEWEV LIGJOKEJUM JYHUFVYRVY IVTAGMOHAG
LICABGYNIF MEHZOLARMY MUMWYMUBEG POLECIVTAG MIKFELENJE
GYNIFLYNKE LEPILKEJUM MOVAYATBYN DUYRYIVTAG MIMIJLICUG
GYNIFMAUGTALARMYMUJYS MIJYJRYVUD IVTAGMITUS LOZEFGYNIF
LYCUCMEYAM LELAFBARS IVTAGMOAHG MEFIVGYNIF LIZUDLARMY
VYSGABARS ADAPHGULRO SCADTIVTAG MOAHGMAMCY GYNIFLOORZ
LAWYRUSEWJ VYRVYIVTAG MONMAMASOG GYNIFLUARB LARMYLEDA^k
KEJUMMOTUX MIJYJLETRO

The words LEKDA KEJUMMOTUX MIJYJLETRO represent our private testcipher .

For your guidance we add hereto a copy of our to-day's message to the Federal Reserve Bank of New York , New York , the contents of which are identical with the above code-words .

Yours truly ,
De Nederlandsche Bank ,
Voor den Directeur-Secretaris,

Adjunct-Secretaris.

Encl.

COPY

for Mr. Strong.

Secretarie

6 September 1919

FEDRESERVE

NEWYORK

Remaining germangold consists of Marks hundredtwentymillion grossweights Kilograms fortyseventhousand fiveeightyfive grams nineninety-fourhalf. Roubles fivemillionfivehundredthousand Kilograms fourthousandsevenhundredthirteen grams sixninetyeight. Austriancrowns eighteenmillionthreehundredthousand Kilograms sixthousandoneninetythree grams eightninetythreehalf. Sovereigns onemillionfivehundredfiftyfourthousand fivehundred Kilograms twelvethousandfourthirteen grams sixhundredseven. Bars onethousandsevenhundredninetynine Kilograms twentyonethousandnineseventyfour grams twothirtytwohalf. Nettweight bars according to germanstatement Kilogrammes twentyonethousandeightthirtyseven grams threehundredfortycommafour total grossweight Kilograms ninetytwothousand eighthundredeightyone grams fourtwentyfivehalf 8244541

HANDTEEKENING NIET
MEESEINEN.

Nederlandsche Bank

Handwritten signature

AANGEBODEN
TER CENTRALE *Handwritten initials*

Hotel Ritz, London,

September 8, 1919.

My dear Dr. Vissering:

My visit with you was most delightful and I am writing at once to express my warm appreciation of your courtesy.

Later in the day I hope to learn definitely about my steamer accommodations and will telegraph you the possibility of a hurried visit to Amsterdam to meet Mr. Warburg, but, as I notice the Baltic is scheduled to sail on the 19th which would necessitate my leaving London on the 18th, it would so curtail my time here that I fear another trip to Amsterdam will be difficult if not impossible.

On going over the various cable advices from New York giving the results of the examination of the gold, I find that in a few cases the fractions are incomplete by reason of mutilated cables and am writing to ask if a complete statement summarizing all reports sent by cable could be made up and sent to me here.

May I repeat the hope expressed to you verbally that you make the opportunity before very long to visit us in America. It has always seemed to me that these visits are productive of excellent results, and I shall never regret having taken this occasion to visit you in Amsterdam.

With kindest regards, I beg to remain,

Sincerely yours,

Dr. G. Vissering,
De Nederlandsche Bank,
Amsterdam.

BS/V

TELEGRAM

London, September 8, 1919.

DR. G. VISSERING

De Nederlandsche Bank

Amsterdam

Must leave London on eighteenth to catch steamer sailing nineteenth
so regret impossibility meeting with Warburg as proposed stop Have
telegraphed him Sarvetta House St. Moritz to this effect stop Best
regards

BENJAMIN STRONG

AMERICAN LEGATION

SEP 3 1919

TÉLÉGRAMME — TELEGRAM

ADMINISTRATION BRUSSELS
DES TÉLÉGRAPHES ET DES TÉLÉPHONES
Beheer van Telegrafen en Telefonen



ambassade stalsonis bruxelles

22 pl. Industrie

à (te) h. (sur)

Il est interdit aux porteurs d'accepter aucune gratification.

De bestellers mogen geen beloning, hoe ook genaamd, aanvaarden.

2211

Indications de service les plus usitées inscrites éventuellement en tête de l'adresse, en toutes lettres ou en abrégé :
Meest voorkomende dienstaanwijzingen die, als er zijn, voluit of verkort vóór het adres worden geschreven :

D { Télec. urgent Dringend teleg.	RP { Réponse payée Antwoord betaald	XP { Exprès payé Bode betaald	PC { Télec. avec accusé de réception télégraphique Teleg. met telegrafische kennisgeving van ontvangst	PCP { Télec. avec accusé de réception postal Teleg. met kennisgeving van ontvangst per post
---	---	---	--	---

L'Etat n'est soumis à aucune responsabilité à raison du service de la correspondance privée par voie télégraphique (Loi du 1^{er} mars 1851, art. 6).
Luidens art. 6 der wet van 1^{er} Maart 1851, is de Staat geenszins verantwoordelijk voor den dienst der bijzondere telegrammen.

Dép + amsterdam 80123 34 12.7 a = N
Afge

= priere demander monsieur benjamin strong probablement a
bruxelles mercredi de vouloir nous telegraphier si possible
date exacte de sa visite a amsterdam en vue d autres
engagements vissering president nederlandse bank +

Amsterdam , 11th September 1919

Benjamin Strong Esq.

L O N D O N .

My dear Mr. Strong ,

I received your letter of September 8th from London and your telegram reached me already before , mentioning that you will sail on the 19th inst. per S. S. " Baltic " .

I regret very much that we will not have the pleasure again to see you here in Amsterdam and especially that it will be now impossible for you to have a conference with Mr. Paul Warburg, for I fully agree with you that such conferences ~~would~~ have very good results , as they clear up ~~the~~ mind and are throwing a new light on these very difficult problems that can be solved only after very mature considerations . I thank you again for the trouble you have given yourself to come to Amsterdam , and we all have highly appreciated that you have given so much time to discuss these problems with us .

I send you enclosed two copies of the memorandum which , as I told you , I have made up about these questions . I request you to see in this memorandum only the utterance of some ideas which have come up in my mind during the several discussions ; so it is not a plan , but it contents only some remarks about the possibility of taking some measures as have been suggested during these conversations . Will you be so kind to hand one of these copies to Mr. Kent with my best greetings .

Wishing you a very good journey and hoping

SV.

See above
things
[unclear]
[unclear]

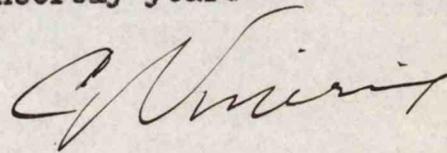
Amsterdam , 11th September 1919

Benjamin Strong Esq.

L O N D O N .

to have the great advantage to meet you again in a not too distant future , I beg to remain

Very sincerely yours



President of the Netherlands Bank

2 enclosures

From Dr. Trammell
Feb. 11/19

[See Strong's
letter Feb 11, 1919]

The opinion is gaining ground on every hand that America in the first place, but also the neutral states, should now join in co-operating towards the improvement in the conditions prevailing in the countries which participated in the war, and one of the most urgent steps will be planning a credit system in connection with the terrible and unprecedented depreciation of the various currencies and of the dislocation of the universal bill and money traffic. The enormous differences which have come about during and since the war in the relation of the imports and exports of various countries to each other, and the terrific increase in the circulation of fiduciary paper, have created differences in the rates of exchange of the various countries which are so wide that they can no longer be controlled by the application of the old method of sending gold or drawing a cheque on a balance abroad. Other measures of a much more radical nature will therefore have to be adopted for the time being, amongst which we must in the first place consider the granting of credit to the countries which have been so severely visited by the war. The population of these countries must be enabled to return to work so that the willingness to work is not frustrated by the impossibility of obtaining raw products, rolling stock, coal and so many other goods indispensable to bringing society into its working stride again.

It has already been premised that there must here be no question of affording aid to a single country or even a single group of countries which were allied during the war; the interests of the whole of Europe are here at stake and, if well-considered, even of the whole world. If therefore an organization were formed for this purpose, such an organization would eventually have to take measures applicable to all countries which have suffered in consequence of the war, on whatever side they fought, and which of course can be considered to be in need of such aid towards reconstruction.

In view of subsequent discussion one could divide the various countries into two parties:

(a) on the one hand the „lending countries”, i.e. who are prepared to co-operate in furnishing the means of reconstruction to the countries mentioned sub (b);

(b) on the other hand the „borrowing countries”, i.e. the countries which are to receive the assistance.

The lending countries would in the first place have to include the United States of North America, one or more of the South American States and, of the neutral countries in Europe: the Netherlands, Switzerland, the three Scandinavian countries and perhaps also Spain, although the last mentioned would be very uncertain. Behind the Netherlands ~~there could for instance~~ ^{of course stand} ~~be placed~~ ^{also} the Netherlands East Indies. Further, it is most probable that England could also participate to a certain amount on this side.

The object of this assistance must be to come to the help of the borrowing countries at as favourable conditions as possible. The lending countries must not therefore cherish the intention of making a financially ^{too} profitable business of it. On the other hand the lending countries will have the right, one might even say the duty, to demand that absolutely first class security should be furnished by the borrowing countries in return for the funds advanced to them, either in the form of money or in the form of merchandise. The first rate guarantees will, ^{however,} besides, ~~(precisely)~~ be a good reason for making the financial terms as easy as possible for the borrowing countries.

Both for the reasons abovementioned, and also in order to avoid any further froissement, as great a degree of uniformity as possible will have to be aimed at in the terms to be submitted to the borrowing countries. A differentiative arrangement for any single and separate state might perhaps cause a grievance and act somewhat as a repellant. If it is clearly the intention to make the conditions as equal as possible for all countries together, this element of a less appreciative nature can be omitted. Above all, therefore, excellent guarantees for the payment of interest and for the regular annual amortiz

ation of the funds placed at the disposal of the borrowing countries will have to be looked for.

Generally speaking this credit could be granted in three different ways:

1. by the creation of a new „accepting business“ ;
2. by lending money for longer periods, so that the granting of such credit would have to take place more in the form of an investment;
3. by taking over large going concerns with foreign capital and to render it possible for the exploitation of these concerns to be continued under the new circumstances.

Re 1. The „accepting business“ will, from the very nature of it, have to be created for transactions which would have to be financially completed in a comparatively short space of time. For this purpose a new body would have to be established having as its special object the acceptance of bills for those transactions which, after mature consideration, are entitled to such acceptance. Let us assume that such a body had a capital of \$25 million, and that the greatest part of the capital were taken up by America; that the rest should be distributed over a number of neutral states, for which purpose the Netherlands, Switzerland, the Scandinavian countries, perhaps a few of the South American States and possibly Spain would in the first place come into consideration. The possibility of engaging England in the arrangement must certainly not be excluded, in spite of the fact that England was involved in the war. This „acceptance bank“ would call upon the co-operation of the „central banks“ in the various countries so that the latter would be prepared to discount the bills accepted by the acceptance bank. This would simultaneously create an official discount market for these bills and they would almost certainly be generally placed on the open market. The acceptance bank could then be authorized to accept bills to the sum of four or at most six times its own capital. This would thus create a credit facility of some \$ 125 to \$ 175 million. It goes without saying

that the further signatures to the bills must be well secured, that one should be able to consider these bills as being among the best commercial bills obtainable at that moment, and a strict control would have to be maintained on the granting of the acceptance by the acceptance bank on these bills. Seeing that these acceptance credits are exclusively granted for transactions which must be financially completed within a short space of time, such an accepting facility by this bank will already afford a considerable support to the international market; for if these mature in three months, the acceptance facility can be run up to four times the amount in one year, and if the bills should have a currency of six months, to twice this amount. Moreover the action of this acceptance bank might also induce the private banks to join in working in the ^{is} direction, and also to interest themselves in really sound commercial transactions, which would naturally still further extend the granting of credit by way of accepting business.

This idea will still have to be worked out as to which countries will be able to join in this form of credit granting and also as to what amounts they are eventually prepared to cooperate.

Re 2. If the credit must be granted for a longer period than is suitable for an accepting business, which must be completed within a few months, the form of "notes" will have to be selected, with a currency, for instance, of not less than 5 and not more than 15 years ^{and with} ~~which~~ ^{a gradual} ~~should~~, if possible, be ~~gradually~~ ^{amortized} in the interval.

It would be excellent if the funds could be raised by the lending countries by the issue of a note of the same type for all lending countries, a note which would be negotiable everywhere. Let us first see in how far it is possible to arrive at the construction of such a universally negotiable note.

Before the war the bill parities between the various countries were kept within such narrow limits that it was possible to issue bonds payable in the various currencies of the several gold countries, by which a uniformity could nevertheless be

attained in the value of the bond, expressed in the various currencies. The war has rendered this method exceedingly difficult, if not impossible, for during and owing to the war various countries could or would not maintain the gold basis of their own currencies. We have seen that the belligerent countries have been forced to recall gold from circulation, and to suspend the export of gold, in other words to give up maintaining the rate of exchange vis-à-vis of foreign countries. This has brought about fluctuations between the rates of exchange to a degree formerly unknown. In Sweden, the remarkable circumstance has even occurred that this country, in no way obligated but of its own free will, made its currency free from the gold basis. The consequence was an absolutely incalculable rise of the Swedish Crown as a medium of payment in Sweden. To make these notes payable in the currency of a number of different countries will therefore not be again possible before all these countries have returned to the strictly gold basis. This is at present not yet the case and it is quite uncertain if this will again be the case in the future and if so, when. Under these circumstances one must naturally conclude that it would be an impossibility to create a note that would be payable on really the same basis in United States dollars, English pounds, Dutch guilders, Scandinavian crowns and Swiss francs on the one hand, or the liabilities of which, by the borrowing countries on the other hand, could be fixed on the same footing in French or Belgian Francs, German Marks, Austrian crowns, Italian lire, or in Polish or Rumanian currency. If notwithstanding this an attempt is made to issue a uniform note for all the lending countries, this will not be possible otherwise than by making out the note in the currency of the country which will take up the bulk of these notes, so that the note will necessarily have to be made out in United States Dollars. Perhaps one could also try, side by side with this, to make the note payable in English pounds, on the express condition that this should be taken to mean gold sovereigns. The question, however, then still remains as to how far it will be possible to really make the sum

of so many milliards in the long run payable in English gold. If however the notes are made out in one currency, e.g. United States Dollars, another great difficulty still remains, viz. the great fluctuation in the value of other currencies vis-à-vis of United States Dollars. Let us take the Dutch guilder for instance. A few ~~weeks~~ ^{months} ago it was quoted at about $fT = \$ 1.-$ (United States Dollar); during the last ~~few days~~ ^{months} the price of United States Dollars in guilders has considerably risen until it reached about $f2.70 = \$ 1.-$. If therefore in the meantime such a universal note made out in U.S. dollars had been made available in the Netherlands, a fluctuation of nearly $\frac{1}{2}$ of the Dutch guilder as against the American dollar would have taken place in Holland alone. How would it then have been possible to have placed a note in the Netherlands at anything like a steady and fixed price?

The fluctuations of the last few weeks between the pound sterling and the U.S. dollar have also been very considerable.

A similar question arises between the currencies of the borrowing countries and the monetary unit in which the note would have to be made out. In this respect however the question seems to be easier of solution, for the currencies of all the borrowing countries are at the present moment more or less severely depreciated ~~over~~ against the American Dollar. If therefore the proceeds of the note are offered in U.S. dollars, each of the borrowing countries will naturally receive an equivalent sum in its own depreciated currency. The more severe the depreciation the more money will they receive in their own currency. From this point of view the depreciation need therefore at the present moment not cause such great difficulties, seeing that the borrowing countries will be placed in the more favourable position that by this measure their own currency will rise in value vis-à-vis of the American, English and neutral currencies. Hence the borrowing countries at the moment of repayment will probably be in a much better position because their own currency, most probably in consequence of this measure, will have risen considerably.

f months

T below
2,48

The great puzzle is therefore in the construction of these plans when organizing the universal note for the lending countries. These difficulties are so great that it is not improbable that the idea of issuing one universal note will have to be given up.

There will then be no other course left than to issue the notes in the lending countries in the currency of each lending country separately for the quotas which they will respectively undertake. This naturally involves the surrender of the idea of issuing, in all the lending countries, notes which would be mutually interchangeable. The United States will then, for their participation in these notes, receive π them made out in American dollars, England in pounds sterling, the Netherlands in Dutch guilders and so forth, each country to the amount of the quota for which it participates in the joint loan.

It will nevertheless be of preponderant importance to retain the issue and the administration of all these various country notes in one hand, both in order to maintain the principle of equality towards all borrowing countries, and also to secure the guarantees from these on behalf of the lending countries, and to make them serve for all the lending countries equally. A great diversity of notes will thus be created, however, which will necessitate separate departments not only for each of the lending countries but also for each of the borrowing countries.

We could begin by assuming that the entire aid afforded by all the lending countries to all the borrowing countries should be fixed at United States \$ 5 milliard, of which the United States would take up \$ 4 milliard and the other countries together \$ 1 milliard. We should then arrive at the following table:

America	40/50 =	4 milliard \$			
England	2/50 =	200 million	"	=	42 million \$
Netherlands	2/50 =	200	"	=	500 " guilders.
Argentina	2/50 =	200	"	=	500 " pesos
Switzerland	1/50 =	100	"	=	500 " francs
Sweden	1/50 =	100	"	=	400 " crowns
Norway	1/50 =	100	"	=	400 " "
Denmark	1/50 =	100	"	=	400 " "

50/50 = 5 Milliard Dollars.

These \$ 5 milliard would be distributed among the borrowing countries as follows:

Belgium	$\frac{1}{5}$	milliard U.S. \$
France	1	" " "
Italy	$\frac{1}{5}$	" " "
Germany	1	" " "
Austria	$\frac{1}{5}$	" " "
Hungary	$\frac{1}{5}$	" " "
Poland	$\frac{1}{5}$	" " "
Rumania	$\frac{1}{5}$	" " "

making a total of 5 milliard United States Dollars.

The share lent to Belgium could its turn be again divided among the lending countries as follows:

America	$\frac{40}{50} = 400$	million \$
England	$\frac{2}{50} = 20$	" " = 4.2 £ million
Netherlands	$\frac{2}{50} = 20$	" " = 50 million guilders
Argentina	$\frac{2}{50} = 20$	" " = 50 " pesos
Switzerland	$\frac{1}{50} = 10$	" " = 50 " francs
Sweden	$\frac{1}{50} = 10$	" " = 40 " crowns
Norway	$\frac{1}{50} = 10$	" " = 40 " "
Denmark	$\frac{1}{50} = 10$	" " = 40 " "

$\frac{50}{50} = \frac{1}{5}$ milliard dollars.

These figures are only given as an example.

The central administration of this business would have to be established in a country which is the most conveniently situated for the purpose. One might for instance contemplate the establishment of the central administration in Holland. In Holland an International Council would then have to be established to which each of the lending countries would have to send one or more delegates, while regulations would determine the voting powers of such delegates. This International Committee (I.C.) would have to act as a general trustee and as a sort of (international) Ledger or Register for the administration of all these debts of the borrowing to the lending countries.

Besides this each of the borrowing and each of the lending countries would have to form their own committees in their own country for this business; in the lending countries in order to place the notes among the public and to receive the interest and amortization moneys, and further to effect the drawings for the amortization of the bonds in their own country, while in the borrowing countries the committees would organize the dis-

tribution of the funds lent and collect the money to be devoted to the payment of interest and amortization to the I.C. on behalf of the lending countries.

A separate kind of note will thus be brought into circulation in each of the lending countries in the currency of that country, of which the debtor is one of the borrowing countries.

Seeing that it would, on principle, be just to continue to treat the concern as being in the interest of the whole of Europe, and not ~~on~~ ^{in that of} each of the borrowing countries individually, a further tie could be laid, on behalf of the lending countries, between the funds received from the various borrowing countries for the payment of interest and amortization. This point will also be difficult to arrange because many problems will arise in doing so. A solution may possibly be reached in the following manner:-

The interest on the notes could be fixed at 6%. The borrowing countries could however be asked to pay 7% annually on the condition that 1% shall be paid into a guarantee fund. It might moreover be stipulated that the borrowing countries should not receive the full 100% of the notes placed on their behalf in the lending countries, but that 5% or perhaps at most 10%, of such loans should be retained and also paid into the guarantee fund.

From the interest produced by this guarantee fund there might in the first place be paid the expense of the administration of the I.C. This guarantee fund could further be used to effect payments of interest and amortization on behalf of the borrowing countries, also in case one of the borrowing countries should, temporarily, not promptly meet its obligations in respect of interest and amortization. The notes of the various borrowing countries could then, each individually, more or less remain at the same price as that at which they were issued.

On expiry of the currency of the notes the surplus of this guarantee fund would again have to be placed, by the I.C., at the disposal of each of these borrowing countries which had fully met their obligations, in the proportion in which they

had paid into the guarantee fund. If therefore all the borrowing countries have eventually fulfilled all their obligations with respect to interest and amortization, then each of these borrowing countries will after the space of 15 years once more come into the possession of the sum which they had apparently paid over and above 6% interest on the notes, whereas the sums to be paid by them for amortization at the end of the 15 years, could be diminished by the percentage which had originally been withheld from the borrowing countries on their loans and paid into this guarantee fund, in other words, this guarantee fund will, inasmuch as it is not drawn upon by the I.C., to ensure the regular payment of interest and amortization on the notes, be once more placed at the disposal of the borrowing countries, increased by the surplus, if any, which the guarantee fund had produced by way of interest, after deduction of the administration expenses of the I.C.

The funds necessary for the payment of interest and amortization of the notes can be found in the borrowing countries by means of special levies and surplus taxes, as has already been indicated, the raising of which will be entrusted to the committee to be formed in the borrowing countries for the service of this loan. This committee in the borrowing countries could for instance see to the collection of a levy or tax on the freight for each ton of shipping tonnage, and on every ton of railway freight, which is sent into the borrowing countries. Further, a tax could eventually be imposed on the sale of coal, on the exploitation of petroleum and other mineral products in the borrowing countries, etc.

The distribution of the funds on behalf of the borrowing countries will have to be done in agreement with the I.C. according to the indications of the committee in each borrowing country. One must here keep strictly to the principle of liberty of each subject in the lending countries to supply to the borrowing countries, and also of each subject in the borrowing countries to obtain goods from the lending countries. The trade between the subjects of the various countries mutually must be absolutely free. Only in so far as such trade should be

rendered impossible owing to a lack of funds to pay for the goods, and therefore only in so far as a credit would have to be created, will the distribution of this credit have to take place under the guidance and supervision of the I.C. and the committee for the borrowing countries.

A further and more detailed arrangement will naturally have to be sought for as to the manner in which sufficient security can be given for the debit accounts of the borrowing countries. One might for instance propose that the committee in the borrowing countries should accept promissory notes from the receivers of goods received on credit from the lending countries and that, besides this, a guarantee for the payment of these promissory notes should be given by the governments of the borrowing countries. This guarantee could for instance be furnished in the form of an equivalent amount of treasury bills issued by the governments of the borrowing countries; and, over and above this adequate guarantees should also be given by the governments and committees of the borrowing countries that the special levies for the payment of interest and amortization of notes on behalf of the I.C. shall be duly collected in the borrowing countries. The I.C. would then also undertake the administration of these promissory notes and treasury bills received from the borrowing countries, or could even leave such administration, on rules to be subsequently fixed, to the committees in the borrowing countries, provided only that there is the certainty that these papers shall continue to serve as security on behalf of the service of the loan of notes. The committee in the borrowing countries will then recover the free disposal of a portion of these promissory notes and treasury bills, equivalent to the sum accounted for to the I.C. for the payment of interest and amortization. ^{To} The committee in the borrowing countries could then, in consultation with the I.C., be left the choice as to which of these promissory notes they wish to recover, and the committee in the borrowing countries will naturally determine their choice in accordance with the ability to repay shown by the receivers of goods in the borrowing countries.

We cannot deny that many problems will still arise on planning such an organization; one most difficult point indeed, will for instance be to what extent the notes of one borrowing country when issued in the lending countries can be placed on the same level as the notes of another borrowing country, and, especially, how they can be kept there. The guarantee fund under the management of the I.C. will however undoubtedly have considerable influence towards bringing and keeping the estimation and monetary value of these notes as much as possible on the same level. Further, it will naturally be of preponderant importance that the committees in the borrowing countries should furnish guarantees which are adequate in every sense of the word and that the levies for the service of the notes be sufficiently secured.

should such a scheme be carried out, each lending country will then receive notes made out in its own currency, so that the amortization can also be guaranteed in that currency, while the question of the rates of exchange of the borrowing countries vis-à-vis of the lending countries, whenever the former receive goods from the latter, can also be solved in this manner.

Re 5. A third method that might be applied is, as remarked above, that capital should be collected in foreign countries to take over going concerns in various countries which could not continue or not properly continue their exploitation owing to the lack of capital. All kinds of concerns could be selected for this purpose, either agricultural or industrial, large hotel concerns and even large baths, such as existing watering places, which in view of their medical value must eventually be re-opened to large numbers of foreign visitors. Precisely the fact that such watering places are financed by an international syndicate, will do much towards bringing back the former prosperity to these places, where nationalistic prejudices need no longer prevent visitors from staying there, and whereby medical ^{treatment} science throughout the whole world would be greatly benefited.

Another possibility is for instance the exploitation of electric power from the rivers and waterfalls in Austria.

There are certainly great possibilities in this direction in Austria for a profitable exploitation of this power.

Any institution to be established for the purpose would have to be a kind of investment bank with a study department which would work as did, in the last few years before the war, various French and Belgian banks (Banque de Paris et des Pays Bas, Banque d'Outremer). It could then be considered whether it were desirable to establish separate companies for a number of individual concerns, or to make a kind of omnibus of them under the management and control of a large international syndicate.

A restorative influence on behalf of the countries so severely visited by the horrors of war, helping them back into activity, would emanate from all three methods. The object should therefore be to make the whole affair one which would gradually liquidate itself. In the third case also it would be desirable that in the long run the exploitation of the concerns referred to should eventually return to the possession of persons belonging to the country in which they are situated. Such gradual amortization would naturally form the subject of calm consideration between the parties interested.

One of the chief aims of the entire scheme of financing in these various forms should be to assist these particular countries in restoring their currencies. This is of importance not only for the countries where the currency is seriously depreciated, but also equally for the other countries and certainly in a high degree for the United States of North America, because these may experience the recoil, in a most serious manner, of their inability to sell their surplus products to other countries who would be either too impoverished to buy these products or whose currencies are ^{so} gravely depreciated that they would drop out of the market as buyers. America would thus, in the absence of good customers, be brought face to face with an extraordinary crisis due to over-production of its own goods, both agricultural and industrial. For America it is therefore a question of self-preservation that she should co-operate towards the creation

EXHIBIT

creation of such an extensive and powerful organization and it is hoped that America will not allow herself to be blinded by a temporary „hausse“ conjuncture, which in the end, in consequence of the impoverishment of the ^{rest.} ~~(remaining portions)~~ of the world, would prove to have produced only a pseudo prosperity.

Ritz Hotel, London,

September 17, 1919.

My dear Doctor Vissering:

Your letter of September 11th with the enclosures has just reached me, and I look forward to reading the memorandum with great interest and profit. One copy I am sending to Mr. Kent with the suggestion that, if it is possible for him to be in Amsterdam again to meet you and Mr. Warburg, it would be highly desirable for him to arrange it. I am most regretful to be obliged to return without attending such a meeting myself, but matters at home seem to make it necessary for me to return.

It has been a very great pleasure to me to meet you and I have profited much by our discussions. You may count upon hearing from me as soon as any matters of interest take form at home.

With kindest regards and many thanks for your courtesies to me, I beg to remain,

Sincerely yours,

Doctor G. Vissering,
Nederlandsche Bank,
Amsterdam, Holland.

BS/PE

Amsterdam , January 26th , 1920

Benjamin Strong Esq.

Governor of the Federal Reserve Bank of Newyork

NEW YORK .

My dear Mr. Strong ,

I thank you very much for your letters, of which the last of January 2nd came just to-day in my hands . I hearty regret that your health is not so good as you should wish and you had the intention to take some holydays , but on the other hand I have noted with very great pleasure that you have the intention to make a ^{Journey} ~~excursion~~ and to stop also at Java . It will be a very great pleasure to me to give you some introductions for your trip over Java , and I hope that you will be able to see some of the most interesting parts of this extremely beautiful country. I will introduce you entre autres to the following persons :

1. the Governor-General of the Colonies , Count van Limburg Stirum , residing at Buitenzorg ;
2. my friends of the Javasche Bank ;
3. Dr. Bosscha , residing at Malabar , one of the finest tea-plantations in the neighbourhood of Bandoeng ;
4. Mr. David Birnie , one of the first planters in the East part of Java (especially coffee , tobacco and also rubber);

and then I should most strongly advise to you to make a trip to the Idjen-Plateau , where I hope that Mr. Couvreur will give you hospitality . The Idjen-Plateau is one of the most wonderful , if not the most wonderful , spot on the earth . Mr. Lippens , a

C.V.

Amsterdam , January 26th , 1920

(2)

Benjamin Strong Esq.

NEW YORK .

banker and financier from Belgium , went there on my recommendation, and after having travelled throughout nearly the whole world , and especially after a trip over British-India , he exclaimed that the most beautiful thing he had ever seen was the Idjen-Plateau with its incomparable crater-lake of the Kawah-idjen . Several times I have visited South-Italy and Sicily in order that I could compare these two wonders of nature , but my impression of the Idjen-Plateau was that it was still *much* more interesting and still more magnificent than the Italian crater-regions . I will write directly to all these gentlemen so that you can be sure that at the moment you will be arrived at Java , you will find every assistance , if you will have only the precaution to wire to the Javasche Bank the day of your arrival . I think that it will be better to send the letters of introduce *two* directly to Java , in order to avoid further perils of these letters being lost in sending them to a remote spot in America.

You will have heard of course that our memorandum has now been published in the eight countries who were represented at the preparing conferences in Amsterdam , and still in some other countries , and uptil now the impression has been very good .

I expect that the book of Mr. Keynes will have a very sound influence on the public mind all over the world ; it is really a splendid book .

In order to prepare the public opinion also in our country for the expected publication of the memorandum , I have

W.

Amsterdam , Januarl 26th , 1920

(3)

Benjamin Strong Esq.

NEW YORK .

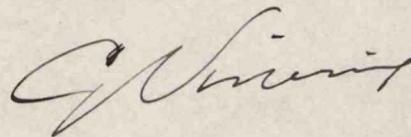
written a series of articles in one of the leading papers here (the Algemeen Handelsblad) . These articles have been reprinted and published as a pamphlet in Holland , and a translation of it will appear in English with the support of Messrs Macmillan & Cy as editors . I will send you as soon as possible a copy of this brochure in English .

I have had the pleasure to see Mr, Kent not only on the both conferences held at Amsterdam , but also to meet him in Paris during the last days of the year .

I thank you very much for your kind wishes at the occasion of the New-Year , and I reciprocate them most hearty.

With kindest regards and very respectfully

yours



Amsterdam , March 6th , 1920

Benjamin Strong Esq.

Governor of the Federal Reserve Bank of Newyork

NEW YORK .

My dear Mr. Strong ,

I received your letter of February 6th , and I read with very great pleasure that you are on the point to come to the execution of your project to make a long journey through the Great East , and it was a specially ^a great satisfaction to me that you have the intention to go also to Java , and possibly to Sumatra and Borneo . A journey to Borneo is rather troublesome ; I think it will be best to get informations about the possibility of going there during your stay at Java . Some parts of Sumatra are very interesting , and especially would be very interesting to make a trip from Padang through the interior of Sumatra , either to Palembang via the rapids of the Kampar-river , or otherwise over the plateau of Central Sumatra to Medan . Also such a trip could be organized best in Java .

I have informed His Excellency the Governor-General , Count van Limburg Stirum ; my good friends President and Directors of the " Javasche Bank " ; Mr. R. Bosscha , one of the most prominent tea-planters ; Mr. Couvreur , residing at the splendid Idjen-plateau (East Java) , and Mr. D. Birnie , one of the first planters , at Djember , of your arrival in Java , and I have asked them to give you all the assistance and facilities that you should want or like , and I am sure that they all will do their utmost to

C.N.

Amsterdam , March 6th , 1920 .

(2)

Benjamin Strong Esq.

NEW YORK .

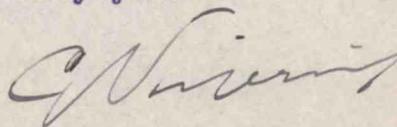
make the trip as pleasant as possible for you and your comrades .
 Therefore I will not send your letters of introduction to the
 American Embassy at Tokio , Japan , for I have sent those letters
 directly to Java , but I beg to propose that you will inform the
 " Javasche Bank " in time of your arrival at Tandjong Priok (the
 harbour of Batavia) . I am sure that they will then be on the
 platform to receive you already at your arrival in the port of
 Tandjong-Priok . I will send a copy of this letter to your Head-
 Office in Newyork , to your present residence in Arizona , and to
 the American Ambassador at Tokio , Japan , to be sure that at least
 one of these letters will reach you in time to inform you of what
 I have written to Java about your arrival there .

I hope that your journey in our Colonies
 will not only be a pleasant , but also an instructive one , and that
 you will be able to get an impression of the strength and the
 activities of our beautiful Colonies .

I sincerely hope that you possibly will find
 an opportunity to return by way of Europe , and that we will again
 have the pleasure of seeing you here .

With very kind regards , I beg to remain

Very truly yours



Phoenix, Arizona, March 29, 1920.

Dr. G. Vissering,
Amsterdam, Holland.

My dear Dr. Vissering:

It was a very great pleasure to receive your kind letter of January 26th, which has only now reached me because I have been wandering over the desert of Arizona, and even into Mexico since early in February. We have had a most enjoyable and interesting trip which has done me a great deal of good, and now we are preparing to sail for Japan from San Francisco on April 10th.

The letters of introduction which you were good enough to forward to Java will indeed give us the opportunity for a most interesting and instructive visit for which we must thank you. Possibly you recall my telling you when I was in Amsterdam last summer that some day I expected to visit Java, but I little realized then how soon I would be there. We shall visit the places recommended in your letter, and I shall also take the precaution of wiring in advance to the Javasche Bank, notifying them of the day of our expected arrival.

Mr. Kent has written me frequently and fully of the good work which you and others have been doing toward a reconstruction program, and I have read the memorandum submitted to the various governments with a great deal of interest and hearty approval. You have, of course, learned that it received the signatures of some of the most important men in the United States, and I should have been delighted to sign it myself had not my relations with our treasury department been of such an intimate character that I feared the possibility of its being misunderstood and causing embarrassment, which would, of course, have done harm rather than help the effort.

A recent mail brings me a full report of the conclusion of the gold account with Germany and I gather that our account with your good institution is also settled. Let me take this opportunity to express to you the great appreciation which I have, and which my associated share for the splendid help which you gave us in handling that matter.

Possibly you have already received a letter from the bank with the request that those of your men who had charge of this matter receive a statement of our appreciation and thanks.

I cannot conclude this letter without once more

Dr. G. Vissering

"2"

Amsterdam, Holland

thanking you for the splendid time which you gave me during my visit with you last summer. If possible to do so, I shall make another short visit to Holland on my way home from the Orient, advising you well in advance.

I am With warmest regards and again with many thanks,

Sincerely yours,

AMSTERDAM, 21st December 1920.

Vissering

Benjamin Strong, Esq.,
c/o The Bank of England

L O N D O N

Dear Mr. Strong,

I have received your cable informing us that you could arrange to spend one or two days in Amsterdam before your departure to the States. I need not tell you that we highly appreciate your kind intention and that we should be delighted to see you here. On the other hand I fully realize that your time must be very limited and that this trip might be rather inconvenient to you.

If this should really be the case, I would kindly ask you to frankly tell us so and to postpone your visit until a more favourable occasion presents itself, the more so, since, at least as far as we are concerned, no questions of importance have to be particularly discussed at present *from our side.*

If however you prefer to carry out your plan all the same you will of course be heartily welcome and in that case the 29th December would be the most convenient day for us to receive you.

With kindest regards and best wishes of the season,

Very sincerely yours,

G. Vissering

*Mr. Zeilinger
just arrived here
yesterday.*

POST OFFICE

TELEGRAPHS.

No. of Telegram



Reed. from }

 By
Handwritten initials

Charges }
 to pay }

This form must accompany any inquiry made respecting this Telegram.

Sent M
 To
 By



Office of Origin, Foreign Number, No. of Words, Date, Time handed in, and Service Instructions.

AMSTERDAM 8011 50 31 10 - M =

Received here at
 10 40
 M

BENJAMIN STRONG C / O BANK OF ENGLAND LONDON

COMPLIMENTS OF THE SEASON AND PLEASANT JOURNEY TO

UNITED STATES WE THOROUGHLY UNDERSTAND THAT IT WILL BE TROUBLESOME FOR YOU TO MAKE TRIP TO HOLLAND BUT WE HOPE

SURE WHEN OCCASION ARISES TO HAVE THE FAVOUR TO GIVE

YOU A CORDIAL RECEPTION = VISSERING =

(23006-E) W.P.S. P.1621 HARROW & 145 1,000,000 S.O.P.

1250 Pm
POST OFFICE

TELEGRAPHS.

No. of Telegram

C M
or
B S
M H



Recd. from
By

Charges to pay

This form must accompany any inquiry made respecting this Telegram.

Sent M
To
By

Office Stamp.



(23008-E) Wt. 4860 S.P. 1021 5/20
1,000,000 S.O. Press, Harrow E.6145

Office of Origin, Foreign Number, No. of Words, Date, Time handed in, and Service Instructions.

Received here at

AMSTERDAM 8087 54 239 11.45 M =

1

3

BENJAMIN STRONG BANK OF ENGLAND LONDON =

SHALL BE DELIGHTED TO SEE YOU HERE PROVIDED THIS TRIP NOT
INCONVENIENT TO YOU STOP IF INCONVENIENT WE SUGGEST
POSTPONE VISIT AMSTERDAM THE MORE SO SINCE WE HAVE AT
PRESENT NO SPECIAL QUESTIONS TO DISCUSS STOP IF HOWEVER
YOU COME MOST CONVENIENT DAY FOR US DECEMBER TWENTYNINE

= VISSERING =

den President

23-n December 1920.

BENJAMIN STRONG BANK OF ENGLAND LONDON

SHALL BE DELIGHTED TO SEE YOU HERE PROVIDED THIS TRIP NOT
INCONVENIENT TO YOU STOP IF INCONVENIENT WE SUGGEST POSTPONE
VISIT AMSTERDAM THE MORE SO SINCE WE HAVE AT PRESENT NO SPECIAL
QUESTIONS TO DISCUSS STOP IF HOWEVER YOU COME MOST CONVENIENT
DAY FOR US DECEMBER TWENTYNINE

VISSERING



28th December, 20.

Dr. G. Vissering,
c/o Nederlandsche Bank,
Amsterdam.

Dear Dr. Vissering,

Many thanks for your telegrams and for your letter which reached me immediately before the holidays.

I have been trying to compress more work into the limited time at my disposal than it now seems possible to complete without delaying my return homewhich I really cannot afford to do, and with great reluctance I have finally telegraphed to you to-day that I shall be unable to visit Amsterdam. This disappoints me especially because I have looked forward to thanking you in person for the kind arrangements which you made in connection with my visit to Java. Our reception was so cordial and we were able, thanks to the courtesy of your friends, to see so much of the Islands in our limited time that I feel we owe you many thanks for the success of the trip. Possibly Mr. Zeilinga can give you a circumstantial account of our doings in my behalf.

With kindest regards and best wishes for the
New Year,

Very sincerely yours,

Hotel de l'Europe,
Amsterdam, August 11, 1926.

Gentlemen:

This will authorize you to claim any registered mail coming for me in your care from the postoffice department, and to sign the receipt for any such mail for me.

Very truly yours,

De Nederlandsche Bank,
AMSTERDAM.

BS:M

Hotel de l'Europe,
Amsterdam, August 11, 1926.

Gentlemen:

Enclosed is a letter authorizing you to claim any registered mail which may come to me addressed in care of the Nederlandsche Bank.

I am now writing to ask if you will forward telegrams received by you for me, until and including next Monday, to:

c/o Hotel Grand et Euler
Basle, Switzerland

and any mail which may come for me to the same address, until and including Saturday of this week. Mail received subsequent to Saturday can be forwarded to me in care of Messrs. Morgan, Harjes & Company, 14 Place Vendome, Paris, unless I telegraph you otherwise in the meantime.

This will also apply to some photographs which Dr. Vissering is good enough to send me shortly.

Thanking you for all the trouble you have taken in connection with my correspondence, I beg to remain

Very sincerely yours,

De Nederlandsche Bank,
AMSTERDAM.

August 16, 1927.

My dear Dr. Vissering:

My friend, Mr. Garrard B. Winston, is sailing for Europe in a few days, will be in Amsterdam, and I have taken the liberty of assuring him that you will be glad to see him if he calls at the Netherlands Bank.

You will recall that for a number of years he was Under-Secretary of our Treasury Department and in that capacity a close associate of mine. He is now associated with Messrs Shearman and Sterling, who are counsel for the National City Bank in New York. In fact Mr. Winston is making this trip abroad with Mr. Charles E. Mitchell, the President of the National City Bank, who may call on you with Mr. Winston.

I have given Mr. Winston no letter of introduction, as it hardly seemed necessary to do so.

With kindest regards, believe me

Sincerely yours,

Dr. G. Vissering,
President, deNederlandsche Bank,
Amsterdam, Holland.

BS
msh

a) De Bruyn, J

Joseph Baerenssen + Bros

1913 / 1914

BENJ. STRONG, JR.

PERSONAL

32

with 31

**The Currency Question
as Viewed by a
Foreign Banker**

From
A. G. Miller

[1913?]

Compliments of
Boissevain & Co., Bankers
24 Broad Street
New York City

The Currency Question as Viewed by a Foreign Banker

By Mr. I. deBruyn, of the firm of
Messrs. Adolph Boissevain & Co., Bankers
Amsterdam, Holland

We take a real interest in the banking and currency question in the United States, because we regret that a great country, like yours, should be so badly equipped in this respect, also believing that a change for the better will intensively affect trade, industry and the money-market. Of course, the imperfect knowledge of local conditions may hamper us considerably in giving a sound judgment, but, as we understand it, the people of your country do not take kindly to the private management of a Central Bank, and, therefore, it is the intention to confer that authority upon the Treasury Department. Stating it otherwise, they propose a Central Bank owned by the local banks and controlled and governed by the United States authorities at Washington.

Twenty years ago the writer spent some years in the East and at that time everybody agreed that the Chinese were the most conservative nation of the earth and that they never would consent to have their hairtails cut. And now, this wonder

has arrived and conservatism has left these 400 millions without disturbing the world to any great extent. Does this not show that everywhere people have become more openminded, more willing to try new ideas, more inclined to accept improvements, not gradually, but at once, having departed from the old custom of refusing what was offered them because it was new.

Therefore, we believe that the innovation of a central bank, being a bank of rediscount and centralizing the banking reserves of the country may be safely established at once. As soon as it works, its benefactions will be felt and its antagonists will disappear faster than melting snow.

Who should own the capital of a central bank, and who should be its governors?

Experience tells us that a central bank must be powerful but independent, in the first place, independent from the Government because in case of war or internal disturbances, the first duty of the bank is to assist trade and industry, as well as the Government, but not the Government in the first place. If its capital belongs to the Government, its reserve power will be used by and on behalf of the Government only and its credit will suffer as much as the nation's defense. Specially in the case

of an unsuccessful war, commerce and finance of a nation want a strong central bank, and not a bank whose reserves are depleted by the Government and whose action was never influenced by an independent board of governors whose principal aim was maintaining the credit of the nation, which is different from the credit of the Government.

And if the governors are functionaries of the Government, they cannot refuse to hold the reserves ready for the Army and Navy Departments, for they have to obey orders.

Even in years of peace a Government is unable to run a central bank.

Everywhere central banks have started as Government establishments and history shows that their relation to the Governments never had any beneficial influence.

Ministers come and go, the governors are their inferiors and may be appointed not because they are first rate bankers or merchants, they have to obey orders, they have more regard to the approbation of their superiors than to the money-market, and bankers and merchants will decline a share in the Government because their atmosphere is not red tape but fresh air. Moreover, every new Minister may have ideas of his own which he wants to try,

a policy based on long practiced principles becomes impossible and consequently mistakes follow each other, disturb business and shake the confidence of the people and its financial advisers, the bankers. Nothing so shy as credit, it wants to stay where stability reigns, but it is very loath to enter into volcanic regions.

These reasons count for any country. As to the United States of America, so far their Government is not superior to those of England, Germany, France or Holland. You have many politicians, but few statesmen, economic principals are seldom fully understood, though every politician has his own ideas about banking, currency and the Stock Exchange. How then can one expect that the leaders of your Treasury Bank will be superior to their European colleagues. Your ministers and secretaries are wont to shape their policies according to what the people want, while in Europe the Government is entrusted to men who have ideas of their own, the result of long years of study and practice, who teach these ideas to the people, instead of asking what they can do to oblige them. Here similar questions are decided on their merit and no political party would ever include an economic measure as the Aldrich-plan or a Treasury bank in a platform declaration, because

These are things for experts to decide and not for the common people, who are totally ignorant on such questions. Here we feel that the people must be led, being themselves unable to lead, and it will be the same with you in spite of all the "coquetting" of politicians.

We know that the Democrats and many Republicans believe in the existence of a money-trust, of a combination of big bankers, not averse to creating or assisting depressions in order to enrich themselves. We believe that such men existed in former times, but that such a conspiracy at the present time is impossible as it ought to show its hand quickly. In any case it will be impossible when a central bank is established and we refuse to believe that it is impossible to find in the U. S. of A., capable, private bankers, public spirited citizens, who can conduct a central bank as it ought to be conducted in the interest of the nation.

In our opinion there is not the slightest doubt that these bankers can govern a central bank much better than government officials, who seldom have had sufficient training and seldom have learned to act on their own initiative, acting quickly without being unduly harassed by their own feeling of responsibility.

In 1890, some months before the Baring crisis, many financial bills—acceptations of bankers—began to appear in our country, being offered for discount on attractive terms. The president of our central bank, Mr. N. G. Pierson, at once felt that some unknown danger was near, he refused to rediscount these bills, and when the crisis came our country was only slightly hurt, thanks to his foresight and quick action.

Our present president, having noticed that real estate owners, being unable to get their loans at the usual rate of $4\frac{1}{2}$ -5% from mortgage companies, a consequence of the higher level of credit, were getting their credits from small country bankers who accepted their bills which were thereupon rediscounted with the central bank, in his last report published a warning, reminding the public that the facility for rediscount only belongs to commercial bills, while real estate long term credit has to apply directly to the money market, stating that further assistance would be refused, thereby readjusting the credit market. You will share our conviction that similar practical action cannot be expected from government officials.

In practice the Central Bank President has to look out for two things only, viz.—that only real commercial bills are accepted for rediscount and that the gold

Supply is always adequate to allow the sudden exportation of a relatively big amount, should the trade of his country demand it, without disturbing the home money market. These duties are not very difficult to fulfill for an insider, but an outsider—and a government official never will be anything else—will always be surprised by a debacle instead of foreseeing and circumventing it.

A few words about the big European central banks.

In Germany the Reichsbank is a private company, but strongly tied to the Government. A few years ago exchanges went against Germany, the Dutch guilder rate for 100 Marks i.e. falling to the gold importation rate of 58.70. Still no gold came from Berlin, as political danger seemed ahead, so that the Government did not wish to have the Reichsbank part with its gold. Thereupon the exchange fell under the gold point, to 58.60 and even 58.50. At once the whole commercial world noticed that German international credit was impaired. In a fortnight the Reichsbank had to give the gold and exchanges rose again, but considerable harm had been done, for every merchant knew from that moment that the full gold value of his bills on Germany could not be relied upon.

No bankers are more capable and intelligent than the French. The Banque de France is a private institution, governed privately, but also in this case politics are not wholly separated from the government of the bank's affairs. Only a few months ago the Bank refused gold to its clients, thereby shaking the confidence of the people and encouraging hoarding of money. Exchanges were not low, no exportation of gold was imminent, only the political horizon was clouded, war with Germany became a possibility and the Bank wanted to support the Government as much as possible. Who can estimate the losses suffered by the public caused by this policy of restraining confidence?

In England the Bank is very independent, but the Board of Governors is not composed of bankers, but of merchants. Very seldom a banker is admitted to that circle. Of course, it is a good thing that merchants are admitted to the board, because they often know more about the conditions of the trade and industry than bankers do, so that their advices should always enjoy a full hearing, but the action of the Bank of England is often rightly criticised because its merchant-governors are not sufficiently in touch with the money-market and consequently perceive

too late often where and when danger is going to appear.

In our country conditions are of the best. The Bank of the Netherlands is private and independent, its president and governors are selected by the Queen, acting on a proposition from the board of directors. Always an experienced banker has been chosen as President and of the governors 3 or 4 are bankers and 1 or 2 merchants. Any undue request or pressure from the Government would at once be met by a decisive refusal, and never has the bank shown any objection to parting with its gold if the exchanges demanded it. At present the Bank of England and our Bank are the only banks of issue in the world, who freely supply gold if the trade requests it. As you know, these two countries are the only nations who maintain free-trade.

We take great pride in our Central Bank, as its organization is much better than those of Germany, France and England. Being a small country, we often escape unnoticed, but new countries cannot do better than study our banking laws and central bank charter and imitate them.

We hope that the foregoing makes it clear to you why we prefer private management of a central bank to official gov-

ernors and that even the private banks of issue in Europe have been liable to mistakes whenever the Government's interests were safeguarded above those of the Nation. Though assisting the Government in its task, a bank of issue is and remains a commercial bank and cannot follow too closely the principles of commerce, although making profit not being its principal aim.

b) Consul General in NY

B. Strong - European Trip 1919

FEDERAL RESERVE BANK
LIBRARY
JUN 20 1919

June 19, 1919.

Dear Sir:

This letter, together with my passport and his own, will be presented to you by my secretary, Mr. Vaughan. I expect to visit The Netherlands on official business of the Federal Reserve Bank at an early date, sailing from New York on or about the 1st of July, and shall appreciate it very much if you can accomplish the formalities of visaing these passports without requiring my personal presence, as the present pressure of business would make it very inconvenient for me to attend.

Very truly yours,

Governor.

Consul General of The Netherlands,
11 Broadway, New York.

c) *Sturim, Coent Van Lunsberg*

*formerly in
Foreign Service*

[From B. Strong Jr.]

TRANSLATION:

Cannes, Jan. 22, 1927

Dear Mr. Strong:

It was most kind of you to remember us in your New Year wishes. We hope it will bring you good health and happiness. We were very sorry to miss the pleasure of meeting you again when Dr. Vissering asked us to join his Zuiderzee party; if you should happen to come to Holland, please let us know. We now live at Ysselvliedt, Wezep (Gla) and should be delighted to see you there.

I presume you are also following with interest and a certain anxiety the events in China. They are due to affect us all as does the loss of face at Hankow. Who could have believed a few years ago that British marines and men of war would have to look on passively when the Union Jack was hauled down by Chinese coolies. I am at a loss to understand the attitude of the Chinese Christians. Are they just driving the foreign devils out or will Christianity itself be attacked. Last Summer Dr. Mott (?) told me there had never been such an opening for Christian workers in China as there was today. What does a Westerner know of the East!

Kind regards from Countess Stirm (?).

Yours very sincerely, --

Cannes Jan 22^d 27.

Dear Mr. Strong it was most kind of you to
remember us in your N. Year wishes, we hope
it may bring you good health and happiness.
We were very sorry to miss the pleasure of
meeting you again when Dr. Kissenz asked us
to join his granderze party; if you should
happen to come to Holland, please let us
know, we now live at Ysselvliet,
Wexep (Gld) and would be delighted to
see you there.

I presume you are also following with
interest and a certain anxiety, the visits of Christa
they are due to appear no all as was the

Noted. M.B.R.

Loss of face at Hankow. Who could have be-
lieved a few years ago that British masons and men
of iron would have to look on passively as the Union
Jack was hauled down by Chinese coolies. I am at a
loss to understand the attitude of the Chinese Chris-
tians, are they just turning the foreign heels out on
world Christianity itself be attacked. But I remember
Dr. Smith told me there has never been such a pump
for Christian missions in China as there was to-day.
I have no a doctor know of the last!

Kind regards from
Caryles St. Louis

Yours very sincerely

John W. St. Louis

St. Louis (2).

[From B. Henry B.]

THIRTY THREE LIBERTY STREET
NEW YORK 45, N.Y.

BS Personal

*[From B. Livingston
Van Stryker]*

Stuyvesant Road,
Biltmore Forest,
Biltmore, N.C., February 22, 1927.

My dear Count:

You are very good indeed to send me an acknowledgment of New Year's wishes. Those are not intended to give you a sense of responsibility as to an acknowledgment, but rather more to make sure that you and Countess Stirum at least once a year are reminded of the visitor who found such great pleasure in meeting you in Java and who has ever since been grateful for your wonderful hospitality to him.

I was indeed greatly disappointed to miss seeing you when I was in Holland last Summer. Since then, Dr. Vissering has married and he is now promising to make us a visit in this country, probably next month. Since my return in September, I am sorry to say that I have had a very desperate illness. I was smitten with pneumonia almost immediately after arriving, and it almost finished me. I am now here recuperating, and hope to be back at the Bank in April. But I shall still look forward to a trip to Europe this Summer, and if you are at home then I may be able to have the pleasure of seeing you again.

Your anxiety as to what is developing in China is no greater than my own. This restlessness which has manifested itself in Africa, in India, in the Near East, and now in China and, for a time, in Java, is certainly a manifestation of some development in the Oriental mind of which we Westerners have only too little comprehension. The idea of a Communist uprising in Java would strike one as almost comic, had it not also these more serious and deplorable aspects. The explanation may be that the dominant races, after hundreds of years of exploitation of Eastern peoples, are now paying

2.

Count Van Limburg Stirum.

2/22/27.

the penalty for the lack of understanding of the Oriental mind during all of the long period when selfish exploitation was the common rule. Now that that period is past and more generous ideas prevail, the traditions and the long memories of the East show themselves in the outburst of this latent resentment. It seems as though Kipling were right after all!

Won't you pardon this dictated letter, which is just now all that I am able to accomplish.

With kindest regards to Countess Stirum and my best wishes to your goodself, I am

Sincerely yours,

Count Van Limburg Stirum,
c/o Dr. G. Vissering,
De Nederlandsche Bank,
AMSTERDAM.

BS:M