

FEDERAL RESERVE BANK
OF NEW YORK

CROSS REFERENCE SHEET

FILE No. 740

SUBJECT B. Strong

SEE

FILE NO. 780-American Paper & Pulp Assn.
Memo.
LETTER OF J.H.C. to B.S.
DATED 3/1/22

*re - Invitation to Gov. Strong to
address business meeting of above
Assn.*

FEDERAL RESERVE BANK
OF NEW YORK

CROSS REFERENCE SHEET

FILE NO. 740

SUBJECT B.S.

SEE

FILE NO. 140.47

LETTER OF Mr. Gidney to Mr. Barcalo

DATED 2/24/22

*re - Possibility of Gov. Stromy addressing the
Annual Meeting of Associated Industries.*

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE October 3, 1921. 740 B.S.

TO Mr. Snyder

SUBJECT:

FROM Governor Strong

GENERAL FILES
OCT 3 1921
FEDERAL RESERVE BANK
OF NEW YORK

The attached is Welton's letter asking me to contribute an article on Expansion and Contraction. I wish I had time to write such an article myself, as it is one of the few in which I might be interested in stating something. How about recasting what was submitted to the Joint Agricultural Commission, and adding to it two points:

(1) The point that additions to our gold reserve do not necessarily involve inflation beyond the direct 100% inflation represented by the volume of gold imported, unless we make the added gold available as the basis of credit by a rate policy, which induces borrowing; and

(2) Some discussion of a wise expansion of credit in order to assist in world recovery of trade, &c.

I would not want to deal with this subject except very concisely and fairly briefly, and will not do so until after I get some comments from you.

BS:MM

Enc.

740
BS

June 24, 1921.

Dear Sir:

Replying to your letter of June 23, Mr. Strong did not prepare an address to be delivered before the New York State Bankers Convention, as he unfortunately contracted a severe cold which made it impossible for him to carry out his original promise to be one of the speakers.

Yours very truly,

Secretary to Mr. Strong.

C. A. Luhnnow, Esq.,
Publisher, Trust Companies,
55 Liberty Street,
New York, N. Y.

GE:MM

Trust Companies

A Monthly Magazine Devoted to Trust Companies, Banking
and Financial Interests of the United States

55 Liberty Street, New York City

C. A. LUHNOW, PUBLISHER

TELEPHONE, RECTOR 3314



940
BS

750114503

June 23, 1921.

Mr. Benjamin Strong, Governor,
Federal Reserve Bank,
New York, N.Y.

GENERAL FILES
BA JUN 27 1921
JUN 24 1921 FEDERAL RESERVE BANK
OF NEW YORK

Dear Mr. Strong:

Would it be possible to secure a copy of your address on "International Reconstruction" to be delivered before the New York State Bankers convention.

The subject is one of keen and timely interest and we should appreciate the privilege of publishing it in TRUST COMPANIES Magazine.

Very sincerely yours,

Publisher.

CROSS REFERENCE SHEET

FILE NO. 740SUBJECT B. Strong

SEE

FILE NO. 780-N. Y. State Bankers Assn.LETTER OF P. J. & S. G. H. J.DATED 7/18/21

re - Invitation for Mr Strong to
address the N. Y. S. B. A. convention
in June.

CROSS REFERENCE SHEET

FILE NO. 740

SUBJECT *B. Strong*

SEE

FILE NO. 796

LETTER OF *C. S. F. To J. Berger.*DATED *11/20/19.*

ru - Request for any speeches, newspaper or magazine articles that *Gov. Strong* may have written in dealing with budget matters.

CROSS REFERENCE SHEET

FILE NO. 740

SUBJECT B. Strong

SEE

FILE NO. 796

LETTER OF C. F. Nesbit to Gov. Strong.

DATED 10/20/19.

Re. Request for Gov. Strong to be speaker at
the annual meeting of the Life
Insurance Presidents Association.

FEDERAL RESERVE BANK
OF NEW YORK

(TO BE MAILED)

CONFIRMATION OF TELEGRAM

770
112

We have today telegraphed you as follows:

BS. MSB
FEDERAL RESERVE BANK

October 8, 1919

E. H. ALDEN, ESQ.,
Secretary Norfolk and Western Railway Company,
Commercial Trust Building, Market & 15th Sts.,
PHILADELPHIA, PA.

Very sorry that I am unable to accept your kind invitation to
address the Society Railway Financial Officers next Wednesday as
I am engaged in important meeting all that morning stop Many
Thanks

BENJ. STRONG

740 B.S.

RECEIVED
OCT 8 1919
MAILING DEPT.

October 7, 1919.

Dear Sam:

I shall be delighted to address the advanced banking class of the National City Bank just as soon as it is possible for me to free myself from an accumulation of work and engagements which my absence in Europe has occasioned, which will keep me occupied for the next two or three weeks.

In addressing an organization of the experience and intelligence of those in your bank, I should want a pretty good line on what to say and what ground has or has not been covered. Any suggestion you can send me will be greatly appreciated.

Very truly yours,

Samuel McRoberts, Esq.,
National City Bank, *
55 Wall Street, New York.

BS.MSB

September 23, 1919.

My dear Mr. McRoberts:

Your letter of the 20th instant will be brought to
Mr. Strong's attention on his return to the office the latter part
of ^{next} ~~the~~ week.

Yours very truly,

Secretary.

Sammuel McRoberts, Esq.,
The National City Bank,
55 Wall Street, New York.

The National City Bank of New York

CAPITAL FULLY PAID \$ 25,000,000.
SURPLUS & UNDIVIDED PROFITS \$ 52,000,000.
CABLE ADDRESS "CITIBANK"

New York Sept. 20th, 1919.

IN REPLYING PLEASE QUOTE INITIALS

Hon. Benjamin Strong,
Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

My dear Mr. Strong:-

I am requested by the Advanced Banking Class of the National City Bank of New York to extend an invitation to you to talk to them at their session on October 14th., from 5:00 to 5:45 P.M., on any subject that you select, but preferably upon the operations of the Federal Reserve Bank that is under your direction.

Trusting that we may have a favorable answer to this invitation, I beg to remain,

Yours very truly,

Samuel McPherson
Executive Manager.

Ack 9/23/19
EB

The National City Bank of New York

CAPITAL FULLY PAID \$ 25,000,000.
SURPLUS & UNDIVIDED PROFITS \$ 52,000,000.
CABLE ADDRESS "CITIBANK"

New York

Sept. 20th, 1919.

IN REPLYING PLEASE QUOTE INITIALS

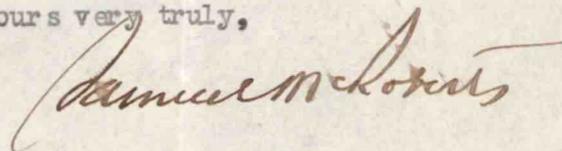
Dear Ben:-

For the last two or three years we have had here in the Bank what we call the Advanced Banking Class. It is a co-operative effort on the part of about 200 officers and employees of the Bank to widen their point of view and to keep from falling into a banking rut. It is composed of the junior officers, the heads of departments and the heads of divisions of the Bank. They are all bright and wide-awake, and we are very much interested in the success of the class, and I am sure you are also. They meet every Tuesday afternoon at five o'clock, for a 45 minute session. These sessions are devoted either to a discussion of particular topics previously selected or to an address by some distinguished person from the outside who has accomplished some important thing. They want particularly to have you come in and talk to them some time in October, preferably the 14th., and I am writing on their behalf to ask you to do so.

I understand that you are going to land in a few days, and I will be delighted if you will let me know that you can do this, as soon as you can conveniently decide on your engagements.

With warmest personal regards, I am,

Yours very truly,



Hon. Benjamin Strong,
Governor, Federal Reserve Bank of New York,
15 Nassau Street, New York.

BUFFALO BRANCH
FEDERAL RESERVE BANK
OF NEW YORK

FILING DEPT.

AUG 12 1919

FEDERAL RESERVE BANK

BUFFALO, N.Y. August 11, 1919.

770
RECEIVED
AUG 12 1919

P. J.

74088

My dear Mr. Jay:

Your note of the 9th instant is just received, and I am sorry to say that I have no recollection of ever having seen the letter enclosed. To my knowledge Mr. Strong never acknowledged the letter to Dow, Jones & Company, and I am almost certain that no such article was ever prepared by him.

My only suggestion as to how it could possibly have reached you so tardily is that Mr. Strong sometimes holds such matters for attention during an absence from the office, and it may be possible that he was holding this in abeyance and then at the last moment before leaving for Europe may have asked to have it referred to you. This, of course, is merely an assumption on my part and may be entirely erroneous. Mr. Beyer has charge of the distribution of mail and I, personally, have not been in the New York office since July 12th.

I should suppose the matter is too old now to require attention.

Very truly yours,

M. S. Bleeker

Pierre Jay, Esq.,
Chairman, Federal Reserve Bank of New York,
15 Nassau Street, New York.

My dear Mr. Jay:

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I should suppose the matter is too old now to require attention.

Very truly yours,

M. J. B.

Pierre Jay, Esq.,
Chairman, Federal Reserve Bank of New York,
15 Nassau Street, New York.

*Dow Jones & Co.
4/16/19.
Request for article on the
functioning of F. R. B. system
during the war forwarded.*

Buffalo, N. Y.
August 11, 1919.

August 11, 1919.

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I should suppose the matter is too old now to require attention.

Very truly yours,

Pierre Jay, Esq.,
Chairman, Federal Reserve Bank of New York,
15 Nassau Street, New York.

790

FEDERAL RESERVE BANK
OF NEW YORK

August 9, 1919.

Ask.

8/11/19 M.S.TS.

Dear Miss Bleecker:

4/16/19

The attached letter from Dow, Jones & Company to Governor Strong came to my desk quite recently. Do you happen to know how it came to me? It seems quite old and I should be glad to have any light you can give me on its history.

Very truly yours,

Pierre Jay
Chairman.

Miss Margaret S. Bleecker,
C/o Federal Reserve Bank,
Buffalo, N. Y.

PJ/RAH
Enc.

740-B.S.
V 414 E

April 30, 1919.

Morse Lippincott, Esq.,
Yale News,
New Haven, Conn.

Dear Sir:

Replying to your letter of April 29th, I have no objection to your printing the article which appeared in the "Princetonian" provided, of course, you first obtain permission from the editor of that publication.

Yours very truly,

BS:GB

7409 08

Gale News

BRITON HADDEN, CHAIRMAN
FRANCIS T. HOBSON, BUSINESS MANAGER
WILLIAM D. WHITNEY, ASSIGNMENT EDITOR
HENRY R. LUCE, MANAGING EDITOR

TELEPHONE 7100
YALE STATION
NEW HAVEN, CONN.

FILING DEPT.

R.A.H.
APR 30 1919

APR 28 1919
APR 29 1919
FEDERAL RESERVE BANK

Mr. Benjamin Strong,
Governor of the Federal Reserve Bank,
New York City,

Dear Sir,

I noted the other day an article written by you on the Victory Loan in the "Princetonian."

We feel that it would aid the Loan materially here at Yale if we could reprint your article in the "News". Can we have your permission to do this,

Yours very truly,

Moss Lippincott

Handwritten scribbles and marks at the bottom of the page.

18

HAMMILL
740 B. 2.
8010.9



DOW, JONES & CO.

PUBLISHERS
THE WALL STREET JOURNAL
FINANCIAL NEWS BULLETINS
ELECTRIC PAGE NEWS TICKER

44 BROAD ST., NEW YORK, N.Y.

Recd by RJ
207 July 15th
seems a little old
April 16, 1919.

therefore file
P.J.

Benjamin Strong, Esq.,
Governor, New York Federal Reserve Bank,
Equitable Building,
New York.

My dear Governor Strong:

The writer is taking it upon himself to ask if you will favor him with your valuable expressions on the functioning of the Federal Reserve banking system during the war period.

I believe an article along these lines prepared by yourself would be most timely, and at the same time reflect food for thought to the critics who of late have been endeavoring to link the fluctuating money rates in Wall Street to the central institution.

It would afford me much pleasure to interview you on this subject at your convenience, or perhaps you may not care to depart from your policy of "always in writing", and will favor me with a prepared article along these lines.

In the event of your compliance with this request I should prefer to use it under your name, but would use it anonymously should you so direct.

Yours very truly,

W. T. Dewlin

HAMMERMILL
BOND

740
AR

Lake George, N. Y.,
February 18, 1919.

Dear Mr. Colvin:

I found your letter of the fifteenth on my return last evening from New York.

Just now, as I explained, I am away from the office resting and am very reluctant to make any engagements for meetings or to make an address, certainly until my holiday is nearly at an end. Won't you, therefore, be good enough to excuse me from attending the meeting to which you refer until possibly some time next month when I may feel able to do so.

Thanking you for your letter and your thoughtfulness, I am,

Very truly yours,

Governor.

Addison B. Colvin, Esq.,
President, Glens Falls Trust Company,
Glens Falls, New York.

X

BS.MSB



CABLE ADDRESS
"GLESTRUST"

GLENS FALLS TRUST COMPANY

GLENS FALLS, NEW YORK

ADDISON B. COLVIN, PRESIDENT

A. EUGENE MASON, VICE-PRES & TREASURER

WINFIELD A. HUPPUGH, VICE-PRESIDENT

JAMES McPHILLIPS, VICE-PRESIDENT

ADAM L. SITTERLEY, ASST TREASURER

EDWARD M. ANGELL, ATTORNEY

Feb. 15th, 1919.

Hon. Benjamin Strong,
Governor,
Federal Reserve Bank,
Lake George, N. Y.

Dear Governor:-

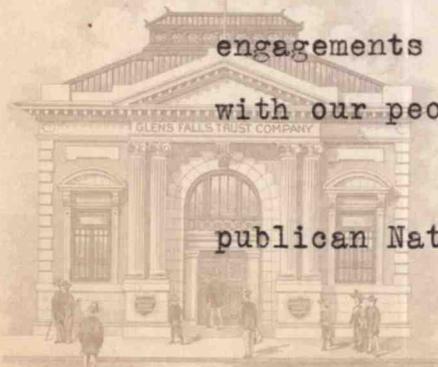
You promised me in our telephone conversation of some weeks since, if possible, to come to Glens Falls and meet our bankers before returning to the city permanently. I have frequently thought of the pleasure such a visit would afford us, and hoped that I might hear from you.

Today my clergyman, Rev. Dr. John L. Caughey, called on me and inquired if it were possible to induce you to come down and make a short, informal address to our Presbyterian Men's Class. They meet every Monday evening and hear some speaker who presents a current topic informally and educationally.

Now this thought has come to me: If you would give us a Monday evening, dining with the bankers either before or after the Men's Class meets, that would most happily fill two engagements and give you an acquaintance I wish you might have with our people.

We had Hon. J. B. Reynolds, secretary of the Republican National Committee, a week ago.

Sincerely,



CROSS REFERENCE SHEET

FILE No. 740 B. S.SUBJECT Addresses

SEE

FILE No. 790LETTER OF Gov. Strong to Mr. OhlDATED 11/29/18

re - Necessity of plans for the period of
readjustment.

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

740
125

FILING DEPT.
November 16, 1918

NOV 19 18

McDougal Chicago

Your invitation just reached me here and I greatly regret the necessity of denying myself the pleasure of accepting as I shall be absent on November 30 and it will be quite impossible for me to be in Chicago. Please extend my warmest thanks to Mr. Reynolds and his associates.

Strong.

TEL. D. 1

FEDERAL RESERVE BANK OF NEW YORK

PRIVATE WIRE—INCOMING

8 Washington DC 1155 A 16

Case NY

Thanks for message from McDougal have wired him declining invitation.

Strong 12M

TELEGRAPH OPERATOR



FILING DEPT.

FEDERAL RESERVE BANK

NOV 16 1918

RECEIVED
WIRE TRANSFER



F. R. B. N. Y.
NOV 16 1918

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

FILING DEPT.

2-4715

NOV 19 1918

FEDERAL RESERVE BANK

RECEIVED AT WASHINGTON, D. C.,

8NRWV

New York 1123AM Nov 16 1918

Benjamin Strong

are Treasury Washington DC

urgent . Following telegram received this morning from McDougal of Chicago
Quote- Will it be possible for you to come to Chicago November Thirtieth and
make the address at an evening dinner given by the bankers Club of Chicago
I am requested by Mr Arthur Reynolds president of the club to extend in his
behalf a most cordial invitation and I can personally assure you that Chicago
would feel honored. Moreover that your presence will insure a large attendance
representative not only of the bankers but the best business interests in
this community. I earnestly urge you to come end quote.

McDougal has just called you at the office here to urge you to accept
this invitation.

J H Case

1130AM

FEDERAL RESERVE BANK
OF NEW YORK

Sent by

740
B.S.
(SEND TO FILES)

COPY OF TELEGRAM

November 16 1918

Benj. Strong, Esq.,
c/o Treasury Department
Washington D. C.

Private Wire - Outgoing - 11:00 o'clock a. m.

MSB

URGENT Following telegram received this morning from McDougal of Chicago quote Will it be possible for you to come to Chicago November thirtieth and make the address at an evening dinner given by the Bankers Club of Chicago I am requested by Mr. Arthur Reynolds President of the Club to extend in his behalf a most cordial invitation and I can personally assure you that Chicago would feel honored Moreover that your presence will insure a large attendance representative not only of the bankers but the best business interests in this community I earnestly urge you to come end quote McDougal has just called you at the office here to urge you to accept this invitation.

J. H. CASE

FEDERAL RESERVE BANK OF NEW YORK

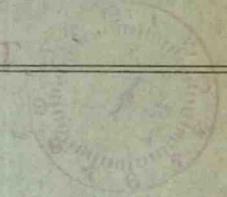
PRIVATE WIRE—INCOMING

740 B

TELEGRAPH OPERATOR

FILING UNIT

NOV 18 1918



FEDERAL RESERVE BANK

66f pf Chicago Ills Nov 15-18 358pm 5

BENJ. STRONG,

F.R.B. NEWYORK

Will it be possible for you to come to Chicago November thirtieth and make the address at an evening dinner given by the Bankers Club of Chicago. I am requested by Mr. Arthur Reynolds ,President of the Club to extend in his behalf a most cordial invitation and I can personally assure you that Chicago would feel honored, More-ever that your presence will insure a large attendance representative not only of the Bankers but the best business interests in this community. I earnestly urge you to come.

MCDUGAL

NOV 18 1918
By Mr. Casey

5pm

FEDERAL RESERVE BANK OF CHICAGO

CONFIRMATION OF TELEGRAM

(THIS COPY TO
BE MAILED)

BELOW IS A FACSIMILE COPY OF TELEGRAM SENT YOU TODAY

FILING DEPT.

Chicago, Illinois, November 15, 1918.

FEDERAL RESERVE BANK

Benj. Strong,
Federal Reserve Bank of New York

Will it be possible for you to come to Chicago November thirtieth and make the address at an evening dinner given by the Bankers Club of Chicago. I am requested by Mr. Arthur Reynolds, President of the Club, to extend in his behalf a most cordial invitation and I can personally assure you that Chicago would feel honored, moreover that your presence will insure a large attendance representative not only of the bankers but the best business interests in this community. I earnestly urge you to come

McDOUGAL

mm

740 B.S

October 16, 1918.

My dear Mr. Chase:

It would give me very great pleasure to attend the annual meeting of the Association of Credit Men to be held on November 21st, had I not already conditionally accepted a similar invitation from Mr. Cooke to go to Buffalo later this year to meet the bankers of that city.

You will, I am sure, realize that with the pressure on my time as great as it is, it would seem to be impossible for me to make two trips to Buffalo, much as I would like to do so. Let me thank you, however, most cordially for inviting me.

Very sincerely yours,

William F. Chase, Esq.,
Citizens Commercial Trust Company,
Buffalo, N. Y.

BS/MSB

740BS

JOSEPH BLOCK, CHAIRMAN OF THE BOARD
WILLIAM H. CROSBY, PRESIDENT
WILLIAM H. ANDREWS, VICE-PRESIDENT
NORMAN A. MACDONALD, VICE-PRESIDENT
ROY H. GRIFFIN, VICE-PRESIDENT
SYDNOR J. TUCKER, VICE-PRESIDENT
WILLIAM F. CHASE, TREASURER
ROBERT W. MORRIS, SECRETARY
BERNARD M. NORCROSS, ASST SECRETARY
IRA D. LOCKWOOD, ASST SECRETARY

CAPITAL AND SURPLUS \$2,500,000

CITIZENS COMMERCIAL TRUST COMPANY

MAIN OFFICE-- ELLICOTT SQUARE

BUFFALO, N. Y.

WILLIAM STREET BRANCH
WILLIAM STREET, CORNER SHERMAN
LEO B. SEITZ, MANAGER
HENRY WOLF, JR., ASST MANAGER
BLACK ROCK BRANCH
NIAGARA AND TONAWANDA STREETS
HARRY G. HOFFMAN, MANAGER
R. W. H. CAMPBELL, ASST MANAGER
STANLEY J. PAWLOWSKI, ASST MANAGER
WEST SIDE BRANCH
74 GRANT STREET, NEAR FERRY STREET
MILES E. FREEMAN, MANAGER

CREDIT DEPARTMENT

October
15th
1918.

R. A. Fr.
OCT 16 1918

Mr. Benjamin Strong,
Governor, Federal Reserve Bank,
New York, N. Y.

My dear Mr. Strong -

May I as Vice President and a member of the Speakers Committee of the Buffalo Association of Credit Men extend to you an invitation to speak at our annual Bankers' Meeting on Thursday November 21st.

This meeting has been a fixture for years and has been very well attended by the Bankers' of Western New York. This year we expect an attendance in the neighborhood of two hundred.

We feel that this would be an excellent opportunity to enlighten Bankers', both members and non-members regarding the activities of the Federal Reserve Bank.

We would, therefore, appreciate it very much if you can arrange to address this meeting. Thanking you in anticipation for the courtesy of your response, permit me to remain,

Yours for the Fourth Liberty Loan,

William F. Chase
Treasurer

WFC
MM

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

42FY FFW 27

DPR RELAY

DA NEWYORK OCT 13

BENJAMIN STRONG

211
116 E 63 ST NYC

THE WORLD WOULD GREATLY APPRECIATE A N EXPRESSION FROM YOU SENT
TELEGRAPH COLLECT ANALYZING THE GERMAN REPLY TO PRESIDENT WILSON
FROM THE STANDPOINT OF ITS SIGNIFICANCE AND SINCERITY

THE WORLD

1139PM

14
B
October 8, 1918.

My dear Mr. Breed:

I am very sorry indeed about the announcement. I really am unable to make an address, but if, at the last minute, there seems to be some need for a few words about the progress of the loan, I will be glad to let you know at the time, but hope my name will be left off the program.

Cordially yours,

William C. Breed, Esq.,
Chairman, Members' Council,
The Merchants' Association of New York,
Woolworth Building, New York.

BS/MSB

740
BS.

October 5, 1918.

Dear Mr. Breed:

I feel very much disturbed that my name appears upon your program, as it will be quite impossible for me to address the meeting on the 10th instant, and I stated so very positively when I was asked to attend the luncheon.

The demands on my time and strength during these loan campaigns require the very limit of endurance, and I can not possibly understand why my statement that I could not address the meeting was not accepted as final.

Very truly yours,

Governor.

William C. Breed, Esq.,
Chairman, Members' Council,
The Merchants' Association of New York,
Woolworth Building, New York.

BS/MSB

#1
740
BS.

October 4, 1918.

My dear Mr. Mead:

I have just received the announcement of the luncheon of the Members' Council, in which I notice that my name appears as a speaker. You must recall that I definitely declined your kind invitation to make an address at the meeting, as it will be quite impossible for me to do so. I really think that the Merchants' Association should not take things for granted as was done in this announcement. I certainly would not have declined without good reason, for I know that the meeting is an important one.

Very truly yours,

Governor.

S. C. Mead, Esq.,
Secretary, Members' Council,
The Merchants' Association of New York,
233 Broadway, New York.

BS/MSB

FEDERAL RESERVE BANK
OF NEW YORK

Sent by

140
B.S.
(SEND TO FILES)

COPY OF TELEGRAM

BS.MEB

Official Business,
Government Rate,
Expense of 8th Liberty Loan.

September 28 1918.

Walter P. Cooke, Esq.,
Chairman, Buffalo Liberty Loan Committee,
1330 Marine Bank Building,
Buffalo, N. Y.

FILED
SEP 28 1918
FEDERAL RESERVE BANK

Your telegram just received on my return to the office this morning step
I shall certainly make my promise good if you feel that it is necessary step
But I have no right to do it if my health is any consideration step Should
you feel my presence necessary, will go monday but must ask you to let me
off with a very short address.

CROSS REFERENCE SHEET

FILE NO. 740 B.S.

SUBJECT *Mr. Strong - Speeches*

SEE

FILE NO. 414d8

LETTER OF *Mr. Poor* to *Mr. Beyer*

DATED *9/26/18*

*re - Governor Strong's speech at Carnegie
Hall on Sept. 24.*

740
B.S.

The Commercial and Financial Chronicle

WILLIAM B. DANA COMPANY, PUBLISHERS
CHRONICLE BUILDING - FRONT, PINE AND DEPEYSTER STREETS
138 FRONT STREET NEW YORK

September 26, 1918.

Mr. Benjamin Strong, Governor,
The Federal Reserve Bank,
New York City.

Dear Sir:-

Will you be good enough to let us have a copy of the remarks
made by you at Tuesday night's mass meeting at Carnegie Hall.

Very truly yours,

William B. Dana Company
P. O. F. R.

Copy given 9/26/18

CROSS REFERENCE SHEET

FILE No. 746 B.S.

SUBJECT Governor Strong -
Publicity

SEE

FILE No. 417d.8

LETTER OF W. P. Cooke to Mr. Strong

DATED 8/7/18

re. Mr. Cooke will accept chairmanship of Buffalo Liberty Loan Committee on condition that Mr. Strong addresses Buffalo Liberty Loan workers.

Office Correspondence

FEDERAL RESERVE
BANK OF NEW YORKDate August 2, 1918. 740
B ATo  Mr. Emerson

Subject: _____

From Benj. Strong.

Regarding that article about Investments, if you find that there is an opening for me to do so, I will write such an article for Collier's or, possibly, the North American Review.

BS.MSB

CLASS OF SERVICE	SYMBOL
Telegram	
Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

RECEIVED AT

1053 THIRD AVE., N. Y.

T95FY FEL 35 3 EX

NY NEWYORK VIA WOODSHOLE MASS 220PM AUGUST 1 1918

BENJAMIN STRONG

080

THE LINKS CLUB 36 EAST 62 ST NEWYORKCITY

ARTICLE IS UNDER CONSIDERATION BY SATURDAY POST NOT BEING PREPARED
 IN THIS OFFICE WRITER WILL CONSULT CAPITAL ISSUES COMMITTEE ARTICLE
 MAY NOT BE WRITTEN IF COPY CAN BE SECURED LATER
 WILL FORWARD

GUE EMERSON

314PM

CROSS REFERENCE SHEET

FILE NO. 740

SUBJECT B. S. Addresses etc

SEE

FILE NO. 793.5

LETTER OF B. S.

DATED 8/20/18

re: Request of C. B. Lee, National War Savings
Committee for B. S. to prepare
an article for War Savings publicity
campaign

By *Benj. Strong*
North Amer. Rev. April 1918

740-
B.S.

WAR LOANS VS. BUSINESS AS USUAL

Two great Government war loans have now been issued, which have gathered into the Treasury \$5,800,000,000. Our Government also had outstanding February 18th over \$2,100,000,000 of short notes, together representing \$7,900,000,000 of war borrowings concluded in six months and, in addition, taxes have been paid by our citizens amounting to many hundreds of millions. People are beginning to ask how these loans and tax collections may continue at such a pace during a possible long war when the estimated national savings is but somewhere about \$6,000,000,000 a year.

FILING DEPT.
APR 19 1918
FEDERAL RESERVE BANK

In general it may be said that after the Government has borrowed all the uninvested fund of savings, further loans must rest upon bank expansion else borrowing must stop. The conclusion is obvious, that increased savings means a corresponding curtailment of expansion, a sounder leaning and financial condition for the nation and, even more important in the long future, habits of individual thrift. But what is the relation between thrift and war loans, and how may thrift be practiced without imposing great losses upon merchants and manufacturers who would both pay taxes and buy bonds if they were prospering under the influence of the illusive slogan "Business as Usual"? To answer this, we must accept as realities some very obvious conclusions as to a nation's wealth and how it may be diverted from the uses of peace to those of war. The wealth of a nation is not alone its natural resources, for, were it so, this country would have enjoyed greater wealth before its discovery and settlement than at present, since we have consumed much of its natural resources in the last 400 years. Nor is it population alone, for, in that case, China, India or Russia would enjoy wealth far greater than ours. The wealth of a nation is what it produces from its natural resources, by the application to them of the labor of an energetic population so that their products may be used and enjoyed and made serviceable for further production, leaving out of account the less important wealth represented by investments, or services rendered, in foreign countries. In time of peace, the production of a nation is roughly equal to its consumption, plus what it uses in its foreign trade. When war comes, production must be increased

to meet the appalling wastage of war, and, if the war is extensive and long, the amount of labor required for production of both peace time consumption and war consumption is insufficient, and is soon reduced by withdrawal of men for war making. The demand of those who want consumption as usual, meaning "business as usual" is the natural conflict of peace conditions with war conditions; in other words, competition of the individual consumer in the markets for labor and material with the Government which needs labor and material. The "wealth" of the nation will not prove sufficient to meet the demands of both. The time soon arrives when unnecessary consumption must be reduced or stopped, else this bidding of individual against Government will advance prices of labor and materials to prohibitive levels. Expansion in bank loans and deposits and inflation of currency issues will be a necessary accompaniment, and the whole economic structure will be undermined. This is "economic exhaustion."

Various means of minimizing these evils are possible, and we must set about employing them. Our reward will be certain in later years. The more important steps to be taken are:

- First: Reduce the consumption of luxuries
- Second: Avoid waste in the consumption of necessities
- Third: Develop more effective application of labor to production
- Fourth: Bring women into productive occupations
- Fifth: Economize the supply of credit

But some one will at once say that by this program his business, say that of manufacturing musical instruments, is ruined because he produces a luxury. And the grocer may see vanishing profits if his trade in luxuries is stopped and in staples curtailed; and the laboring man see lower wages if his work is made more productive and women employed in addition, and the banker see less interest profits if he curtails loans to customers of the "luxury" class. This is all true enough - in fact so true that it appears as though here must be the root, or some of the many roots, of the evil of "business as usual."

The changes and adjustments forced upon us by war can not all be brought about at once. Just now, with general economy the theme of every lecture, we hear many cries of protest, each indicating in turn "whose ox is being gored." If every

change ultimately necessary were instantly accomplished, no harm would result to anyone possibly some personal discomfort due to self denial would be felt but labor would find new kinds of employment, manufacturers new kinds of production, traders new articles of trade, and banks new customers. Were only a few readjustments made at once and others allowed to wait, our plight would resemble that of an excursion boat whose passengers all rushed at once to one rail. It might capsize.

These war readjustments should proceed as rapidly as possible, each at a rate so adjusted that labor will be constantly employed, but with no shortage of labor, so that each manufacturer can adjust his affairs and apply his power, his machinery and his organization to some war need; each effected trade liquidate old lines and introduce new and essential ones; each bank reduce loans for unnecessary purposes as it expands loans to Government and customers for war purposes.

Of course no such ideal readjustment is possible in its entirety and in detail. Some injuries will occur, losses will be sustained, the balance of employment and supply of labor will not be exactly preserved. Only when we take a national, rather than a personal view of the matter, do we see that our problem is both to win a military war, which, if lost, may mean our destruction, and to conduct an economic war, which, if lost, might well cost us as dearly as the loss of the military war. For, to preserve our economic strength, which is fundamentally the ability to produce goods and finance their production and distribution cheaply in the world's competitive markets, including our own, will give us the comforts of a future free of so heavy a war mortgage that we can at once go about our business without the usual post war prostration.

Failure to readjust so as to bring about curtailment of unnecessary consumption by individuals and thereby set free goods and labor for war consumption by the Government means that we must conduct the war by the employment of goods and labor at constantly increasing prices. That makes war more costly, makes the burden of taxation heavier and the total of the Government's borrowings greater. All of the goods and labor employed for war purposes are produced and employed during the period of the war

and not by future generations of producers. If the price level at which war is conducted is indefinitely advanced because of competition between the individual consumer and ~~the~~ the Government, the Government's borrowing needs are just as much greater. ^{loans to provide the} The ~~the~~ sinews of war furnished by those who buy bonds become in effect a mortgage on the nation's future income to be liquidated by future generations of tax payers.

If the science of Government were so perfected that this ideal transformation could be brought about, the following consequences might be assumed:

- First: The consumption of raw materials would be limited to the manufacture of personal necessities and war materials.
- Second: The product of labor would provide in part or wholly the net increased consumption of goods caused by war.
- Third: There would be little, if any, shortage of labor, for it would not only be more effective, but women would replace men drafted into the army and navy.
- Fourth: Advancing prices would be checked, both for labor and materials.
- Fifth: Credit required for production and distribution of luxuries and to finance waste would be saved for the Government's needs.
- Sixth: The "wealth" of the nation, destroyed in war, would more largely be furnished out of economies practiced.
- Seventh: The Government would need to borrow less as its supplies would cost less, and would pay less interest because the supply of credit would not be burdened with the load of "business as usual."

It is claimed, as may be true enough, that even so visionary a program would not enable the "wealth" of the nation to meet the demands of war. Then, indeed, we must accept a carefully safeguarded plan of expansion to make up the balance. Our people must to that extent mortgage their future "wealth", the product of their future labor applied to our resources, and do it cheerfully. That mortgage on our labors of the future will largely be the loans, both those made by

our Government and those made by individuals to enable them to pay taxes and to buy bonds of the Government. With the mortgage kept at the smallest possible amount, we may confidently expect that greater efficiency of labor, a lower price level, and stronger bank reserves than other nations, will allow us to emerge from the war, weakened to be sure, but not exhausted, and stronger than most others.

There seem to be four procedures immediately necessary, some of which are already under way:

- First: Some control of raw materials by the Government
- Second: Education of the public as to how they should not spend their incomes.
- Third: Education of laborers as to where they should work.
- Fourth: Education of bankers as to what loans should be gradually reduced or discontinued.

The effect of the fourth item of the program is the only one to be considered here. It directly relates to the contest of "War Finance vs. Business as Usual." If the bankers of the country were able to curtail unnecessary and wasteful borrowings by their customers, loans, the proceeds of which are used to build or improve homes, extend plants and businesses pertaining solely to luxury, build places of amusement, and for many other purposes which I purposely refrain from enumerating, all of these bankers would have surplus credit to employ in loans to the Government or industries vital to its war needs. Those from whom credit was so withheld would be restrained from the employment of labor and materials, many would liquidate some part of their inventories and not replace them, so also saving labor and material, and, equally important, the lessened use of credit would reduce loans and deposits, increase the ratio of bank reserves, reduce interest rates and facilitate the Government's financial program.

A cautious but deliberate and voluntary policy along these lines would be safer, more equitable, and, probably, as effective as the only alternative, which is higher rates of interest, along with higher prices for everything. The natural

check to expansion in time of peace is the prohibitive interest rate, combined with over production induced by rising prices. In war times, the operation of this law proves embarrassing because of the excessive rates which the Government must pay for loans, and the corresponding shrinkage in security values sold in competition with Government bonds. Other serious dangers accompany the elevation of prices and interest rates. In a long war it may seem to become an endless race with the dog chasing his tail in a circle.

These problems must not only be faced courageously, but dealt with intelligently. The fathers of young men who are serving their country in the army and navy are proud of the sacrifices they make. Too often, however, when the sacrifice appears at the altar of business, where we have so long worshipped false values, we shrink and protest.

Some, unfortunately, must sacrifice their sons, others some part of their business prosperity, and still others may face the ordeal of a double sacrifice of both. It is one of the awful consequences of war. Let us devote ourselves to avoiding an unnecessary sacrifice of both boys and business by ordering our affairs so that we are not consuming the supplies at home which our armies need at the front.

CROSS REFERENCE SHEET

FILE No. 740

SUBJECT *B. S. Addresses*

SEE

FILE No. 414C

LETTER OF *Yale News*

DATED *3/30/18*

re: *Request for a short statement from B. S.
to Yale University.*

ROSWELL A. BENEDICT
EAST NORWALK, CONN.
TELEPHONE 136-2

THE SUNNY CORNER

FILING DEPT.

MAR 30 1918

RECEIVED
MAR 29 1918



An Open Letter to Mr. Strong,

Governor, Federal Reserve Bank, N.Y. NO. 11 OSBORNE AVENUE March 28/18 19

Dear sir:-

Your article, "Finance Without Inflation", copied from the North American Review into the New York Tribune of March 27, 1918, has attracted my attention. Therein, you say:

"In general it may be said that after the government has borrowed all the uninvested fund of savings, further loans must rest upon bank expansion, else borrowing must stop. The conclusion is obvious that increased savings means a corresponding curtailment of expansion, a sounder loaning and financial condition for the nation and, even more important in the long future, habits of individual thrift. x x x x x x x

"The demand of those who want consumption as usual, meaning "business as usual", is the natural conflict of peace conditions with war conditions; in other words, competition of the individual consumer in the markets for labor and material with the government which needs labor and material.

"The "wealth" of the nation will not prove sufficient to meet the demands of both. The time soon arrives when unnecessary consumption must be reduced or stopped, else this bidding of individual against government will advance prices of labor and materials to prohibitive levels. Expansion in bank loans and deposits and inflation of currency issues will be a necessary accompaniment and the whole economic structure will be undermined. This is "economic exhaustion".

The foregoing paragraphs contain the pith of your able article. It seems to me you are in error in your conclusions for the reason that you have taken a wrong point of view. You treat the government as if were merely an ordinary individual in business, pleading for credit and depending on ordinary property conditions to get it. Whereas, the government is the people; its source of credit is the whole wealth of the people, to which alone its "borrowing" capacity is limited; and its power to "borrow" is as wide as the people's power to liquidate raw materials into products.

But let us see what we mean by some of the expressions in the above quotations upon which the whole matter depends? An eminent rhetorician once truly said that nearly all serious misunderstandings arose from the different senses in which opposing parties used the same terms.

For example, what is meant by "the uninvested fund of savings"? Is it simply the people's cash ~~balance~~ balance, in currency or coin, to their credit in the banks or nestling in their garret stockings? Or may it be other assets also? For instance, if I have saved money and locked it up in interest-paying real estate, is or is not my mortgageable equity therein "an uninvested fund of savings" as soon as the cash is again in my hands realized by mortgage? Is it a "bank expansion" merely to swap securities with me, the security of the public contract carried on the face of "currency", for the security of my mortgage on sound real estate? I give as good as I get. I have gotten no credit.

THE SUNNY CORNER

Mr. Strong - 2.

NO. 11 OSBORNE AVENUE March 28/19 19

Then, what is meant by "inflation of currency issues" ? For instance, was there inflation in the transaction just alluded to ? Is it an "inflation of the currency" when I make "current" my equity in real estate by merely swapping one security for another - giving the bank my equity in exchange for its currency ? Is every condition of financial flux, whereunder property is liquidated and passes thus from one form to another more agreeable to the owner, a condition of "expansion of credit" or "currency inflation" ? What is "currency", after all, but a convenient instrument for running property into changing molds, corresponding to the owner's desire ? Is it not true that the expression, "inflation of the currency", really was derived from dishonest operations wherein the property symbol, money or "currency", was a mere counterfeit of property, representing nothing but spurious metal or paper ? Is it correct to apply the expression to transactions whereunder currency is nothing more than a form of contract between the people on the one hand and the individual on the other under which the people agree to accept in the market the symbol for the thing itself ? Is currency, after all, in its essence, anything but a promissory note, backed by the people and, instead of being secured by a mortgage or deposit of stocks or bonds or other valuable, secured, by their common consent, through their legislative agents, up to the face value thereof, by products offered for sale in the markets ? It seems to me that "currency" differs from a private note only in the fact that it is more readily poured into a new mold than a mortgage and that it is universally secured by market surpluses at current prices to its full face value. It is a ball and socket joint instead of one working in a single direction. It is the obligation of the people, secured by all their property offered in the market; and an examination of all cases of "depreciating currency" shows that the weak point was that it was not formally backed by the whole people among which it circulated; there was doubt as to just who and how good the backer was. This was true of the civil war greenbacks; true of the continental notes; and true of every fiat money issue in the past, pointed to by financiers who fear "inflation" and its ~~xxx~~ rueful consequences. There has been an enormous rise in prices since the war began, as every housekeeper has observed; but the rise has been due to no "inflation" but to the feverish and excited demand of the people studiously pumped full by dealers of the idea of a war dearth; and the fever of uncertainty has been heightened and the effect aggravated by the constant hysterical appeals of government boards for "saving" this or that.

But why should the government "borrow" the "uninvested fund of savings" or anything else ? It certainly does not need to borrow. The notion comes from the ancient fact that the people and governments were different entities. The king had to cajole the people to lend him money to keep his throne, sometimes when it would have better served the people had the king lost his throne. But with us, the government and the people are the same body. It is folly to regard the government as a separate and adverse interest against which the people should be secured by "bonds" ^ecollectively against themselves !

ROSWELL A. BENEDICT
EAST NORWALK, CONN.
TELEPHONE 136-2

THE SUNNY CORNER

Mr. Strong - 3.

NO. 11 OSBORNE AVENUE March 28/18 19

The government should stop masquerading as a borrower in the market or as a direct taxpayer of property for war funds; both operations are equally absurd where people and government are identical. For all war supplies, under the authority of the people represented in Congress, it should issue "currency" or legal tender "bonds", if that would suit its superstitions better, or any other symbol it pleased, carrying the people's convention to accept them at their face as actual property in a "current" condition. The people would stand by their contract. If anybody should "bid against the government", as your article suggests, he certainly would have a hot time overbidding it, armed with the people's power to buy the stuff from the individual at any price. However high the price, the people would get it all back in payments for the reproduction of materials absorbed by the government bid; and the price would develop production in exactly the spots most needed for the war, all automatically responding to the law of supply and demand and the constant human instinct of self-preservation. The dangerous meddling of partisan demagogues in private business could cease and some of the numerous and useless organs of meddling could be dispensed with, including the whole taxing machinery.

The currency should not be redeemable in gold so that it could go abroad and return to plague us; but only in products from American materials and labor at current market prices. We can always pay under such terms; and it will be an entirely painless extraction of our wealth.

There would be no "inflation" or "depreciation of the currency". Where people and government are one and indissoluble, the quantity theory of currency is as active as an Egyptian mummy.

Very respectfully,



Trust Companies

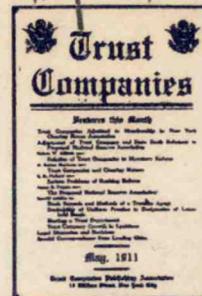
A Monthly Magazine Devoted to Trust Companies, Banking
and Financial Interests of the United States

55 Liberty Street, New York City

C. A. LUHNOW, PUBLISHER

TELEPHONE CORTLANDT 1789

March 27, 1918.



RECEIVED
MAR 28 1918



MAIL TELLER
FEDERAL RESERVE BANK
of New York

Hon. Benjamin Strong,
Governor Federal Reserve Bank,
New York City.

Dear Governor Strong:

TRUST COMPANIES Magazine, as you are probably aware, has a large following among trust companies and State banks. We have been exercising whatever influence we command to urge trust companies and State banks to enter the Federal Reserve system - to help strengthen our financial sinews for the prosecution of the big war.

We naturally need the help of our foremost spokesmen on Federal Reserve and banking affairs. The thought occurs to me that it would be very helpful in advancing our propaganda among State institutions to secure an expression or an article from you for our April issue, emphasizing the facilities and actual benefits which trust companies and banking institutions secure through membership in enabling them to secure credits, rediscounts and other accommodation. The advantages of membership are rendered especially obvious in connection with our Liberty Loan campaign.

I appreciate that, just now, your time will not permit of undertaking to write articles. I would like to suggest, however, that we could use the bulk of the address which you delivered at the American Bankers Association convention, especially the successive stages of the functions of the Federal Reserve Bank of New York

Hon. Benjamin Strong--2

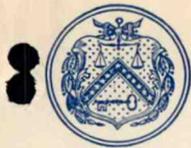
in connection with the Liberty Loan adjustments.

An article of this kind would not only stimulate sentiment among trust companies in favor of "membership" but it would also make clear the great importance of the Federal Reserve Banks in sustaining reserve and credit conditions in the face of heavy war requirements.

Very sincerely yours,

C. A. Tubusaw

Publisher.



NATIONAL
WAR SAVINGS COMMITTEE

TREASURY DEPARTMENT

WASHINGTON



740 BS
X 2005

March
Seventh
1918.

Mr. V. C. McLaren,
Federal Reserve Bank,
New York City.

My dear Mr. McLaren:-

I have your letter of yesterday in which you state Mr. Strong is to be out of town for a few days.

Could you not, in the meantime, prepare the article from material Mr. Strong has already used and have it ready for his approval on his return?

If you could send it to me early in the week of the 17th I could release it for the newspapers on March 31st.

Faithfully yours,

Frank H. Taylor

National War-Savings Committee,
319 National Metropolitan Bank
Bldg.

FHF/CC.



NATIONAL
WAR SAVINGS COMMITTEE

TREASURY DEPARTMENT

WASHINGTON



79315
R.A. Jr.
MAR 6 - 1918

FEDERAL RESERVE BANK

March
Fifth
1918.

AUG 28 1918

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

FILING DEPT

My dear Mr. Strong:-

I enclose proof sheet of an article by the Secretary of the Treasury that we are releasing for the newspapers of this coming Sunday.

This is the first of a series of weekly articles and I should very much like to have one from you, of, say, about fifteen hundred words, for as early release as possible.

These articles will run in all large newspapers in the country and will reach a National audience.

The particular article that I wish you could write for us is one that suggested itself to me when I heard you speak sometime ago before a Liberty Loan Committee. That evening you told a very interesting and touching story of the way the French peasants were bringing out their hoarded savings and lending them to the Government.

Couldn't you let me have an article just on that phase of the subject - the way the mass of the French people put their savings at the service of their country in a National emergency.

I think you will see the advantage of using this article at once, both for the War-Savings and the Liberty Loan.

Faithfully yours,

Frank H. Taylor

National War-Savings Committee,
319 National Metropolitan Bank
Bldg.

FHF/CC.
Enc los.

CROSS REFERENCE SHEET

FILE No. 740

SUBJECT Addresses - B. S.

SEE

FILE No. 790

LETTER OF B. S. to Adrian Larkin

DATED 2/27/18

re. Economical + financial situation

JOSEPH VAN VLECK, JR.
111 FIFTH AVENUE
NEW YORK

February 18, 1918.

740
B.S.

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

B.A.V.
FEB 19 1918

My dear Mr. Strong:-

At my suggestion the W. S. S. Committee at Montclair unanimously request you to favorably consider an invitation to speak for fifteen or twenty minutes at a mass meeting which they have arranged for Sunday afternoon at four o'clock, March third.

Montclair has done well in the Liberty loans and the war funds of the Red Cross and the Y. M. C. A. This we have done without the assistance of any widely known big men, in which I take the liberty of classing you.

You once lived in Montclair and the town is proud of the fact and I truly believe it will mean much, if your time will permit you to participate at the proposed meeting.

I have talked with Harry Meyer and he joins with me in the request that you will come. I promise, if you do, Montclair will button its coat and throw out its chest.

The time for the meeting is set, all other conditions will be arranged absolutely according to your wish. I personally hope that you will come and spend the night with us. You can rest and take it absolutely quiet or we will arrange to have some of your old friends at the house, if agreeable to you.

Very sincerely yours,

Joseph Van Vleck, Jr.



SECRETARY
CHARLES T. GWYNNE
ASSISTANT SECRETARY
JERE D. TAMBLYN

CHAMBER OF COMMERCE
OF THE STATE OF NEW YORK

SIXTY-FIVE LIBERTY STREET

NEW YORK

FEDERAL RESERVE BANK

JAN 24 1918

MAILING DEPT.

RECEIVED

JAN 23 1918

January 22, 1918.



MAIL TELLER

FEDERAL RESERVE BANK
of New York

Hon. Benjamin Strong,
Governor,
Federal Reserve Bank,
15 Nassau Street, City.

My dear Mr. Strong:

I am in receipt of your letter of January 18th and the enclosure which you have filled in as requested. I am, however, putting you down as serving as Chairman of the Liberty Loan Committee, as that service should of course be noted on our records.

Thanking you for your interest and cooperation,

I am,

Very truly yours,

Charles T. Gwynne
Secretary.



NATIONAL
WAR SAVINGS COMMITTEE

TREASURY DEPARTMENT

WASHINGTON



March
Seventh
1918.

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FHF/CC.



NATIONAL
WAR SAVINGS COMMITTEE

TREASURY DEPARTMENT

WASHINGTON



793.5
R.A. Jr.
MAR 6 - 1918

FEDERAL RESERVE BANK

March
Fifth
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AUG 28 1918

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FILING DEPT

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National War-Savings Committee,
319 National Metropolitan Bank
Bldg.

FHF/CC.
Enc los.

CROSS REFERENCE SHEET

FILE No. 740

SUBJECT Addresses - B. L.

SEE

FILE No. 790

LETTER OF B. L. to Admin. Larkin

DATED 2/27/11

re: Economical & financial situation

JOSEPH VAN VLECK, JR.
111 FIFTH AVENUE
NEW YORK

February 18, 1918.

740
B.L.

B.L.

FEB 19 1918

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Federal Reserve Bank,
New York City.

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Joseph Van Vleck, Jr.

74
13



SECRETARY
CHARLES T. GWYNNE
ASSISTANT SECRETARY
JERE D. TAMBLYN

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK

SIXTY-FIVE LIBERTY STREET

NEW YORK

RECEIVED
JAN 24 1918

JAN 24 1918

LIB. LOAN DEPT.

RECEIVED
JAN 22 1918

January 22, 1918.



MAIL DELIVERED
FEDERAL RESERVE BANK
OF ST. LOUIS

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Charles T. Gwynne
Secretary.

ALRICK H. MAN
President

C. G. M. THOMAS
Vice-President

A. CHALMERS CHARLES
Secretary

EUGENE L. DELAFIELD
Comptroller

ALB. ER J. HEMPHILL
Treasurer

140
B.S.

RECEIVED
OCT 11 1917

DIRECTORS

Bronx
Eugene L. Delafield
William E. Freeman
Thomas W. Whittle

Brooklyn
Woodruff Leeming
Howard F. Whitney
Oliver E. Yale

Manhattan
A. Chalmers Charles
C. Ward Crampton
Victor F. Ridder

Federation of the Councils of the Boy Scouts of America in the City of New York

Incorporated by Special Charter May 18th, 1917
Succeeding the Advisory Committee

Telephone, Hanover 5215

D. A. W.
OCT 13 1917
OCT 1 6 1917
FEDERAL RESERVE BANK



MAIL TELLER
FEDERAL RESERVE BANK
New York
October 10th, 1917.

DIRECTORS
Queens
Alrick H. Man
C. G. M. Thomas
John E. Weier
Richmond
Stacy C. Richmond
Medad E. Stone
Herbert J. Bickford
JOHN ROY
Executive Secretary
G. ELMORE SMITH
Chief Campmaster

Benjamin Strong, Esq., Governor,
Federal Reserve Bank,
Pine and Nassau Streets, New York, N.Y.

My dear sir:

The Federation of the Councils of the Boy Scouts of America in Greater New York has requested me to invite you to take part in the program of a general meeting of the Boy Scouts of Greater New York to be held at the Seventy-First Regiment Armory (Park Avenue and 34th Street), on Saturday October 20th, at three o'clock, this meeting being held for the purpose of lending enthusiasm to the work of the Boy Scouts in obtaining subscriptions for the Liberty Bonds during the last week of the campaign. Mayor Mitchel has agreed to address the scouts on this occasion and we are particularly anxious that you should present the war service medals to the scouts who earned them by obtaining the largest number of subscriptions during the previous campaign.

I sincerely hope that you will be able to accept this invitation and feel sure that the reward in the shape of subscriptions will be gratifying.

Yours very sincerely,

Alrick H. Man

President.

AHM.M

"DO A GOOD TURN DAILY"

Telephone, Main, 3197.
Cable address "Alchandler."

Alfred D. Chandler,

B.A. Jr.

70 State Street

OCT 10 1917

Boston,

October 4, 1917.

7407
B.S
RECEIVED
OCT 5 1917



MAIL TELLER
FEDERAL RESERVE BANK
of New York

Hon. Benjamin Strong,
Governor of the Federal Reserve Bank,
New York, N. Y.

Dear Sir:-

In your instructive article in The New York Times Magazine of September 30, 1917, entitled "Economy or Government Confiscation", you explain how the Government might act to procure, for example, a ten billion dollar loan, affirming that:-

"The Government would then proceed to collect taxes enough during the period that these bonds are outstanding to enable it to pay the interest and to amortize the principal; that is to say, to set aside a sufficient amount every year for the retirement of the principal of the bonds, so that the total would have been retired at maturity."

Does the Liberty Loan Act of April 24, 1917, (authorizing the issue of bonds not to exceed \$5,000,000,000 for the national security and defense), make any provision "to amortize the principal", by annual contributions, so that the total would be "retired at maturity"?

Does the recent Second Liberty Loan Act have any such provision?

Has the Secretary of the Treasury, merely ex officio, the power to create a sinking fund or funds for such purposes, sinking funds that would grow into billions of dollars and put a premium on a huge financial travesty? Has the initiation of such sinking funds been commenced?

Furthermore, is the concealment or silence as to the interest charges upon these Liberty Loans prudent?

A \$3,000,000,000 25-year 4% Liberty Loan means also \$3,000,000,000 of interest, or a total liability of \$6,000,000,000.

As no provision appears in the Act, or is announced by the Secretary of the Treasury, for the amortization of the principal of these Liberty Loans, it is the payment of the interest, semi-annually, that affects the present generation, not the payment of the principal.

So if a total war debt has already been accrued by

the United States of about \$20,000,000,000, principal, if that is ultimately to be outstanding on an average of 25 years time at 4%, the total obligation that the country is already committed to is about \$40,000,000,000!

The general practice - both at home and abroad - of omitting the practical effect of the interest element of these war debts, appears to be as uncandid as unwise.

Maurice Trinquat, in his *De L'Amortissement des Emprunts D'Etats*, published in Paris, in 1899, wherein is a bibliography of the literature on Sinking Funds, including ninety-six works in different languages, concludes that Finance should be so simple as to be easily understood by all classes, and that the easier it is the nearer it is to perfection (p. 381). He agrees with the eminent political economist J. B. Say in that there are no two ways of extinguishing debt; the only way is, for a State as for an individual, to use the revenue above the expenses. Every other form of extinguishing a debt is a pure folly, wherefrom no advantage accrues to the State (p. 385). His opening chapters aim to show that morally, politically and economically amortization (extinction rather than conversion) of public debts is a necessity. He maintains that for the public to free itself from the obligation of paying debts is to encourage itself to incur infinitely new debts (p. 78); and he quotes Ricardo, that Sinking Funds rather tend to encourage expenditure, than to diminish debt (p. 209).

When Congress assembles at its next session the amortization of our Liberty Loans should receive prompt and most serious attention.

As an English writer - Mr. Walter Jones, in his brochure on "National and Municipal Finance", p. 36,- says:-

"Financial stability and sound credit are more essential to success in war than dreadnoughts, guns, or anything else."

I know of no stronger blow to give the enemy of Central Europe than to have them realize that the United States now adopts the principle to "pay as it goes" for this War. Show that to the World, and our pre-eminence both in present warfare and in future trade and fiscal leadership ought to be assured.

Assuming Sinking Funds to be impracticable for these immense Liberty Loans, the precise mode of applying the Serial method of payments to such Liberty Loans (keeping in mind, also, the conversion of the first 3½% Loan into 4% or 4½% loans) is a matter of careful study and computation, when contrasting it with the four variations incident to Sinking Fund calculations.

Refunding at the end of 25 or 30 years, no matter what foreign precedents exist therefor, should be proscribed. Many

Oct. 4, 1917.

Box

disasters and even revolutions in Latin America and elsewhere have been due to refunding when such might have been avoidable by amortization.

As our Liberty Loans now appear to be undertaken with no provision but the Nation's credit for the ultimate payment of the principal of such debts; and as the Serial Method of such payment is beyond a doubt the safest and least expensive way to pay such principal sums; it is impressive to note that the difference in the interest account between the method now adopted by the Secretary of the Treasury with these Liberty Loans and that of the Serial Method, is \$480,000,000, in favor of the Serial Method, on each \$1,000,000,000 of principal for 25 years at 4%, or a difference of \$2,400,000,000 on each \$5,000,000,000 of principal at the same time and rate.

Your influence to secure the requisite Congressional Legislation to meet this situation is earnestly expected.

Sincerely yours,

Alfred D. Chandler

ADC-S.

(Comparing States, Municipalities, Banks, Institutions.)

SERIAL PAYMENT FOR LIBERTY LOANS

**Attorney Alfred D. Chandler
Says it Should Save
\$2,500,000,000**

SINKING FUNDS ARE IMPRACTICABLE, HE SAYS

**Sends Open Letter to Sec.
McAdoo in Which He
Outlines Plan**

Alfred D. Chandler of 70 State st., a well known Boston lawyer, has sent an open letter to Sec. of the Treasury William G. McAdoo in which he points out that the United States Government would save over \$2,500,000,000 on each \$5,000,000,000 by paying off the Liberty Loan issues in serial form, rather than by a straight loan.

Atty. Chandler declares that sinking funds for great national loans are impracticable, and put a premium on waste. He states that a \$5,000,000,000 30-year 3½ p.c. loan would ultimately require a sinking fund of \$2,864,330,000 to pay the principal of such a loan at maturity. The sinking fund, he says, pays no part of the interest. The interest, he points out, would be \$5,250,000,000 in addition.

"Every \$5,000,000,000 30-year 3½ p.c. straight loan means also \$5,250,000,000 of interest, a total cost of \$10,250,000,000," he says. "But in the serial form the total cost of such a loan is only \$7,712,500,000."

Mr. Chandler's letter is as follows:—

"70 State Street, Boston,
June 1, 1917.

"Hon. William G. McAdoo,
Secretary of the Treasury
of the United States.

"Dear Sir:

"Accustomed for over 40 years to meet concrete administrative issues, let me by this open letter, emphasize some facts that taxpayers are to face under the Liberty Loan act of April 24, 1917.

"That act authorizes an issue of bonds not to exceed \$5,000,000,000 for the national security and defense. Subsequent acts will authorize more.

"The terms and conditions of such a bond issue are not given in that act, which was hastily passed, but are left as the Sec. of the Treas. may prescribe. Such power is vast and far reaching.

"No sinking fund to pay the principal at maturity of the \$5,000,000,000 bond issue is provided for in that act. Does the power to create a sinking fund rest with the Sec. of the Treas.? Will he initiate such a fund? We have no official information thereon as yet. Can a real (not a pseudo) sinking fund be successfully maintained on such a scale? No.

"But if not, then the \$5,000,000,000 loan may be either a straight loan the principal of which matures say at the end of 30 years, or it may be issued to be paid serially, as Massachusetts and some other states issue their loans, one-thirtieth of the principal to be paid each year, thus liberating for new uses about \$167,000,000 each year, with a corresponding annual reduction of the interest account, and an ultimate enormous saving in interest.

"Why is a great national sinking fund impracticable? During our Civil War the Act of 1862 provided for a sinking fund of 1 p.c. It became of no effect. As John Sherman in his Autobiography wrote (Vol. II. p. 877):— 'There is no actual fund of the kind in existence for national purposes.'

"In England the successive failure of sinking funds, it is said, 'made the term Sinking Fund almost one of reproach.' (Sargant, Sinking Funds, London, 1868, p. 82). Again:— 'In 1816 a Sinking Fund was commenced in France, on the principle of Mr. Pitt's English one. It has long ceased to produce any effect but that of creating confusion in the accounts.' (Idem. p. 131) England, persisting in Sinking Funds, yet suspended the Sinking Fund in 1886-7, after the war in Egypt, and again more recently on account of the Transvaal war, reliance being placed on the Nation's credit for the final liquidation of these debts.

"The late Professor Dunbar of Harvard University, in his Economic Essays (p. 84 et seq. Ed. of 1904, referring to Mr. Pitt's famous Sinking Fund system which was swamped by the gigantic wars of the French Revolution, affirms that it rested upon a complete illusion as to the possibility of holding Parliament permanently to the system—as to the possibility, that is, of binding the debtor by a compact made with himself."

"After our Civil War, the wonderful proslippery of the Nation swept aside the Sinking Fund requirements of the Congressional Act of 1862, reducing them to a mere perfunctory bookkeeping entry.

"During this century Massachusetts has led the world in its legislative disapproval of public sinking funds. On the other side of the Atlantic, England has tried to retain this financial sinking fund anachronism at home, and to inculcate its adoption over seas in making foreign loans; but on this side Massachusetts rejects sinking funds as out of date, unreliable and too costly.

"Massachusetts is right; and as the principles of sound finance are universal England may yet discontinue the sinking fund method, both at home and abroad.

"Many a revolution and receivership is due to sinking funds. Mr. Macpherson of the Institute of Chartered Ac-

countants of Ontario, has pronounced 'the day of the sinking fund as past, insisting that 'the sinking fund is a curse to the average municipality.' (Macpherson, Municipal Accounting, pp. 26, 28).

"With the advent of the present war this sinking fund issue was suddenly affected by international incidents, forcing New York City on the closing of its Stock Exchange following the war's outbreak, Aug. 1, 1914, to recognize in part thereafter the serial method, simultaneously with the special banking arrangement made to meet that City's \$100,000,000 obligations presently due in London and Paris. (Resolution of Board of Estimate and Apportionment, City of New York, Sept. 11, 1914).

"The agitation of that issue helped also to impell the New York Constitutional Convention, of 1915, unanimously to recommend an abandonment of the New York and English sinking fund method and to follow Massachusetts' hegemony in making serial loans compulsory. (Proposed Constitution of N. Y. Art. IX. Sect. 5).

"Sinking Funds for great national loans are impracticable, and put a premium on waste and worse. A \$5,000,000,000 30-year 3½ p.c. loan would ultimately require a sinking fund of \$2,864,330,000 (!) on a 3½ p.c. basis, to pay the principal of such a loan at maturity. The sinking fund pays no part of the interest. The interest would be \$5,250,000,000 in addition!

"The investment (if possible) and care of a \$2,864,330,000 sinking fund throughout its gradual accretions, and by successive administrations at Washington would invite a huge financial travesty, far out-matching the well known state sinking fund blunders at Albany, or the conduct of the New York City sinking funds (about \$400,000,000) the theory of which is confessedly shattered every week in the published summaries of that City's financial operations, last week's published balance of its sinking funds uninvested, as of May 19, being \$9,561,349.60! (N. Y. Times, May 23, 1917).

"Every \$5,000,000,000 30-year 3½ p.c. straight loan means also \$5,250,000,000 of interest, a total cost of \$10,250,000,000. But if in Serial form the total cost of such a loan is only \$7,712,500,000, a difference in favor of the serial method of a little over \$2,500,000,000 for each \$5,000,000,000 loan.

"If such a bond issue was at a 4 p.c. rate, the difference in favor of the Serial method would be \$2,900,000,000; and if at a 4½ p.c. rate the difference would be \$3,262,500,000 in favor of the serial method.

"The above computations are based on the 'instalment' serial method, or equal annual instalments of the principal. Under the 'annuity' serial method, or equal annual instalments of both principal and interest, the difference above indicated would be somewhat less.

"The serial method secures also two invaluable benefits in war periods:— (1) It maintains and strengthens national credit; and (2) it justly divides cost between present and future.

"Both future national issues of unknown billions, as well as the future conversion of the present 2,000,000,000 3½ p.c. issue into bonds of a higher rate, thus present fiscal questions of a magnitude and nature of the deepest concern to taxpayers in the United States, testing their sustained loyalty to contend for coveted peace.

"Respectfully yours,
"Alfred D. Chandler."

From the Boston Daily Advertiser,
June 8, 1917

McADOO REPLIES TO CHANDLER'S LETTER

**States He Is Considering Serial
Form Plan for Loans**

Secretary of the Treasury William G. McAdoo has forwarded a reply to the open letter sent him by Alfred D. Chandler of 70 State st., a Boston lawyer, which pointed out that the United States Government might save over \$2,500,000,000 on each \$5,000,000,000 loan, by paying off the Liberty Loan bond issues in serial form.

Secretary McAdoo in his letter states that the serial form issue is having his serious consideration. He states he is in sympathy with the idea and proposes to use it as far as practicable in carrying on the financial operations of the Government.

The reply of Secretary McAdoo is as follows:—

"The Secretary of the Treasury,
"Washington. (En Route)
"June 5, 1917.

"My Dear Mr. Chandler:

"I have your letter in reference to issues of serial bonds, sinking funds, etc., and have read it with much interest. The questions you suggest are having my very serious consideration.

"I do not hesitate to say that I have never regarded with favor the sinking fund idea with respect to public loans. The serial method I regard as far superior. Of course, the question of serial issues must depend upon the situations that have to be met.

"In the future financial operations of the Government, issues of serial bonds as far as it is practicable to adjust them to the necessities of the case, and as far as it seems wise to adopt them as a matter of policy, will be made.

"I cannot be more definite than this; I must only express my sympathy with the idea and my purpose to make use of it as far as practicable in carrying on the financial operations of the Government.

"Very sincerely yours,
"W. G. McAdoo.

"Alfred D. Chandler, Esq.,
"70 State Street,
"Boston, Massachusetts."

C. A. HAZEN, PRESIDENT.

CHARLES L. WISE, TREASURER.

THE FINANCIER

AMERICAN EXCHANGE NATIONAL BANK BUILDING
128 BROADWAY

THE LEADING
BANKING PUBLICATION
OF AMERICA.

NEW YORK

Sept. 20th, 1917.

RECEIVED
SEP 21 1917
MAIL TELLER
FEDERAL RESERVE BANK
of New York



740
105 :D

Hon. Benjamin Strong, Jr., Governor,
Federal Reserve Bank,
New York City.

Dear Sir:

We will be under obligations to you if you can furnish us with an advance manuscript (confidential) of your forthcoming address before the American Bankers' Association at Atlantic City.

We expect to report the proceedings in full in our extra edition to be issued immediately after adjournment, but it will be a convenience to have the matter in type before the date of issue.

We have followed this plan in the past to the satisfaction of everybody, and bespeak your co-operation and consideration.

Respectfully yours,

THE FINANCIER PUBLISHING CO.

C. A. Hazen
President

*ny. news Bureau
Mr. King
repl*

FILING DEPT
SEP 27 1917
FEDERAL RESERVE BANK



GEO. P. EDWARDS,
PRESIDENT.

COAST BANKER

AND CALIFORNIA BANKER

PACIFIC COAST'S OWN BANKING PAPER.

COAST BANKER PUBLISHING CO., INC.

576-578 SACRAMENTO STREET

SAN FRANCISCO,

September 15, 1917.

Hon. Benjamin Strong, Jr., Governor,
Federal Reserve Bank,
New York, N. Y.

Dear Mr. Strong:

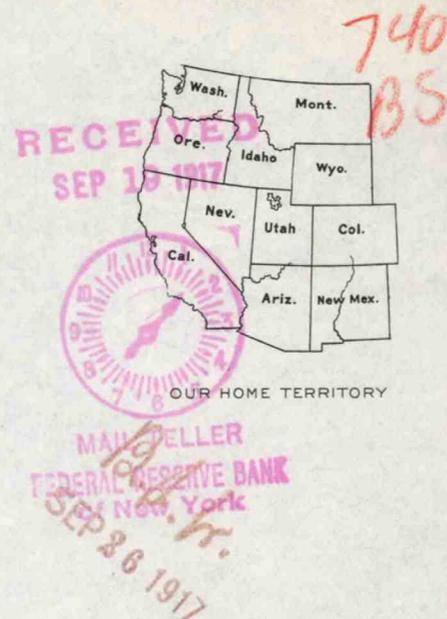
Will you kindly favor us with a copy of the address you are to deliver before the American Bankers Association at Atlantic City to be used in the A. B. A. issue of COAST BANKER, which will contain a complete report of the proceedings of the convention?

An advance copy will be a great favor to us and will, of course, be held in confidence until after it is delivered.

Very truly yours,

President.

GPE:LM



Please return with return

FILING DEPT.
SEP 18 1917
FEDERAL RESERVE BANK

740
P.S.

September 15, 1917.

Dear Sirs:

Replying to your favor of the 14th instant, the address which I am to deliver in Atlantic City has not yet been prepared and I am sorry not to be able to send in a copy at once. I shall do so, however, as soon as it is ready.

Very truly yours,

Governor.

Brooklyn Daily Eagle,

Brooklyn, New York.

BS/HAB

FILING DEPT.

SEP 18 1917

FEDERAL RESERVE BANK

740

B.S.

September 15, 1917.

Dear Sir:

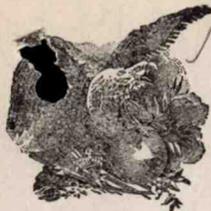
Mr. Strong is just now so pressed with work that I am obliged to ask you, in reply to your note of September 10th, to excuse him from complying with your request. Were it not for the pressure of work, I am sure that he would be very glad to do so.

Very truly yours,

Secretary to Mr. Strong.

J. W. Stanley, Esq.,
Managing Editor, Dry Goods Publishing Co.,
120 West 32nd Street, New York.

HAB



*Mrs. McHaren
Please follow.*

EDITORIAL DEPARTMENT

RECEIVED
SEP 15 1917

740
B.D.

THE BROOKLYN DAILY EAGLE

WM. HESTER, PRESIDENT.
WM. V. HESTER, SEC. AND TREAS.
H. F. GUNNISON, BUSINESS MGR.

BROOKLYN, N. Y., Sept. 14, 1917



MAIL TELLER
FEDERAL RESERVE BANK
New York

Dear Sir:

The Brooklyn Daily Eagle would very much appreciate an advance copy of your address at the Forty-third Annual Convention of the American Bankers Association to be held in Atlantic City, September 24-29.

Very truly yours,

Wm. V. Hester

Ass't. Managing Editor

Hon. Benjamin Strong, Jr.,
Governor Federal Reserve Bank,
New York City

1917
SEP 20 1917

PUBLICITY DEPARTMENT
LIBERTY LOAN COMMITTEE

MEMORANDUM

FILING DEPT.

44740
BS

FROM John Price Jones **SEP 15 1917** DATE September 13, 1917. #740
TO Mrs. McLaren **FEDERAL RESERVE BANK** SUBJECT Governor Strong's Article "Financing Government Loans." BS

Here is the revised proof of Governor Strong's article. I promised that I would get it in the mail to-night, so if you could let me have it back this afternoon I would be very much obliged.

JPJ/IWB.

John Price Jones
per BS

*Corrected and returned
9/13/17*

CROSS REFERENCE SHEET

FILE NO. 740-B.5

SUBJECT Addresses, etc. made
by Mr. Strong

SEE

FILE NO. 4146 - Pub.

LETTER OF J. C. M.

DATED 9/2/17

re - Short sketch of Mr. Strong's life.

FILING DEPT.

SEP 11 1917

FEDERAL RESERVE BANK

740
BS.

September 10, 1917.

The Chicago Banker,
407 Monadnock Block,
Chicago, Ill.

Dear Sirs:

I have your request of the 6th instant for a copy of the address I will deliver at the American Bankers Association Convention the latter part of this month and shall be pleased to send you one when it is ready. As yet I have not prepared the address.

Very truly yours,

Governor.

BS/MSB

740. F.S.

414
Parker

FILING DEPT.

SEP 11 1917

September 10th, 1917.

Dear Mr. Anderson:

The article which appeared in the American Banker to which Mr. Stone makes reference in the attached copy of letter was rather a garbled affair and I will appreciate it if you will send him a correct statement of the interview.

→ 9/17/17

Very truly yours,

Chairman.

A. M. Anderson, Esq.,
Executive Secretary,
Liberty Loan Committee,
120 Broadway, New York City.

VCM

BENNETT SERVICE

United States Investor

76
940
135

PUBLISHED BY

FRANK P. BENNETT & CO., INC.

Boston, New York, Washington
Philadelphia

Reply to Boston Office
530 Atlantic Avenue

Boston, Mass. September 6, 1917.

Hon. Benjamin Strong, Governor,
Federal Reserve Bank of New York,
New York City.

SEP 7 1917
SEP 26 1917
SEP 10 1917
B.A.B.
B.A.B.

Dear Mr. Strong:

Directly after the American Bankers Association convention at Atlantic City, we shall publish a very complete report of the proceedings, and as you are going to address the convention, we wish to publish your picture in that number. Will you kindly arrange to send us such at your early convenience, and will you have your secretary put us on the list to receive an advance copy of your address as soon as it is prepared. We promise not to publish the same in our columns until after its delivery.

With kind regards, we are

Very truly yours,

FRANK P. BENNETT & CO., Inc.

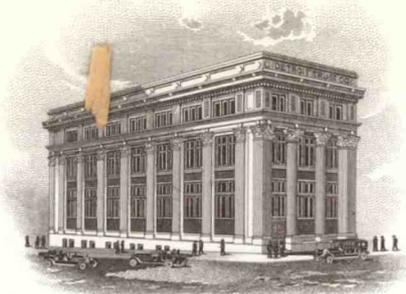
Per *A. Bernhardt*

P. S. We should prefer a "black and white glossy print" of yourself, as a much better cut can be made from it and it is inexpensive.

*Chicago Bankers
407 Monmouth Block
Chicago*

74085

RALPH STONE
PRESIDENT
SIDNEY T. MILLER
VICE PRESIDENT
JAMES E. DANAHER
VICE PRESIDENT
LAWRENCE K. BUTLER
VICE PRESIDENT & TREASURER
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MORTIMER BROWNING
VICE PRESIDENT & MGR. BOND DEPARTMENT
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DETROIT TRUST COMPANY

CAPITAL AND SURPLUS \$ 2,000,000

DETROIT MICHIGAN September 7, 1917.

RECEIVED

SEP 10 1917

FILING DEPT.

SEP 11 1917



FEDERAL RESERVE BANK FEDERAL RESERVE BANK OF NEW YORK

Honorable Benjamin Strong, Jr.,
Governor, Federal Reserve Bank,
New York City, N.Y.

My dear Mr. Strong,-

I have seen a reference to an article written by you which appeared in the American Banker, on the general subject of Government War bonds, methods of advertising and selling them, reasons why the people should save out of their earnings in advance of issues, et cetera. I do not know in what issue this appeared, but I am very anxious, indeed, to read it.

If you have an extra copy, might I trouble you to send me one; or, if not, would you do me the favor to send this letter to the "American Banker", with request to forward me a marked copy, charges collect. The favor will be very greatly appreciated.

I am treasurer of the central or executive committee here in Detroit, having the sales of Liberty bonds in charge.

Yours respectfully,

Ralph Stone

RS.

President.

Founded in 1898

740
BB

THE CHICAGO BANKER

407 Monadnock Block

CHICAGO September 6, 1917. Telephone Address Harrison 4499

HARRY WILKINSON
Editor-President

FILING DEPT.
SEP 11 1917
FEDERAL RESERVE BANK

RECEIVED
SEP 8 1917
FEDERAL RESERVE BANK
OF NEW YORK

Benjamin Strong, Jr., Gov.,
Federal Reserve Bank,
New York City, N. Y.

Dear Mr. Strong:-

Will you kindly send us a copy of your address to be delivered before the American Bankers Association Convention to be held at Atlantic City, September 24 to 29. We would be pleased to receive it by September 20, if possible. The proceedings will be printed in the September 29 issue of THE CHICAGO BANKER.

Thanking you in advance for this favor and appreciating your very prompt attention, we are

Yours very truly,

THE CHICAGO BANKER.

ch a-e-r-d.

740
BS

MAILING DEPT.
AUG 29 1917
TAMM: THORPE BARR

August 24, 1917.

Dear Mr. Forbes:

I should like to accommodate you in the matter referred to in your letter of August 22nd, but I feel that it would be a mistake for me to do so just now.

Regretting that I cannot be of service to you, I am,

Very truly yours,

Governor.

B. C. Forbes, Esq.,
Equitable Building,
New York City.

BS/RAH

740
125

FILING DEPT.
AUG 14 1917
FEDERAL RESERVE BANK

August 13, 1917.

Dear Sir:

Will you be good enough to let me have the revised pages of Mr. Strong's article "Waste and Economy." These can be identified by being written in elite type, whereas the original manuscript is in piker. These will be returned sometime during the day.

Thanking you, I am,

Very truly yours,

Secretary to Mr. Strong.

Roland R. McElvare, Esq.,
Secretary to Mr. Emerson,
National Bank of Commerce,
New York City.

128 GILPIN STREET
DENVER, COLO.

FILING DEPT.

AUG 1 8 1917

FEDERAL RESERVE BANK

740 179
Denver, Colorado,
August 3, 1917.

Dear Mr. Jay:

I enclose copy of a letter I am just sending Mr. Emerson, with copies of the manuscripts referred to, and will be glad to have you collaborate with him in any changes that you find desirable.

LOOSE IN FILE

I am looking forward to seeing you next week. Best regards to all.

Sincerely yours,

Pier. Strong

Pierre Jay, Esq.,
Federal Reserve Bank,
New York City.

BS/CC

Encs.

Denver, Colorado,
August 3, 1917.

Dear Mr. Emerson:

Enclosed are two manuscripts, - one on Waste and Economy and the other on Financing Government loans - which have been prepared in response to your earlier letter about magazine or newspaper articles, and then hurried to completion in response to a telegram from Mr. Jay, following your talk with him.

The titles are not important and you can change them to suit yourself. The material also is very hastily prepared and in case of "Financing Government Loans" certain figures are to be filled in from the books at the bank. One of the articles is somewhat longer than 2000 words, but I leave it to you or Mr. Jay to cut it down, if necessary. These are sent with apologies for their rather rough shape and ample authority for you and Mr. Jay to change them if it seems necessary to do so.

I am much impressed with the necessity of getting some publicity in the country newspapers and, particularly, in the various farmers' journals, like the Farmers Home Companion, The Farm and Fireside, and others of like character. It also strikes me that we might distribute material of the character of these manuscripts to the other eleven Reserve Banks, with such instructions as may be necessary in order to avoid duplication.

As a publicity proselyte you are certainly a corker, for I find myself submitting with the best grace possible to

To - Mr. Emerson.

August 3, 1917.

your direction. Success to your efforts!

Very truly yours,

Guy Emerson, Esq.,
National Bank of Commerce,
New York City.

BS/CC

Encs.

RECORDED

740
P.S.

IND DEPT.
AUG 9 1917
U.S. DEPT. OF TREASURY

August 8th, 1917.

Dear Sir:

I have to thank you for your kind letter of July 23rd which accompanied a copy of the current issue of the "Economic World" in which you have been good enough to reproduce the article I wrote on the subject of savings.

Needless to say, neither the writer nor, in fact, any of our loan organization expect very much in the way of direct results from that kind of publicity. The only thing accomplished is that it stimulates a certain amount of thought and discussion on the part of a comparatively few people who are reached by such articles and certainly of that I have some evidence in the number of letters which have been written me since the article was published.

On the other hand, stimulation of interest and thought along these lines is simply preparatory, as you know, to the creation of machinery which will make it possible with the least effort for all classes of people to set aside savings. The American environment has not developed the habit of saving as a national characteristic, nor can it be expected to do so except by some artificial stimulation. That must be provided by propeganda and simple machinery which is not available.

I am inclined to quote a favorite expression of my father's - "What is worth having is worth working for" and say in reply to your

8/8/17.

comments on this subject that we must make the effort to cultivate the habit and our reward will not be simply sales of government obligations but rather a permanent elevation of standard in the matter of personal expenditure necessity for which will be even more apparent after the war is over than it is just now.

Once more, let me thank you for giving space to this article and I hope that you will feel inclined to do so with other similar articles when I or those associated with me have the temerity to write them.

I beg to remain,

Very truly yours,

Governor.

A. R. Marsh, Esq.,
Editor, "The Economic World,"
80 Wall Street, New York City.

BS/VCM

The Economic World

80 Wall Street
New York

RECEIVED
JUL 24 1917
AUG 8 - 1917



July 23, 1917.

FILING DEPT.

Mr. Benjamin Strong, Jr.,

AUG 9 1917

Governor, Federal Reserve Bank of New York,

FEDERAL RESERVE BANK
of New York

FEDERAL RESERVE BANK

New York City, New York.

Dear Sir:

I am having sent to you, under separate cover, a copy of the current issue of The Economic World, in which I have been glad to publish, on pages 76-78, your statement on the subject of saving as preliminary to the buying of war loan bonds by the general public in this country, which was sent to The Economic World by the Liberty Loan Committee on Publicity. I am sure that the readers of the paper, who by reason of their residence in distant States have not been in the way of seeing this statement in the New York press, will find it instructive and suggestive. I believe there is a general disposition throughout the American people at the present time to assist the necessarily large war loan operations of the Government through the exercise of individual thrift. Great numbers of persons, however, are unable to work out for themselves concrete plans or methods of saving and find themselves a good deal at sea with respect to precisely what ought to be done. Your very lucid statement ought to be of much assistance to those who are in this indecisive state of mind.

May I venture to say, however, on my own part as a student of the economic and social aspects of thrift and sav-

ing that I fear that we must reckon with the general principle that the "average" of the will to save - using "average" in the insurance sense - in any population of any country is decidedly low, and that to raise this average by even a small amount is one of the most difficult of human undertakings. Comparative statistics of a considerable variety of countries seem to indicate clearly that under normal conditions only about fifteen per cent of the population are really capable of saving, no matter what their income may be. Of course the introduction of a powerful motive, as for example, the motive of the protection of the family, in the case of life insurance, may appreciably affect the average of saving in an upward direction. Similarly, an appeal to patriotism should increase saving to a certain extent. I greatly doubt, however, whether by any possible device, except the compulsion of taxation, or by any possible appeal the actual savings of the American population can be increased by as much as \$1,000,000,000 a year. The experience in Great Britain with the war-savings associations would seem to indicate that taking our population as against that of Great Britain it might be possible to approach \$1,000,000,000 of savings in this country. We must remember, however, that for one year at least the war will not be the dreadful reality to the people of the United States, which it had become in 1916 to the people of Great Britain. I do not mean, of course, by what I have said to imply that efforts to induce greater saving on the part of our people are futile. On the contrary, I regard this as of the greatest importance, but, frankly, this importance seems to me in the main to lie quite as much in the psycholog-

ical effect of a campaign for war savings as in the actual amount of money likely to be secured for the use of the Government. I cannot myself escape the conclusion that far the greater part of the money which the Government must spend in this war will have to be obtained through the use of credit, which in effect means through the use of anticipatory savings, rather than of savings actually made and in hand before the expenditure of the money. None the less, I am very glad, indeed, to do what I can to give additional circulation to your statement, and I sincerely hope the results may be far beyond those that I am myself able to forecast as probable.

Yours very truly,



Editor.

740 MS

NATIONAL BANK OF COMMERCE IN NEW YORK

ORGANIZED 1839

CAPITAL SURPLUS AND UNDIVIDED PROFITS OVER FORTY-FOUR MILLION DOLLARS

GUY EMERSON
VICE PRESIDENT

August 6, 1917.

RECEIVED DEPT.
AUG 16 1917
FEDERAL RESERVE BANK

Mr. Pierre Jay,
Federal Reserve Bank,
New York, N. Y.

Dear Mr. Jay:

Today I received in Mr. Emerson's mail a letter and two articles from Governor Strong. Governor Strong desires a few figures which are in possession of the Federal Reserve Bank inserted in one article and desires Mr. Emerson or yourself to see these articles before they are published. As we particularly desire to have these articles made available for publicity purposes in connection with the coming Loan, I would greatly appreciate it if you will look them over and return them to me at your earliest convenience with any remarks which you may care to make.

One of these articles will, doubtless, be used in the North American Review. Where the other will be placed will doubtless be decided by Mr. Jones who Mr. Emerson has placed in charge of News, subject to any desires that you may have.

With best wishes,

Very truly yours,

Rowland P. McVane
Secretary to Mr. Emerson.

CROSS REFERENCE SHEET

FILE NO. 740 - B.S.

SUBJECT Request for Articles to
be published.

SEE

FILE NO. 4146

^{Tel} LETTER OF P.V.

DATED 8/2/17

re - North American revised request 2000
word article

The Economic World

OLD SERIES, VOLUME ONE HUNDRED

SATURDAY, JULY, 21, 1917

NEW SERIES, VOL. XIV, No. 3

Things and actions are what they are, and the consequences of them will be what they will be; why then should we desire to be deceived?—Bishop Butler's Sermons at the Rolls.

Preparations for the Next Issue of United States War Bonds

THAT preparations for the sale of another large installment of war bonds of the United States are already under way scarcely requires saying. There are abundant evidences that the Government is having the same experience with the unexpected cost of the preliminary preparation for our own part in the war that the other belligerent nations, without exception, have had. Furthermore, it is apparent that the call of our Allies upon us for financial assistance is proving to be both more immediate and upon a much larger scale than had been anticipated. At the rate at which the \$3,000,000,000 allotted by Congress for advances to the Entente countries is being exhausted—somewhat more than \$500,000,000 per month—this appropriation will hardly last beyond the end of October and may easily have been apportioned at a considerably earlier date. Press despatches from Washington seem to reflect a general opinion among officers of the Government that before the end of September a second appropriation of bonds for this purpose, amounting perhaps to \$5,000,000,000, will be necessary. Estimates of what we shall ourselves have to spend on our Army and Navy during what is for us the first year of the war are manifestly rising at a rather rapid rate, as the needs of new branches of the service, such as aviation, are studied and discussed; and we doubt whether any responsible administrative officer or member of Congress now expects our own expenditures up to the early Summer of 1918 to fall below \$5,000,000,000. Of this sum we have already provided \$2,000,000,000 through funded obligations of the country—the Liberty bonds; but we cannot safely postpone the raising of the remaining \$3,000,000,000 until the need for it is actually pressing. We must have it in hand long before any portion of it is called for. It is reasonably clear, also, that the method by which our Allies are being financed at present cannot be continued indefinitely. None of the \$3,000,000,000 of bonds put at the disposal of the Government for this purpose have as yet actually been sold to the public. The details of the expedients—probably various in character—by means of which the credits to our Allies have been derived from these bonds, have not been given out, so far as we know; but it must be assumed that the bonds have in the main been used as the basis of bank credits pure and simple, and that so far only these bank credits—of course, just as good as cash for the time being—have been allotted to the Entente governments. In the nature of things, however, there are sharp limitations upon the extent to which this manner of dealing with the matter can be followed. It is inconceivable that advances amounting to \$8,000,000,000 within a year or thereabout can be arranged through the use of bank credits, when account is taken of the part which bank credits must play in the financing of our own needs. The time must soon come—if, indeed, it has not already come,

if we may judge by the recent severe and for most persons perplexing fluctuations of the rate for call money—when the money we lend to our Allies must be obtained through the actual sale to the investing public of the bonds appropriated for this use, precisely as the funds we ourselves expend for military and naval purposes are obtained from the actual sale of war bonds. In view of the facts just recited, then, the public mind—not to speak of the governmental mind—must prepare itself for the flotation in the not distant future, not of the \$3,000,000,000 of bonds that are the remainder of the \$5,000,000,000 of war bonds authorized by Congress for our own military and naval needs, but probably of some \$6,000,000,000 to \$8,000,000,000 of bonds, comprising both those for our own needs and those apportioned for advances to our Allies. It is hard to see how the aggregate amount of the bonds of both kinds in the hands of the investing public by the end of the present calendar year can fall much short of \$10,000,000,000; at any rate, the new year cannot have progressed far before this is the case.

Unquestionably, this obvious necessity is being given careful consideration by the leaders of the Government, whether administrative or congressional; though tangible evidences of the determinations they are reaching are still few and indefinite. It has been reported in the public press that Secretary of the Treasury McAdoo has already concluded to offer to the public the remaining \$3,000,000,000 of the authorized war loan for domestic use, towards the end of September, and at an interest rate of 4 per cent, instead of the 3½ per cent borne by the \$2,000,000,000 already sold. It has also been reported, however, that Mr. McAdoo denies strenuously that the time, the rate of interest or the amount of the new issue has as yet been decided upon. Another rumor is that the over-subscription of the Liberty Loan and the fact that for a brief period after its issue there was a sufficient demand for the bonds to lift the price slightly above par, have convinced the Secretary of the Treasury and the Administration as a whole that the forthcoming issue can readily be sold on the interest basis of 3½ per cent—the rate allowed by the terms of the authorizing Act of Congress. There has in fact been no authoritative expression of intention with regard to the next war bond issue on the part of Mr. McAdoo or any other officer of the Government. On the other hand, there has been this week at least one bit of concrete evidence to the effect that actual preparations for a further sale of war bonds are already under way. We refer to the conference held in New York City on Tuesday last, at which were present representatives of the Liberty Loan committees of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Cleveland and Chicago, together with Mr. Paul M. Warburg, Vice-Governor of the Federal Reserve Board, and invited representatives of the American Bankers Association. It was announced that the object of the conference was to discuss ways and means of making still more efficient the excellent machinery which was devised for the

distribution of the \$2,000,000,000 of the Liberty Loan bonds. Clearly, a conference of this kind would have been quite unnecessary, unless those participating in it knew that they would shortly be called upon to resume the task which they so admirably fulfilled a month ago.

The American people, therefore, has immediately ahead of it a subscription to a new issue of United States war bonds, whose amount cannot possibly be less than \$3,000,000,000 and ought, if sound principles of war financing are followed, to be from \$5,000,000,000 to \$8,000,000,000. To be sure, it may be advisable from the point of view of the smooth working of the machinery of banking and credit, to divide the subscription into instalments spread over a period of several months; yet the fact remains that it will be hazardous and improvident for the Government to plan or for the public to expect the raising of less than \$6,000,000,000 at least through the sale of war bonds before the end of the current year. In our opinion, this stern prospect makes it imperative that before the campaign for the sale of any amount, great or small, of the new bonds is launched, something more should be done than to make more perfect and efficient the mere machinery of distribution. This something is to examine afresh the character of the bonds themselves which the public is to be asked to subscribe to in such vast quantity. When we say "the character of the bonds themselves", we have reference to the economic and social justice of the terms of the bonds, the accuracy of the adjustment of those terms to the financial environment in which the bonds, once bought by the investor, large or small, must inevitably in the long run find their place, working good or ill for the investor himself in the process.

When the campaign for the sale of the Liberty Loan bonds was in full swing, we found to our extreme regret that we could not conscientiously and enthusiastically urge all sorts and conditions of Americans to use whatever financial resources they might possess for the purchase of those bonds, even at a time of need for the country. We greatly admired the skill and ingenuity with which the campaign was conducted, the diversity of the expedients devised and employed, the variety and eloquence of the appeals made to what should be the deepest of all motives in citizens of a free country, patriotic duty. Yet we could in no wise and by no method of reasoning divest ourselves of the conviction that the terms of the bonds were not just and equitable, as regards the great mass of those who were particularly urged to put their all in them. Fortunately the issue was relatively so small that it was a foregone conclusion that it would in the end be taken by persons, enterprises and institutions of means so large that they might well and justly pay to their country whatever they might suffer—though many of them by reason of the progressive income tax must necessarily gain—as a result of the economic and financial injustices worked by the terms of the bonds. Hence we were relieved of all fear lest the country fail to get the money it needed.

We know very well that in saying what we have just said, we are exposing ourselves to the imputation of coldness towards the country itself and towards its great cause. We shall not attempt to answer such an imputation, since we believe that those who have read us long know well how deeply we have felt the obligation of the United States and of every one of its citizens to participate, at no matter what cost, in the great struggle for democratic civilization

now in process of determination. But even in the fulfilling of the most sacred patriotic duty, the requirements of justice and equitableness, as between those who are spending themselves and their possessions in the cause, must not be forgotten. This principle, as we think, applies to the Liberty Loan bonds recently sold; and we cannot better bring out why we think so than by quoting a passage from President Wilson's admirable message to the American public on the subject of war profiteering. Said the President:

"A just price must, of course, be paid for everything the Government buys. By a just price I mean a price which will sustain the industries concerned in a high state of efficiency, provide a living for those who conduct them, enable them to pay good wages, and make possible the expansions of their enterprises which will from time to time become necessary as the stupendous undertakings of this war develop. We could not wisely or reasonably do less than pay such prices".

Now, *mutatis mutandis*, every word in this passage applies exactly to the duty of the Government and of the country in the matter of the terms of the war bonds which the general public, of all degrees of wealth, is called upon to invest its capital in, that the war may be successfully carried on. The Liberty Loan bonds sinned against the principle enounced by President Wilson, first, in that the interest rate of 3½ per cent borne by them is not "a just price" for investment capital in the United States, not only at the present time but for years past, as is demonstrated by the average interest return—at least 4½ per cent—obtained by life insurance companies, savings banks, and similar trustees of the property and rights of vast numbers of persons; and, second, in that the tax-exemption feature of the bonds made the price paid for the capital enormously higher to certain classes of buyers of the bonds than to all the rest. Here are gross injustices that should be remedied in any further issue or issues of war bonds. Let the "just price" of 4½ per cent interest be paid on such issues, and let the price paid to the very rich be made the same as that paid to those of moderate or scanty means, through the imposition of income and other Federal taxes upon the revenue derived from them by their owners. Then we can all whole-heartedly and with conviction urge the buying of them by every class in our society.

Arthur Richmond Marsh

THE PREVENTION OF CREDIT INFLATION THROUGH WAR LOANS BY SAVINGS IN ADVANCE OF THE LOANS.

By Benjamin Strong, Jr.

Governor, Federal Reserve Bank of New York; Chairman,
Liberty Loan Committee.

WHILE this country, with its vast material and banking resources, has made a notable record in the facility with which large loan operations have been conducted—the largest until recently being the placing of the Anglo-French bonds—it has nevertheless been apparent during the past two months that people have not fully grasped the significance of a loan of, say, \$2,000,000,000, the entire proceeds of which must be paid over in a very short period,—i. e., as we say, "in cash". Government loans of this magnitude, necessitated by the war, require a thorough examination and understanding of the principles of

credit, as otherwise unskilful management of operations of that size are certain to put banking machinery out of order, and disordered banking machinery means disturbance of business.

No loan of \$2,000,000,000 can be paid for, as we commonly express it, "in cash". The amount is too large and payment must be made by complicated bookkeeping operations which can be roughly described as "transfers of credit". To do this successfully, credit must be shifted from the account of one bank depositor to the account of another bank depositor; from one bank to another bank; from one part of the country to another part of the country;—and these shiftings of credit involve a temporary shifting of a certain proportion of bank cash or reserve money, and therein lies the danger.

If every purchaser of Government bonds could make payment at his own bank and the amount of the payment be transferred by that bank to the credit of the Government, then the credit could be disbursed by the Government in the community where the bank is located and no disturbance of credit whatever would arise, because no bank reserves would need to be shifted. In a great loan of \$2,000,000,000, subscribed and paid for in varying amounts in all parts of the country, it is inevitable that preliminary withdrawals of bank balances from one part of the country to another will be made in anticipation of payment, and again after the funds are placed at the credit of the Government throughout the country; they must then be gradually withdrawn to those points where the Government has various bills to pay. The machinery of the Reserve Banks proved to be adequate to meet the necessity of shifting credits from one part of the country to another. Possibly a correct view of their function would be to say that they were the chief bookkeepers of the transactions; and, the books being kept in twelve separate places, at each of the Reserve Banks, the only shifting of reserve money occasioned by the movement of credit is that which takes place between the twelve Reserve Banks through the normal machinery created for that very purpose.

But let us look at the problem from the standpoint of the bond buyer. There are in this country, (exclusive of a negligible number of those who own securities of foreign origin which could be resold in foreign countries), only four classes of people who can subscribe for Government bonds:

The first class of buyers comprises those who have hoarded actual cash or currency in their houses or safe deposit vaults, who are induced to buy Government bonds and who produce that cash for the purpose. Purchases of Government bonds by such people (of whom there are few in the United States), have the effect of strengthening the banking position because they bring reserve money,—that is, gold,—out of hiding and put it in bank reserves where it serves as the basis of credit. The change occasioned in the Nation's general bank account as a result is not simply to add a given amount to the bank deposits, but also to add an equal amount, dollar for dollar, of reserve cash. France, prior to the war, held a vast store of gold tucked away in peasants' hiding places and the production of that gold in response to the Government's call has immensely strengthened its banking position.

The second class of potential buyers of Government bonds is composed of the capitalists and corporations with balances in the bank in excess of their needs. When bonds are purchased by a member of this class, the owner of the bank balance, Mr. X. Y. Z., sells or transfers that balance to the Government in exchange for a Government bond. If the Government leaves the deposit with the bank which holds Mr. X. Y. Z.'s account, the effect of the transaction is simply a transfer of the balance of Mr. X. Y. Z. to

Mr. U. S. A. No cash reserves shift, no loans would need to be called and no change would take place in the balance-sheet of the bank in respect either of assets or of liabilities.

The third class of possible bond buyers is that which has bank accounts but has no surplus balances in bank to spare for investment in Government bonds. Having credit at the bank, however, persons of this class are induced to buy Government bonds and borrow from the bank temporarily in order to pay for them. This is the least desirable kind of buyer of Government bonds, although a necessary one at the commencement of the war when the expected savings of the future must be advanced to the Government. Such a bond buyer pays for his bonds out of a bank deposit which is created by making a loan. The deposit so made is transferred to the credit of the United States of America and the bonds are turned over to the bank by the buyer to secure the bank for its loan. By that operation, bank deposits and bank loans are both expanded and the percentage of reserve money held by the bank is correspondingly reduced. Loans of that character cannot be avoided, because the general rule is that earnings that are converted into savings become capital and are usually invested very promptly in securities, or in property, or in improvements to property, so becoming unavailable for Government loans. In a general banking sense, it does the country no good to have its citizens sell one kind of investment in order to make another kind of investment. Their justification is that all buyers of the class who have engaged themselves to pay loans to their banks are forced thereafter to economize in order to pay off the loans; and in that way savings out of future earnings are made available to the Government in advance of the earnings being made.

The fourth class of bond buyers—and in some respects the most important of all in time of war—is the great body of wage-earners and salaried people who frequently have no bank account and spend about all that they earn. There are many millions of such in this country whose material welfare will be improved and whose attitude toward their Government will be benefited if they can be induced to buy bonds. But how can this be brought about? Only by showing them how to cultivate the habit of saving—and this kind of saving should be developed in advance of investment, so as to avoid the necessity for borrowing also.

Take as an example, one industrial organization employing, say, 20,000 laborers: If these men earn an average of \$1,200 each per annum and can each afford to save \$100 per annum, their employer could enter into agreements with them by which, say, \$8 would be deducted from the payroll of each man every month and deposited in bank for future investment. The aggregate of \$50 apiece in six months is \$1,000,000. During the process of setting aside and earmarking these earnings or savings, they could be temporarily invested in short obligations of the Government, convertible at a later date into Government long-time bonds. By this process no permanent bank expansion arises. As rapidly as savings accumulate, they are turned over to the credit of the Government, which issues its short notes therefor; and these short notes later are converted into long bonds. The bank balance which was originally the bank balance of the employer out of which wages were paid, has through the savings process been transferred to the credit of the Government without disturbance to bank credit.

Assuming that our Government finds it necessary, say, every six months, to borrow large sums for war purposes, how readily might this be accomplished if all classes were induced to save in anticipation of such investment in the bonds of their Government? The rich man appropriates so much of his income; the rich cor-

poration so much of its profits; the poor man so much of his salary or wages. During the period between bond issues, these savings are turned over to the Government in instalments in exchange for short notes. When the bond issue comes along, the short notes are converted into long bonds. The whole operation has been conducted without the use of cash or reserve money, but by simple bookkeeping entries on the books of banks, which result in a gradual but constant transfer of bank deposits representing the Nation's savings to the credit of the Government.

But the question will be asked: "Will not this enormous transfer of bank credit from individuals and corporations to the credit of the Government itself cause expansion?" It will not do so, for these credits are not created by bank borrowings but by savings. The Government is spending money as fast as it receives it. The very credit so set aside for Government use must be instantly paid out by the Government for supplies, wages of soldiers and sailors and for the civil establishments. As soon as the credit is inscribed on the books of the bank for the use of the Government, the Government checks against it and turns it back to the very individuals, corporations and wage-earners who have produced it. A new credit is not created, but existing credit moves faster around this circle from the wage-earner and saver to the Government and back to the producer and manufacturer, and through them to the wage-earner. The speed with which credit moves in these operations bears a direct relation to the "speeding up" in the production of our farms and forests and mines and our manufacturing establishments.

This country is confronted by a vast problem of finance, but, fortunately, with vast resources in gold reserves and credit machinery by which these operations may be handled. In furnishing the Government with the credits required, the primary necessity is for people to save and save in advance of the Government's requirements, in order that bond buyers may not be required to make loans at banks, to be repaid out of future savings.

ECONOMIC DIFFICULTIES IN THE WAY OF SUCCESSFUL GOVERNMENTAL PRICE-FIXING.*

THE discussion over the various proposals to regulate prices gets into difficulties when it reaches the details. What are fair prices and fair profits? A percentage basis is usually assumed to be the best determination, but that ignores all differences in costs and efficiency among producers. General Goethals is said to have rejected that basis of compensation for shipbuilders because it is unscientific and extravagant. Under it, the higher the costs the larger the profits.

It is a recognized principle among economists that the price of a commodity at any given time tends to be fixed at a level where it will afford a working profit upon that portion of the market requirement which is produced at the highest cost. There may be, for instance, a wide range of costs in producing and delivering wheat at a certain market, resulting from differences in distance from market, fertility of soil, efficiency of the producers, etc. The price is the same for all wheat, and must be high enough to induce the continued production of the highest-cost portion of the required supply, but as the supply is increased from low-cost sources, production on the margin of the supply is no

*Republished from the July circular of The National City Bank of New York.

longer required, the price falls, and the high-cost producer is eliminated.

The same thing occurs in all lines. There is a range of costs, depending on the location of the producer, the character of his equipment, efficiency of management, etc. One producer may be up-to-date in methods and equipment, perhaps the last in the field, or he may have turned earnings back into improvements, while another has chosen to distribute earnings in dividends with the result that the former has lower operating costs than the latter and correspondingly higher profits when they sell at the same price. That is his reward for being progressive and constitutes the inducement to progress. The constant tendency in industry is toward improvement, lower costs, and the elimination of the high-cost producers. The leaders make the best profits, but all improvements soon become common property, and new leaders are always making the pace.

In a time like this every possible source of supply is brought into use. In the iron business, scores of old, abandoned furnaces and mills have been refitted at much expense and put into operation upon a basis of costs which would have been prohibitory at any other time in the last thirty years, and when the war is over they will be abandoned again. For the time being, however, they are needed, and prices must be high enough to allow them to work.

The same is true in other lines. There are great differences in the costs of mining coal, and corresponding differences in profits. As a general rule in the manufacturing industries the fact that a producer enjoys unusual profits is proof, not that he is extortionate in his selling policies, but that he is a leader in low-cost production, and therefore rendering a greater public service than a competitor whose profits are less.

If it is true that our industries are far below their possible output, and that not only industrial but living conditions may be revolutionized by bringing the average up to the level of the best, the public cannot afford to discriminate against efficiency, in its plans for taxation or regulation. Allowance, indeed, must be made for war conditions and necessities; taxation cannot be scrutinized as critically in all its bearings as in time of peace; it is true that in time of great national peril the government must look for money where money is, and that war-time profits are not to be judged on just the same basis as peace-time profits. But it is well to keep an understanding of sound principles even when they must be compromised, and this is particularly true in view of the certainty that the same kind of taxes will be advocated for permanent adoption. A graded scale of taxation, increasing with the percentage of profit in industry, is unsound in principle, because it puts a handicap instead of a premium upon leadership, and penalizes the very methods which the public is interested in having adopted. It is neither just nor according to sound public policy to deny to the efficient producer the difference between his costs and those of the less economical producers in the same line, but a temporary system of even graduated taxation upon profits is preferable for its simplicity to a complicated system of government price-fixing.

High prices are never welcome to those who have to pay them, but it is a great mistake to consider only their immediate and uncomfortable effects, without regard to the conditions which caused them or the part which high prices play in correcting those conditions. High prices are a sign of scarcity, the only real remedy for scarcity is increased production, and no other agency is so directly effective in stimulating production as high prices. They not only create an inducement but they supply the means of enlarging the productive operations.

Efforts to increase production now, in every line, must be

ENCYCLOPEDIA AMERICANA CORPORATION

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P2

27 WILLIAM STREET

NEW YORK CITY



EDITORIAL
DEPARTMENT

FILING DEPT.

AUG 20 1917 October 13, 1916.

Pierre Jay, Esq.,
Federal Reserve Bank,
New York City.

FEDERAL RESERVE BANK

Dear Sir:

I understood from Mr. Youngman, who has charge of the Banking section in the Americana, that you had already agreed to prepare an article on the Federal Reserve System, and I have been looking for the manuscript for some time. However, as we were in no immediate hurry, I did not wish to press you as to time. I am very glad indeed to know that you will prepare this article - about 3000 words, and if we receive it any time during November it will be in good season.

Thanking you for your co-operation, I remain,

Very truly yours,

George G. Rines
Managing Editor.

GER/N

FILING DEPT.
MAY 11 1916
FEDERAL RESERVE BANK

740
ms

May 10th, 1916.

Dear Sir:

Replying to the request contained in your favor of the 9th inst., addressed to Mr. Strong regarding your report of the New Jersey Bankers Convention, I beg to advise that though Mr. Strong did consent to address the Convention, he has since found that he will be unable to do so and Mr. Pierre Jay, Federal Reserve Agent of the bank is taking his place at the meeting in Atlantic City.

Very truly yours,

Secretary to Mr. Strong.

C. A. Luhnnow, Esq.,
Publisher, "Trust Companies",
55 Liberty Street, New York City.

VCM

740
M/S

May 10th, 1916.

Dear Sirs:

Replying to the request contained in your favor of the 8th inst., addressed to Mr. Strong regarding your report of the New Jersey Bankers Convention, I beg to advise that though Mr. Strong did consent to address the Convention, he has since found that he will be unable to do so and Mr. Pierre Jay, Federal Reserve Agent of the bank is taking his place at the meeting in Atlantic City.

Very truly yours,

Secretary to Mr. Strong.

Steurer Publishing Company,
5 Beekman Street,
New York City.

VCM

740

May 10th, 1916.

Dear Sirs:

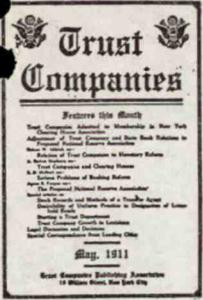
Replying to the request contained in your favor of the 8th inst., addressed to Mr. Strong regarding your report of the New Jersey Bankers Convention, I beg to advise that though Mr. Strong did consent to address the Convention, he has since found that he will be unable to do so and Mr. Pierre Jay, Federal Reserve Agent of the bank is taking his place at the meeting in Atlantic City.

Very truly yours,

Secretary to Mr. Strong.

J. R. Adams, Esq.,
"The Financier,"
128 Broadway,
New York City.

VCM



Trust Companies

A Monthly Magazine Devoted to Trust Companies, Banking and Financial Interests of the United States

C. A. LUHNOW, PUBLISHER

55 xxx One Liberty Street, New York City

May 9, 1916.

FILING DEPT.
MAY 11 1916
FEDERAL RESERVE BANK

Mr. Benjamin Strong, Jr., Governor,
Federal Reserve Bank,
New York City.

B.A. Jr.
MAY 10 1916

Dear Sir:

Can you possibly favor TRUST COMPANIES Magazine with an advance copy of your address to be delivered before the New Jersey Bankers Association? We plan to have a report of the convention in the May number of TRUST COMPANIES which will be ready for distribution about May 18th. The forms, however, close about May 12th and we shall appreciate if you can oblige us with a copy of your address prior to that date with the understanding that it will not be released until after delivery.

Very truly yours,

C. A. Luhnnow

Publisher.

THE FINANCIER

740

AMERICAN EXCHANGE NATIONAL BANK BUILDING
128 BROADWAY

THE LEADING
BANKING PUBLICATION
OF AMERICA.

NEW YORK

May 8th, 1916

FILING DEPT.
MAY 11 1916
FEDERAL RESERVE BANK

R.A. Fr.
MAY 10 1916

Hon. Benjamin Strong, Jr., Governor,
Federal Reserve Bank,
New York.

Dear Sir:

We would be pleased to have copy of the address
you are to deliver before the New Jersey Bankers' Convention
on May 12th, at Atlantic City.

Thanking you in advance for your courtesy, we remain,

Respectfully yours,

J. R. Adams.
Editor.

STEURER PUBLISHING COMPANY

The American Banker
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\$7.00 a Month

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MAILING DEPT.
MAY 11 1916
FEDERAL RESERVE BANK

New York City, May 8th, 1916.

Mr. Benjamin Strong, Jr., Governor,
Federal Reserve Board,
New York City.

B.A. Jr.
MAY 10 1916

Dear Sir:-

It is our intention to present as complete a report as possible of the proceedings of the convention of the New Jersey Bankers' Association.

We note that you are to deliver an address before this convention, and would greatly appreciate your sending us a copy for publication.

Very truly yours,
STEURER PUBLISHING CO.,

Per *[Signature]*.....

P. S. If you have a recent photograph, we would also thank you to send it for reproduction.

540
BS

April 28th, 1916.

Dear Sir:

Mr. Strong wishes me to thank you in his behalf for your kind letter of the 26th inst., and say that the accumulation of work during his absence in Europe make it absolutely impossible for him to undertake such an article as you desire for "Trust Companies."

Very truly yours,

Secretary to Mr. Strong.

C. A. Luhnnow, Esq.,
Publisher, "Trust Companies,"
1 Liberty Street, New York City.

VCM

740

ms

April 18th, 1916.

Dear Sir:

Mr. Strong was called out of the city almost immediately upon his return from Europe and has, therefore, asked me to express his regret that he is unable to give a favorable reply to your request of March 21st for a contribution to the Harvard Crimson. Just at present, however, the demands on his time make it impossible for him to send you such an article as much as he would like to do so.

Very truly yours,

Secretary to Mr. Strong.

Mr. Karl F. Jackson,
29 Dana Chambers,
Cambridge, Mass.

VCM

March 22nd, 1916.

Dear Sir:

In Mr. Strong's absence, I beg to acknowledge receipt of your favor of the 21st inst., requesting a contribution for publication in the Harvard Crimson.

When Mr. Strong returns, which will probably be about three weeks from now, his attention will be called to your letter and you will, no doubt, hear from him regarding the article.

Very truly yours,

Secretary to Mr. Strong.

Karl F. Jackson, Esq.,
29 Dana Chambers,
Cambridge, Mass.

EDITORIAL DEPARTMENT

THE HARVARD CRIMSON

CAMBRIDGE, MASS.

29 Dana Chambers,

Cambridge, Mass.

March 21, 1916.

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

R.A.H.
APR 18 1916

Dear Sir,

At the suggestion of Mr. J. P. Warburg, I am writing to ask if you would be willing to contribute an article for publication in the Crimson. There is running a series of articles on various kinds of business, a sample of which I am enclosing. The desired article would not be long, certainly not exceeding 1000 words. We would like a discussion of the possibilities of college men in banking and the qualifications most essential to greatest success in that field. The Crimson would greatly appreciate such an article from you, and I hope that you will find it possible.

Very truly yours,

Karl F. Jackson

740

FILING DEPT.

JAN 24 1916

FEDERAL RESERVE BANK

January 24th, 1916.

Dear Sir:

In reply to your letter of January 20th, I have to state that it would be impossible for us to publish the annual statement of this institution in any publication as a paid article.

Our annual report is now in process of preparation and if any of the material contained in it will be of any service to you, I shall be very glad indeed to furnish it as soon as it is ready for distribution.

Very truly yours,

Governor.

Walter F. Shea, Esq.,
Messrs. Doubleday, Page & Company,
11 West 32nd Street,
New York City.

VCM

740

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THE WORLDS WORK



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THE COUNTRY LIFE PRESS

COUNTRY LIFE IN AMERICA



THE GARDEN MAGAZINE

GARDEN CITY NEW YORK

New York Office, 11 West 32nd Street

January 20, 1916.

FILING DEPT.
JAN 24 1916
FEDERAL RESERVE BANK

12. A. H.
JAN 24 1916

Mr. B. Strong, Jr., Pres.
Federal Reserve National Bank,
New York City.

Dear Sir:-

Just about this time last year we took up with you the matter of publishing your annual statement in The World's Work. A number of the leading banking and insurance institutions have recognized the value of making their annual statement mean more than a mere mass of figures to the average reader and have supported this idea by placing their announcements in this publication.

The next issue of The World's Work will contain special editorial treatment emphasizing the importance and significance of the annual statement from the standpoint of the individual. We now offer you the opportunity of placing the resources and facilities of your company before many thousands of people, many of whom you can talk to with profit. Your statement will go hand in hand with not only this unusual editorial support, but will also be incorporated in the strongest financial department of any magazine in America, and you supplement in the strongest possible way your regular newspaper publicity.

The World's Work with its wonderful record of over twelve years of missionary work in the financial field is the one most logical magazine to serve you along these lines. It is the most influential magazine to-day among big business men as 79 per cent of its entire circulation is made up of business executives and professional men.

Will you be good enough to let us hear from you at your early convenience as to your thoughts on this subject? We would like very much to discuss this suggestion with you in person and will look forward with much interest to hearing from you shortly.

Yours very truly,

Manager Financial Advertising,
DOUBLEDAY, PAGE & COMPANY

WFS/CAC.

746

January 14th, 1916.

Dear Professor Kemmerer:

I shall certainly let you know about my return from Europe, which will probably be about the middle of March, and allowing sufficient time to clear up accumulated work, I probably could arrange to go to Princeton sometime early in April.

Sincerely yours,

Professor E. W. Kemmerer,
Princeton University,
Princeton, N. J.

BS Jr/VCM

PRINCETON UNIVERSITY
PRINCETON, N. J.

DEPARTMENT OF
ECONOMICS AND SOCIAL INSTITUTIONS

Jan. 13, 1916.

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

R.A.H.
JAN 14 1916

Dear Governor Strong:

I was sorry to learn from your letter of yesterday that you could not be with us February 11, but my regrets are largely removed by the fact that your lecture has only been postponed and not given up. Ordinarily the announcements of these lectures are given not earlier than ten days before the lecture. Accordingly if for any reason your plans to go abroad should happen to be changed before February first, the date of February 11th would probably still be available so far as we are concerned here. Otherwise, I am sure that we can find some Friday in March or April that will be satisfactory. Will you kindly let me know when you return from Europe?

Cordially yours,

E. A. Munn

740

January 12th, 1916.

Dear Professor Kemmerer:

Your letter of the 10th is received this morning and with very many regrets I am writing to tell you that my plan for sailing on February first apparently can be carried out unless something unforeseen arises and it will, therefore, be impossible for me to keep my engagement for the 11th of February.

Most of the discussion of the Federal Reserve System has been before the various groups of bankers in this and other states, and for some of us who are not accustomed to that sort of work, it has been rather difficult and trying, particularly with the country bankers who have not all been friendly. I have not enjoyed opportunities to attend meetings of the character that the conference at Princeton would be and am, therefore, very regretful that it must be postponed. You will observe that I said "postponed", because I am hoping that you will give me opportunity later to meet the class. I expect to be back by the middle of March.

Thanking you very warmly for your courtesy and with kindest regards, I beg to remain,

Very truly yours,

Prof. E. W. Kemmerer,
Princeton University,
Princeton, N. J.

BS Jr/VCM

740

ECONOMICS AND FINANCE

E. W. KEMMERER

PRINCETON, N. J., Jan, 10, 1916.

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

R.A. Jr.
JAN 12 1916

Dear Governor Strong:

Your letter of the 7th was received yesterday. The outline you give of your address appeals to me as excellent for our purposes. I am particularly glad that you are going to discuss the topic of how it has been possible to bring the twelve units together with the Reserve Board into an harmoniously working organization. In this connection I take it that you will tell us something about the work of the conferences of the governors and the conferences of the federal reserve agents-- important subjects which it is very difficult to learn much about from the printed literature bearing on the federal reserve system.

It is our endeavor to keep these talks entirely informal so that you need have no misgivings on the public speaking side of the matter.

Evening dress is not expected for the evening discussion. At the Graduate College dinner we all wear academic gowns, and they are furnished at the College.

We understand the possibility of your being compelled to postpone the date of the address because of the contingency of a European trip. Should it be necessary I hope that we can arrange a satisfactory date later in the year.

Mrs. Kemmerer and I regret that you cannot stay with us

the night you are in Princeton but recognize the prior claim of Mrs. Spaulding. If by any chance you could stay over until Saturday afternoon we would like very much to have you take luncheon with us and a few members of the economics department. Saturday noon.

Cordially yours,

E. V. Kummer

January 7th, 1916.

Dear Professor Kemmerer:

Your favor of January 5th is just received and I am grateful to you for the further particulars you were good enough to give in regard to my engagement to address some of the graduate students on February 11th.

It is most kind of you and Mrs. Kemmerer to ask me to stay with you, but I have a long outstanding promise to take the first opportunity to spend the night with my cousin, Professor Spaulding's wife, and fear that this will be my only chance for doing so in the near future.

I hope the students realize that the officers of the reserve banks were selected for their duties with regard to what was supposed to be their qualifications as bankers and not as public speakers. I have generally endeavored to escape the preparation of careful addresses by making them exceedingly informal, which I hope will meet with your views of what is required of me in this case.

So far as I have thought of the matter, I have the following in mind:

1st. To say very little in regard to the theory of the Federal Reserve Act and practically nothing with regard to the history of American banking and currency. If the class has studied

Jan. 7, 1916.

To Prof. E. W. Kemmerer.

the Act itself and the causes which led to its adoption and is familiar with Professor Dunbar's "Theory and History of Banking" and Mr. Horace White's "Money and Banking," there is little that I could say that would be any contribution to their course on these two general subjects.

2nd. I had expected to point out the complexities of our present system which affect the development of the reserve system and render the work of inauguration, so to speak, rather difficult and one which is likely to occupy a period of many years; for that purpose, contrasting conditions to be dealt with in this country with those which existed in Germany and Japan in the early '70s and '80s, when those two countries respectively effected a consolidation of their banking system and their currency.

3rd. Then I thought of briefly sketching the preliminary work of organization, showing how it had been possible to bring the twelve units together with the Reserve Board into a harmonious working organization.

4th. To give a little description of the way the different functions of the banks have been taken up in practical operation, which would include reference to

- Deposits of member banks,
- Open market operations, i. e., purchases of bills and warrants,
- Government bond purchases,
- Foreign exchange, (why it has not so far been developed),
- The Gold Settlement Fund.
- Note issue.

Jan. 7, 1916.

To Prof. E. W. Kemmerer.

5th. I had expected to conclude what I had to say by referring to the distinguishing feature between Lombard Street and Wall Street as public institutions, calling attention to the fact that Lombard Street, as the center of finance of the British nation and the clearing house for the world's commerce, was one of the most respected institutions in England or in the world, whereas, Wall Street, occupying a somewhat similar position in this country was, in the estimation of the country, held in little esteem, but this difference, so unfavorable to Wall Street by contrast, was due, not to the fact that Wall Street was in the hands of dishonest men, but that the country's banking system had led to conditions which periodically arose that could not do otherwise than create distrust of Wall Street and that one of the effects to be hoped for in the future was to eliminate those unsound features of the old system and re-establish Wall Street as an institution in the confidence of the people of the country.

This sounds like a pretty long talk as I dictate this letter and I would much appreciate suggestions from you as to what parts of it, if any, can be omitted and as to whether any other phase of the subject can be dealt with to better advantage.

I shall enjoy the evening discussion very much. May I ask if those who attend the evening discussion are in the habit of dressing for it?

I should, also, warn you, and I do so with regret that I have tentatively engaged passage on the Rotterdam for February 1st.

Jan. 7, 1916.

To Prof. E. W. Kemmerer.

I may not go, but will know definitely in the course of the next week. This, you will recall, I mentioned when you were here and should it be impossible for me to keep my engagement, I hope you will understand the reason and permit me at some future time to meet your class in economics and finance.

With kind regards and thanking you for your letter, I am,

Sincerely yours,

Prof. E. W. Kemmerer,
Princeton University,
Princeton, N. J.

BS Jr/VCM

ECONOMICS AND FINANCE

E. W. KEMMERER

PRINCETON, N. J., Jan. 5, 1916.

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

R.A.H.
JAN-7 1916

Dear Governor Strong:

In accordance with our conversation shortly before Christmas, I have set aside Friday February 11th as the date for your talk to our economic students here at Princeton on some subject connected with the Federal Reserve Bank. The address is scheduled for 4-30 in the afternoon, after which the faculty and graduate students of the department would wish to have you dine with them as their guest at the Graduate College. After dinner it is our practice to retire to the small conference room and have a conference--very informal--on the subject of the afternoon's address.

You can get a train for New York Saturday morning at almost any hour.

Mrs. Kemmerer and I extend to you a most cordial invitation to stay with us while you are here.

As to a possible subject for your talk about all I can say is that we want your "message", and would like to have you speak on some phase of the subject in which you are especially interested. The information of your audience concerning the Federal Reserve system will be rather uneven. Some of the faculty members and some of the graduate students who have been working especially in the field of banking will be well informed, while such seniors as attend, with the exception of

a few who have been doing special work on the subject, will be only moderately well informed concerning the System. They will have studied it only for a few weeks. The informal evening conference at which there are usually about twenty present has proven to be the most valuable part of these discussions, and in the selection of a subject for the afternoon's address I think the benefit of the doubt should be given to a subject that would submit itself well to "a round table discussion".

If you should happen to be considering several possible subjects, and would care to have my opinion as to which one would best suit our conditions here, I would be very glad to give you my judgement in the matter.

Again thanking you cordially for your kindness in offering to cooperate with us here at Princeton,

I am,

Sincerely yours,

E. A. Kemmerer

740

FILING DEPT.

NOV 30 1916

FEDERAL RESERVE BANK

November 29, 1916.

The Newark News,

Newark, N. J.

Dear Sirs:

I see by the Commercial and Financial Chronicle that you reported my talk at the meeting of the Essex County Bankers Association about a fortnight ago. As I have not seen a copy of what you printed, I should appreciate it very much if you would send me a copy of your paper containing a report of that meeting.

Yours very truly,

Chairman.

PJ/RAH



THE American Bankers Association

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FIVE NASSAU STREET

NEW YORK

June 3rd, 1915.

MAILING DEPT.

JUN 5 1915

FEDERAL RESERVE BANK

Miss V. C. McLaren,
 Secretary to Mr. Strong,
 Federal Reserve Bank,
 New York City.

My dear Miss McLaren:-

We appreciate your thoughtfulness in remembering to send us copies of Mr. Strong's most recent addresses. We have added them to the data regarding the New York Reserve Bank which we attempt to keep as complete as possible for future reference.

Very truly yours,

Marian R. Glenn

Librarian.

MRG/S

400

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QUESTIONS

TELEPHONE 2359 RECTOR

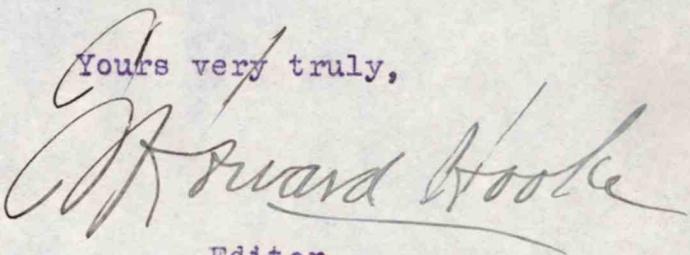
NEW YORK May 19, 1915

Benjamin Strong, Jr. Governor,
Federal Reserve Bank,
New York City.

Dear Mr. Strong:-

I am handing you herewith four galleyes of
your address which I will be very much pleased if you
will make such corrections as you feel are necessary, or
advisable and return same to me as early as your con-
venience will permit or sooner if your good nature
allows.

Yours very truly,



Editor.

New Jersey
Benjamin Strong
May 17-15



THE American Bankers Association

FIVE NASSAU STREET

NEW YORK

400

PRESIDENT
 Wm. A. LAW, First Vice-Pres. First National Bank, Philadelphia, Pa.
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MANAGER DEPARTMENT OF PUBLIC RELATIONS
 A. D. WELTON, Five Nassau Street, New York City

March 19th, 1915.

Miss V. C. MacLaren,
 Secretary to Mr. Benjamin Strong, Jr.,
 62 Cedar Street,
 New York City.

My dear Miss MacLaren:-

We are very glad to have the copies of Mr. Strong's addresses which you have been kind enough to send in response to our request, and, in order that our files may be complete, we shall appreciate your sending us future speeches by Mr. Strong so that we may eventually bind them all together for use in connection with our Federal Reserve collection.

Very truly yours,

Marian R. E. Egan

Librarian.

MRG/S

700

March 18th, 1915.

Dear Madam:

In accordance with our telephone conversation of the 17th, copies of addresses made by Mr. Strong at the Merchants Association of New York and Williams College, are enclosed herewith, and copies of future addresses made by Mr. Strong which are in a form available for filing purposes will be forwarded you. I have to advise that neither of the above have been published in pamphlet form.

Your desire to have copies of these speeches on file in the library of the American Bankers Association is much appreciated.

Very truly yours,

Secretary to Mr. Strong.

Miss M. P. Glenn, Librarian,
The American Bankers Association,
Five Nassau Street, New York City.

VCM

400

March 17th, 1915.

Dear Sir:

Replying to your favor of recent date regarding the addresses made by Mr. Benj. Strong, Jr., copies of these are being mailed you under separate cover and your name will be placed on the mailing list for future speeches. I have to advise that none of these have been published in pamphlet form.

Very truly yours,

Secretary to Mr. Strong.

M. P. Glenn, Esq., Librarian,
The American Bankers Association,
Five Nassau Street, New York City.

VCM

450



THE American Bankers Association

FIVE NASSAU STREET

NEW YORK

PRESIDENT
 Wm. A. LAW, First Vice-Pres. First National Bank, Philadelphia, Pa.

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MANAGER PROTECTIVE DEPARTMENT
 L. W. GAMMON, Five Nassau Street, New York City

MANAGER DEPARTMENT OF PUBLIC RELATIONS
 A. D. WELTON, Five Nassau Street, New York City

March 2nd, 1915.

Mr. Benjamin Strong, Jr., Governor,
 Federal Reserve Bank,
 27 Pine Street,
 New York City.

Rob. fr.
 MAR 18 1915
vllm.

Dear Sir:-

The brief newspaper and other accounts of your addresses on subjects related to the Federal Reserve System suggest that the addresses in complete form would be very desirable additions to the reference and loan files of the Library of the American Bankers Association. If it is possible for you to send us two copies of such addresses as may have been published in pamphlet form, and place us on your mailing list for future speeches, we should appreciate the courtesy.

Very truly yours,

W. G. Welton
 Librarian.

MRG/S

400

H. K. TWITCHELL
TWO-SEVENTY BROADWAY
NEW YORK

February 26, 1915

Governor Benjamin Strong, Jr.,
Federal Reserve Bank,
New York.

Dear Mr. Strong:

Your letter of the 24th is received, and I note that, while you do not feel warranted in accepting the invitation of the New York Credit Men's Association so far in advance, there is a possibility that a little later you will see your way clear to responding favorably to their invitation. I sincerely trust that you will be able to do so.

Thanking you for your letter, I am,

Yours very truly,



FILED
FEB 27 1915
FEDERAL RESERVE BANK

How
February 26th, 1915.

Dear Sir:

At Mr. Strong's direction, I am writing to thank you on his behalf for your very kind favor of the 25th, and to advise you that by the latter part of next or the first part of the week following, he hopes to be able to write you definitely regarding the Annual Spring Banquet of the New York Credit Men's Association.

Very truly yours,

Secretary to Mr. Strong.

A. H. Alexander, Esq.,
Secretary, N. Y. Credit Men's Ass'n.,
320 Broadway, New York City.

VCM

The New York Credit Men's Association

(AFFILIATED WITH NATIONAL ASSOCIATION OF CREDIT MEN)

320 BROADWAY



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ING DEPT.
FEB 27 1915
FEDERAL RESERVE BANK

New York, February 25, 1915.

Benjamin Strong, Jr., Governor,
Federal Reserve Bank of New York,
New York City, N. Y.

B. A. Alexander
FEB 26 1915

My dear Sir:

Replying to your letter of the 23rd instant, our Business Meetings Committee, which has in charge the arrangements for the Annual Spring Banquet to be held at the Hotel Astor on April 22nd, instructs me to advise you that we fully appreciate that the many duties which demand your attention make it impracticable for you to give definite decision at this time, respecting the invitation extended to you to address our members on the occasion named.

In view of the fact, however, that this meeting will be a most important one and that we are desirous of completing arrangements as early as possible, the committee, while pleased to defer until a later date receipt of definite reply, expresses the hope that you may reach a decision sufficiently in advance of the day of the meeting to enable us to facilitate our arrangements in connection therewith.

Yours very truly,

Secretary.

400

FILING DEPT.
FEB 25 1915
FEDERAL RESERVE BANK

February 23, 1915.

Mr. Garrard Comly, Vice-President,
The Citizens Central National Bank,
320 Broadway, New York City, N. Y.

Dear Sir:

I am sorry not to be able to send an immediate answer to the invitation extended to me by the New York Credit Men's Association to make an address at their annual spring banquet to be held on April 22nd. I have asked the Secretary to let me know at what date an answer would be necessary in order not to inconvenience them in making plans, and if it is possible for me to accept, I shall certainly do so with great pleasure.

Very truly yours,

Governor.

BS, Jr/JM-8

February 23, 1915.

Mr. A. H. Alexander, Secretary,
The New York Credit Men's Association,
320 Broadway, New York City, N.Y.

Dear Sir:

Your favor of the 19th instant is received, and were it possible, I would send an acceptance at once to the kind invitation you have extended to me to address the association at the time of its annual banquet on April 22nd next.

It will be impossible to arrange so far in advance to make this engagement, and I am writing to inquire whether you can make a later date when my answer can be sent without inconvenience to you.

Thanking you, I beg to remain,

Very truly yours,

Governor.

BS, Jr/JM-7

The New York Credit Men's Association

(AFFILIATED WITH NATIONAL ASSOCIATION OF CREDIT MEN)

320 BROADWAY



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A. Steinhardt & Bro.

First Vice-President
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OWEN SHEPHERD
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Secretary
ARTHUR H. ALEXANDER
320 Broadway

Counsel
Julian A. Gregory
115 Broadway

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R. A. Fr.
FEB 28 1915
New York, February 19, 1915.

Benjamin Strong, Jr.,
Governor Federal Reserve Bank,
New York City.

Dear Sir:

By direction of Mr. W. F. H. Koelsch, Chairman of the Business Meetings Committee of this Association, I write to confirm the verbal invitation extended to you by our President, Edward D. Flannery, to be a guest of our Association and address our members on the occasion of our Annual Spring Banquet at the Hotel Astor on April 22, 1915.

Our committee expresses the sincere hope that you will give the matter your earnest and careful consideration, and that we may be favored with your acceptance.

Yours very truly,

A. H. Alexander
Secretary.

Wm. McFarlan

The Citizens Central National Bank

OF NEW YORK

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Francis M. Bacon, Jr.
VICE PRESIDENT
Garrard Comly
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CASHIER
Jesse M. Smith
ASST. CASHIER
James McAllister
ASST. CASHIER
William M. Haines
ASST. CASHIER

New York February 19, 1915.

Hon. Benjamin Strong, Jr., Governor,
The Federal Reserve Bank of New York,
62 Cedar Street, City.

Dear Sir:

Mr. E. D. Flannery, President of the New York Credit Men's Association, has told us of his personal call upon you today and the desire of the Association to have you address its members on the evening of April 22nd. In this connection the writer trusts you will permit him to tell you how very much interested this bank is in the Credit Men's Association, and as the merchants as well as the bank men who compose its membership are particularly anxious to keep in touch with the progress of the Federal Reserve Banks, we hope you may find it possible to accept the invitation of the Association for the date mentioned.

Very truly yours,

Garrard Comly
Vice President.