

HOTELS ST JAMES 211, RUE ST HONORE

& D'ALBANY 202, RUE DE RIVOLI

TÉLÉPHONE: CENTRAL 38-97

TÉLÉGRAMMES: HOTEL ST JAMES-PARIS

ACKNOWLEDGED

AUG 29 1921

PARIS

B. S.

Dear Ben

I've written Harding a letter today & asked him to show it to you? I want to add that I talked with Parmentier yesterday about Austria in a fairly off-hand way & gathered that he would not object to a large amount of neutral control of the new bank there

at all that France wasn't keen to control it. Possibly Avenol, whom N. finds so irreducible on this pt. goes beyond his authority?

P. said that there <sup>had been</sup> ~~was~~ some talk with the English yesterday abt. Avenol's going to Wash. but as he represents League of N. he wd be pers. non grata. It wd be best for Austria to go herself & plead her cause

I'm awfully sorry to be  
away during the investigation.  
It must have come on  
like a thief in the night  
— no news of it when I  
left.

If you haven't already  
written me abt. staying  
over a fortnight or so,  
will you be good enough  
to cable me, if possible, by  
Aug 27 or 28 as I should  
make plans for Sept. & if  
there is the slightest  
objection to it, I'll probably  
leave the family & spend  
the last week (Sept 12-21) in  
London, if Hornum is to be  
there. Please say in yr  
cable when he sailed from  
N.Y. Cable me at  
Morgan Guaranty & they  
will repeat. My best  
to you & all in the bank  
Yours  
R.F.

# CABLEGRAM 2012



## "VIA COMMERCIAL"

RECEIVED AT  
**20 BROAD STREET,**..... M. SUBJECT TO TERMS AND CONDITIONS ON BACK HEREOF, WHICH ARE RATIFIED AND AGREED TO  
 TELEPHONE: **RECTOR 380**

23 1921

BN RKI 644

GENOA 33

STRONG FEDERAL RESERVE BANK NY  
 NEWSPAPERS HERE REPORT TREASURY CONSIDERING CALLING EXCHANGE  
 STABILIZATION CONFERENCE STOP IF REPORT CORRECT DESIRE  
 WRITE OR CABLE YOU REASONS AGAINST SUCH CONFERENCE PLEASE  
 CABLE GRAND HOTEL VENICE

JAY

No inquiry respecting this message can be attended to without the production of this paper. Repetitions of doubtful words should be obtained through the Company's offices, and not by applying directly to the sender.

# THE COMMERCIAL CABLE COMPANY.

## AMERICAN OFFICES

NEW YORK	TELEPHONE
Commercial Cable Building, 20 Broad St. (Principal Office, Always Open)	Rector 380
Stock Exchange	Rector 380
Cotton Exchange	Rector 380
2 Beaver Street (Produce Exchange)	Broad 427
Postal Telegraph Building	Barclay 6700
83 Gold Street, cor. Spruce	Beekman 4416
442 Broome Street	Spring 1108
944 Broadway	Gramercy 2891 and 2892
4 West 37th Street	Greeley 3025
BOSTON	
100 State Street	
155 Federal Street	Main 180
HALIFAX, N. S.	
108 Granville Street	St. Paul 345

## EUROPEAN OFFICES

LONDON, (Principal Office, Always Open), 63-64 Gracechurch Street, E. C.  
 LIVERPOOL, F 7 Exchange Building and Cotton Exchange.  
 MANCHESTER, 18 Moulst Street, Cross Street (Opposite Royal Exchange).  
 BRADFORD, 8 Forster Square.  
 NEWCASTLE-ON-TYNE, 29 Sandhill.  
 BRISTOL, Backhall Chambers, Baldwin Street.  
 GLASGOW, 105 Hope Street.  
 EDINBURGH, 18c George Street.  
 DUNDEE, 50 Bell Street.  
 PARIS, 49 Avenue de l'Opera (New York Herald Office).  
 HAVRE, 112 Boulevard de Strasbourg.  
 HORTA, FAYAL, Azores Islands.

CABLEGRAMS FOR TRANSMISSION BY COMMERCIAL, COMMERCIAL PACIFIC, HALIFAX & BERMUDAS, DIRECT WEST INDIA AND COMMERCIAL OF CUBA CABLES ARE ACCEPTED AT ALL POSTAL TELEGRAPH AND CANADIAN PACIFIC RAILWAY TELEGRAPH OFFICES.

## TERMS AND CONDITIONS.

THE COMMERCIAL CABLE COMPANY may decline to forward any message, though it has been accepted for transmission, but in case of so doing, shall refund to the sender the amount paid for its transmission.

THIS COMPANY WILL NOT ASSUME ANY RESPONSIBILITY IN RESPECT TO ANY MESSAGE BEYOND THE TERMINUS OF ITS OWN LINES.

To guard against mistakes or delays, the sender of a message should WRITE IT LEGIBLY and order it REPEATED; that is, telegraphed back to the sending station for comparison. For such repeating an additional charge of one-quarter the regular rate will be made.

It is agreed between the sender of the message on the face hereof, and this Company, that said Company shall not be liable for mistakes or delays in transmission or delivery, or for non-delivery, or mis-delivery, of any un-repeated message beyond the amount of that portion of the charge which may or shall accrue to this Company out of the amount received from the sender for this, and the other companies, by whose lines such message may pass to reach its destination; and that this Company shall not be liable for mistakes in the transmission or delivery, or for non-delivery, or mis-delivery of any repeated message beyond fifty times the extra sum received by this company from the sender for repeating such message over its own lines.

This Company is hereby made the agent of the sender without liability to forward any message by the lines of any other company to reach its destination.

This Company shall not be responsible for messages until they are presented and accepted at one of its transmitting offices; if a message be sent to such office by one of the Company's messengers, the messenger acts for that purpose as the agent of the sender; if by telephone, the person receiving the message acts therein as the agent of the sender, and is authorized to assent to these conditions on behalf of the sender.

This Company shall not be liable in any case where the claim is not presented in writing within sixty days after the filing of the message.

It is agreed that prompt and correct transmission and delivery of this message shall be presumed in any action for recovery of the tolls therefor, subject, however, to rebuttal by competent evidence.

This Company shall not be liable in any case for delays arising from interruptions to the working of its lines, nor for errors in cipher or obscure messages.

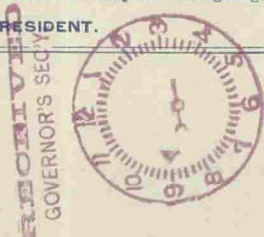
In any event this Company shall not be held liable for any loss or damage, or for delay or detention, or errors caused by storms or the action of the elements, or other acts of God, or by civil or military authority, or by insurrections, riots, rebellions, or dangers incident to the time of war, or by the unlawful acts of individuals.

This is an UNREPEATED message and is transmitted and delivered by request of the sender under the conditions named above.

No employe of this Company is authorized to vary the foregoing.

CLARENCE H. MACKAY, PRESIDENT.

GEO. G. WARD, VICE-PRES'T AND GEN'L MANAGER.



AUG 24 1921

# RADIOGRAM

WORLD WIDE WIRELESS



CONTINENT  
TO  
CONTINENT



SHORE  
TO  
SHIP



SHIP  
TO  
SHIP



"VIA RCA"

RADIO CORPORATION OF AMERICA

EDWARD J. NALLY, PRESIDENT

"VIARCA"

FORM No. 112

RECEIVED AT <sup>360 MNLY</sup> 64 BROAD STREET, NEW YORK, AT <sup>119a</sup> M. DATE <sup>723</sup> AUG 24 1921

PARIS 42

STRONG FEDERAL RESERVE BANK NEWYORK.

THANKS FOR MESSAGE FAMILY SAIL SEPTEMBER 21 STOP IF COMMITTEES SUGGESTION

IS AGREEABLE TO HARDING WILL PROBABLY REMAIN ABROAD FROM TWO TO FOUR  
WEEKS THEREAFTER STOP IN CABLING ANSWER PLEASE ALSO GIVE APPROXIMATE  
DATE AGENTS CONFERENCE

JAY

S. S. George Washington is due to arrive on Saturday,  
August 27, 10:00 A.M., Pier (1), Hoboken.

(Telephoned over private wire  
from New York.)

The following cable from Mr. Jay, from London, was telephoned over by Mr. Shepard Morgan this morning:

*Sept 22, 1921*

#79 STRICTLY CONFIDENTIAL FOR GOVERNOR:

Austrian situation has become progressively more acute since I was in Vienna September 4 to September 8. Currency on August 31, 58,000,600,000 kronen against 20,000,000,000 a year ago. \$1.00 on August 31 purchased 1,080 kronen against 240 a year ago. Since May, however, exchange has fallen much faster than currency volume has risen, indicating decrease of confidence in paper currency. The returns of Austrian Finance Ministers from Paris and London without securing aid last week was followed by sensational further drop in kronen exchange. Discouragement in Austria now intense. The longer assistance or the hope of assistance ~~is~~ is withheld, the greater will be:

First: The difficulty of organizing assistance and amounts required.

Second: The crisis when prices fall

Third: The period of depression affecting our direct and indirect trade with Austria.

Norman is cabling you, but I want to express my views also

JAY

*Personal*  
GOVERNOR STRONG'S  
PERSONAL FILE

27th September, 1921.

Dear Ben,

I was ever so much obliged for your letter, written while Norman was still in the United States and dealing very largely with Austrian matters, which reached me at Geneva September 10th. I didn't write you from there because I thought I might have more to write after reaching London. On arriving here and discussing the situation and reading the exchange cablegrams everything appears to hang so heavily on action by our Government that there is not very much to say from this side.

In Vienna the attitude of the Bankers and others was primarily one of discouragement at the constant postponement of help; also of being a little bored at being asked so frequently to tell their story. Perhaps this was due to my following so closely on the heels of Vanderlip, who was there the preceding week.

The reason why I wanted to go to Vienna, outside the general interest of seeing the place, was to find out just how the League of Nations plan was expected to work. On arrival there I received a copy of the printed plan which I had not seen before and which told me much of what I wanted to know.

The

The Bankers I saw generally favoured the plan, *but one*

*(E) question* whether the Government would have the courage to effect the economies the plan contemplated.

Personally, I feel that to balance the trade of the country greater efforts will be required in industry and agriculture than the population now composing Austria has ever before put forth. Both of these difficulties might be overcome under the leadership of a foreign controller, *if* the controller's personality were such as to enable him economically to assume leadership.

I am enclosing some figures given me by Mr. Rapp, Secretary of the Austro-Hungarian Bank. These figures show the amount of Krone outstanding at the end of each of the *last* ~~first~~ 14 or 15 months, as well as the amount of Krone for which one dollar would exchange. Since August 31st I have been informed that the Krone has been as low as 1600 for one dollar. If you put these figures on a chart you will see that the *last* ~~first~~ 3 or 4 months the decline in exchange has been outstripping the currency inflation, indicating decreased confidence in the Krone.

In Geneva I met Monet twice; once at dinner and once at a little conference which I had with him and Avenol and Nixon, the latter being Director of the Financial and Economic Section of the League. They were anxious to



post off an Austrian delegation promptly to the United States, but I prevailed upon them to hold off until I could learn what Norman had to say, being careful not to give them any inkling of what you had written me. I was in Paris September 17th to 19th, and saw D. Jaynes who showed me a copy of the cablegram Lamont had sent him, advising postponement of the Austrian visit. He had sent a copy of this at once to Monet. Shortly after arriving here on September 19th and meeting Norman, I wrote Monet along the same lines as Lamont's telegram. Since then one or two cables have been exchanged with you which are far from encouraging as regards the prospect of getting anything on the way. I am fully sensible of the last paragraph of your cablegram of to-day, in which you warn of the danger of stimulating false hopes. But if further investigation is the prerequisite to a development of a plan, it seems to me we are bound to run this risk, for such an investigation as has been discussed cannot fail to arouse hopes.

I am having a very interesting time here and I think a very worthwhile one, seeing a number to whom you gave me letters as well as others to whom Norman has introduced me. According to the cables from New York, the unemployment burden is becoming rather acute in the United States. Here it is sharing the stage with Ireland and the enclosed cutting from to-day's "Times", proposing to have the Government guarantee

credits

credits to set industry going, will I am sure have a familiar sound to you.

As to conditions here I don't feel in a position yet to say anything worth saying, except to reflect the feeling which I hear on all sides that the coal strike and its final settlement produced a profound impression on labour and has<sup>r</sup> opened the way for adjustments in other industries. But <sup>in</sup> most countries <sup>budgets</sup> seem to be getting less, rather than more, balanced, and in England the drain which the coal strike made on the Treasury seems likely to be aggravated by the demand for unemployment relief.

I had a very pleasant and illuminating lunch with your friend Masson in Paris. His troubles seem to be increased by the distressing illness of his Wife; but possibly this is an old matter which you know about.

<sup>at least</sup> I am in ~~the~~ hopes that you have been able to get a week off after your labours with the Congressional Committee in respect <sup>of</sup> which I decline to take the grain of salt you prescribe but rather to believe all that Harrison and Morgan have written. You are having a great life, but don't get weakened.

Vissering has been communicated with concerning a visit but no reply has come as yet. As I ~~abled~~ a few days ago, I am planning to leave here on the 7th or 8th of October and with any kind of luck should be in the Office on the 17th.

This

This isn't much of a letter but you have gone so much  
further into <sup>the</sup> Austrian situation than I have that I have not  
really very much to say. I am, however, having a first-rate  
time here and , as you know, Norman has taken me to stay  
with him which is very delightful.

With my kindest regards to all,

I am

Faithfully yours,

*Pump*

Governor Strong.

This isn't much of a letter but you have come so much  
further into my life than I have had I have hope  
really very much to say. I am, however, having a first-rate  
time here and, as you know, Horst has taken me to stay  
with him which is very delightful.  
With my kindest regards to all,

RECEIVED  
GOVERNOR'S SECY.



OCT 7 1921

AUSTRIA

<u>Date</u>	<u>Notes in circulation</u>	<u>Rate of exchange for Dollar-Notes in Vienna</u>
May 31, 1920	K.15.793,805.398	140
June 30, "	" 16.971,343.854	145
July 31, "	" 18.721,494.586	165
Aug. 31, "	" 20.050,280.965	240
Sept. 30, "	" 22.271,686.342	270
Oct. 31, "	" 25.120,385.270	405
Nov. 30, "	" 28.072,330.610	502
Dec. 31, "	" 30.645,658.090	654
Jan. 31, 1921	" 34.525,633.985	652
Feb. 28, "	" 38.352,647.599	720
Mar. 31, "	" 41.067,299.471	674
Apr. 30, "	" 45.036,722.777	659
May 31, "	" 45.583,193.912	602
June 30, "	" 49.685,139.857	718
July 31, "	" 54.107,281.148	949
Aug. 31, 1921	" 58.533,765.679	1079

READ AND NOTED,  
B. S.  
*Benjamin S.*

*500*  
[October, received Oct 13]  
4th September, 1921.

Dear Ben,

On returning from Amsterdam I find your bully letter of the 15th September and only wish I had received it before going as it has some suggestions that we might have developed over there. I won't attempt to answer it in any ~~way~~ <sup>retail</sup> as this is Tuesday afternoon and I am at present planning to sail on Friday and so haven't a great deal of time. I want to say, however, that I am thoroughly in sympathy with the three general points to which you refer on page 2 of your letter; also that I shall endeavour to find out all I can about the ~~general~~ <sup>German</sup> situation here in London.

As to our meeting with Vissering. We went over to Holland on Thursday night and spent all of Friday with him, as well as Saturday morning and Monday morning. The general suggestions of a closer relation between the Central Banks was very sympathetically received by him, he having already had in mind the desirability of having a general meeting of the Heads of the Central Banks. This however we told him we thought impracticable at the present time when the questions to be dealt with were so largely and primarily political. He was anxious to discuss with us some of his hobbies such as -

- (a) his plan of rationing credit and keeping his rate low;
- (b) the desirability of doing something to prevent the value of gold being governed by the fluctuations of the American dollar; and

(c) the

*his view*  
(c) ~~the fact~~ that they had not had inflation in Holland since the Armistice ~~and that~~ <sup>because</sup> since then the Notes of the Netherlands Bank had not increased in volume. We discovered however that he had during this period developed a Giro System which had the effect of economising greatly the use of Notes.

The net result of the conference was that, after giving us his views as to the composition of the Management of a number of the European Central Banks, he expressed himself as entirely ready to co-operate towards a better understanding between the Central Banks, such understanding to be brought about by private and informal visits in small groups such as the initial one I am describing. It was understood that some time during the next <sup>few</sup> weeks he would arrange to visit the Head of the Swiss National Bank to break the ice with him, such visit to be followed by another conference later, at which perhaps one or two of the others would be represented. Meanwhile the way is being prepared this week for a meeting between the Reichs Bank and the Bank of England, through an informal conference between two Directors of the respective institutions in Hamburg.

I have not time to write more at this moment and catch the Olympic mail, as I have two conferences this afternoon, one with Baron Schröder and the other with Mr. Bell, which will take the rest of the day.

On our return we found your two cablegrams about rates and Austria, to which you will doubtless receive replies before you get this letter.


I do not need to tell you that I shall be mighty glad to get back again and at work with you, but I have had a splendid

vacation

vacation and a most interesting time in London.

I am

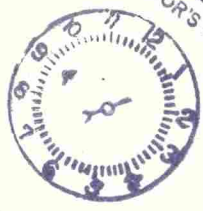
Faithfully yours

A handwritten signature in cursive script, appearing to read "Benjamin Franklin".

Governor Strong.



GOVERNOR'S SEC'Y



OCT 13 1921

November 15, 1921.

I assume that your question refers primarily to the confidential memorandum on reparations payments attached to Norman's letter. With regard to this the following thoughts occur to me:

- (1) I assume that it has been ascertained that the Reparations Commission to which the payments must be made is authorized to accept such securities in payment.
- (2) It is a most ingenious method of resurrecting dead assets.
- (3) It would not interfere with France getting coal and other payments in kind, which are likely for the next three or four years to absorb pretty much her entire share of the reparations payments.
- (4) It would in the long run prevent France from coming into possession of those current resources to which she is looking to balance her budget.
- (5) To the extent to which England is entitled to cash payments instead of payments in kind she would recover a considerable portion of the French and Italian Treasury bills which she had furnished to Germany.
- (6) If persisted in as a fixed policy it would make a farce of the reparations payments and, I should say, split the entente wide open and stir up in France an intense hatred of England.
- (7) But as a trump card to force France to a revision of the reparations programme it is A-1. I think, however, that frankness would require this matter to be discussed on its merits and the trump card kept at the background.

As to the attitude of our Administration upon this idea I, of course, have no thoughts, having not been in touch with the Administration on any of these subjects.

I am much interested in the relation of the visit, and I should like very much to see Norman's confidential cable No. 90.

As to the visit of the Germans remaining practically unknown, I think you probably saw reference to it several times in our papers here.

A handwritten signature in dark ink, appearing to be 'M. J.', located on the right side of the page.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE February 3, 1922TO Mr. Strong

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

FROM Mr. Jay

This chart is the basis of the view I expressed to you in Atlantic City, that we were extremely unlikely in the absence of another war to have a recurrence of the rise in prices which we experienced in 1917-20.

# WHOLESALE PRICES U.S. AND ENGLAND

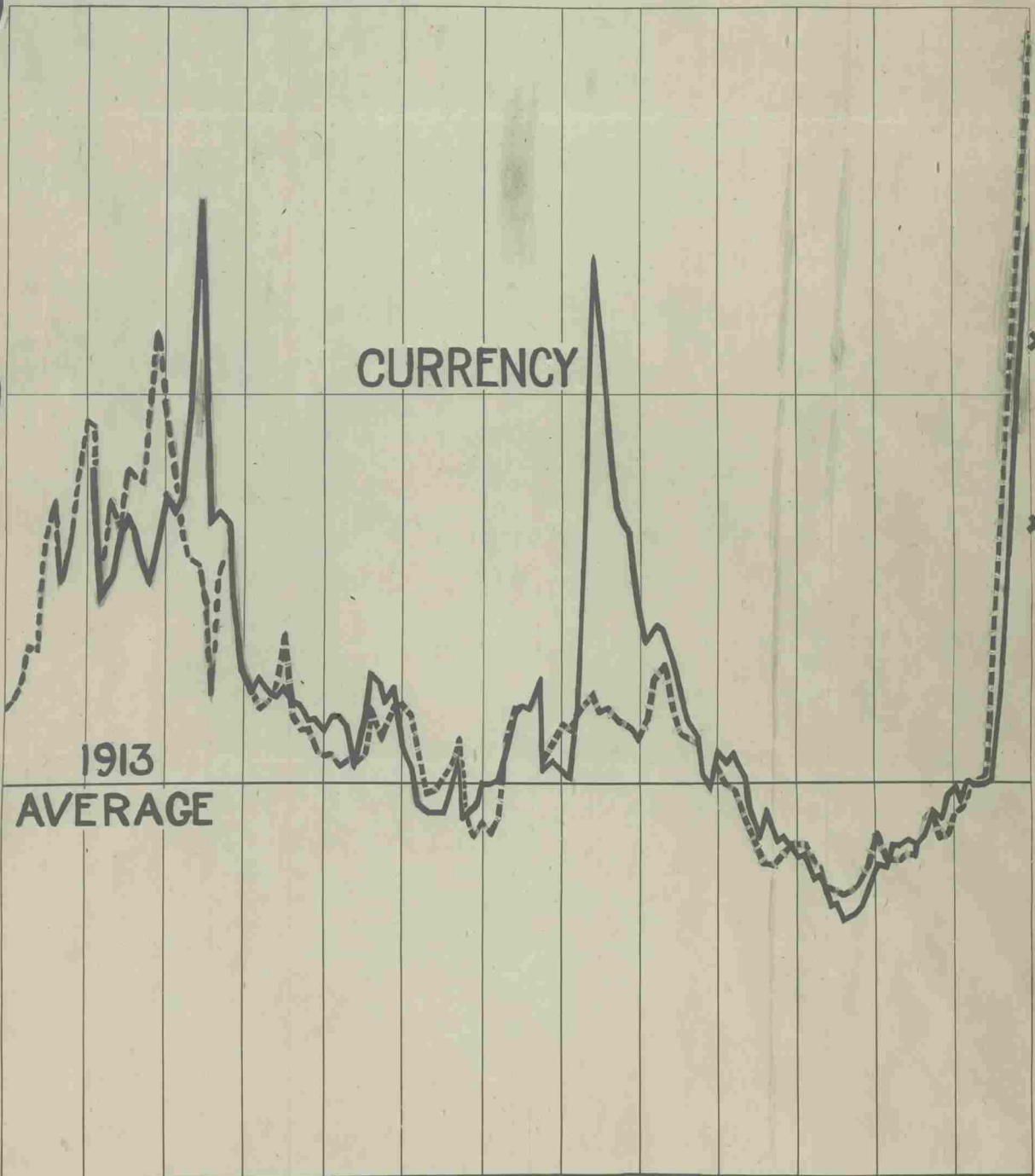
PER CENT.

300

200

100

0



1913

AVERAGE

CURRENCY

\* FEB.

\* FEB.

1800

1820

1840

1860

1880

1900

1920

FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE November 29, 1921.

TO Governor Strong

SUBJECT \_\_\_\_\_

FROM Mr. Jay

I am delighted to hear from both Miss Orlich and Ben that you got through the operation in good shape and are feeling fine. I hope to see you before long, and in the meantime wish you the best of luck. I stopped in this morning to see Miss Orlich and find out what the news was and had quite a chat with her. What an unusually nice person she is.

In Washington I was able to see both Wadsworth and Mellon. The latter took the attitude that the plan seemed to him workable but that he did not know why the views of the Administration should be requested, and that they would be unwilling to express any views about it because the fixed policy was to have nothing to do with reparations. Wadsworth said he would talk with someone in the State Department, although the Secretary said he did not see much use in doing so as he knew very well what their attitude was. I have not yet heard from Wadsworth but hope to before the end of the day, and then propose to cable Norman accordingly which, in fact, will merely confirm the surmise in this regard which you put in your letter now on its way across. *since we have not heard from Wadsworth*

With regard to Class C directors a committee has been appointed consisting of Platt, Mitchell and Crissinger to report to the Board in respect to all the twelve Class C directors whose terms expire this year. I saw Platt and Mitchell and they both are favorable to Milliken. I understand that Crissinger has some question about it because he is a director of the City Bank. I understand, also, that the Secretary rather favors Leffingwell.

I learned that Crissinger was disturbed about our practice of assisting bill houses from time to time and we have invited him to spend Thursday with us here looking over the bank and attending the annual luncheon and meeting of the

FEDERAL RESERVE BANK  
OF NEW YORK

ICE CORRESPONDENCE

DATE \_\_\_\_\_

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

FROM \_\_\_\_\_

-2-

Wills is going to be here Wednesday and Thursday and Harding is coming over on Thursday to talk with us about public relations work. I am very hopeful of our getting him interested in having the Federal reserve banks undertake this work. If so, there is no doubt that the work will go forward.

Mr. Beyer has just given me a mass of papers which you have sent down, which I have glanced over hastily and will try to attend to at the earliest possible moment, including trying to get off a cable to Norman this afternoon containing your suggestion regarding the reparations matter.

I am trying to have a letter prepared in answer to some of these things for submission to you in the course of a day or two.

With best of luck to you, and hoping to see you soon, I am,

Faithfully yours,



AFTER 5 DAYS, RETURN TO  
FEDERAL RESERVE BANK OF NEW YORK  
CORNER PINE AND NASSAU STREET  
NEW YORK CITY

File

Personal letter from

Pierre Tar.

---



FIFTEEN NASSAU STREET  
NEW YORK

July 18, 1922

Dear Governor Strong.

Some weeks ago I explained to you and Messrs Case and Harrison a rearrangement of some of my life insurance policies, involving the borrowing of a considerable sum of money, which I had been making since the first of this year. My purpose in telling you of it was to make sure that, in your opinions, the transaction would not contravene the rule we adopted a year ago against borrowing for speculative purposes. You agreed with me that the transaction was not in any way speculative but suggested that when the rearrangement had been completed I should make a memorandum

FIFTEEN NASSAU STREET  
NEW YORK

of it, which I have now done, and  
take pleasure in sending it to  
you, as follows:

1. The purpose of the re-  
arrangement was to cash in  
\$124,500 of life insurance, having  
cash values of about \$53,500; and  
by investing this <sup>latter</sup> sum at not less  
than 6% to provide an annual  
income sufficient to pay the  
premiums on not less than \$71,000  
of new insurance; thus leaving that  
part of my estate ~~now~~ <sup>then</sup> represented  
by this insurance at the same  
amount as before, viz., \$124,500,  
but freeing me from the pay-  
ment each year of about \$3,300  
of premiums.

2. As it actually worked  
out; The cash values were about \$53,500.  
The new insurance taken was 72,500.  
Total insurance estate \$126,000.  
The income on \$53,500 invested is \$3,475.  
The premiums on \$72,500 insurance are 3,100.  
Balance available against increased tax \$375.

FIFTEEN NASSAU STREET  
NEW YORK

3. Against the old policies I had loans on Jan. 1, 1922 of \$18,500, made approximately for the following purposes:

In 1910 to purchase securities	\$6,000
In 1921 to pay loan at bank made several years earlier	4,000
In 1921 for personal expenses	6,000
In 1920 & 1921 to pay insurance premiums	2,500
	<hr/>
	18,500

4. These loans I transferred to the N.Y. Life Insurance & Trust Co., a non-member bank, and also borrowed about \$12,000 additional to pay the first years premiums on the new insurance taken and to cover some \$8,500 of the cash values on old policies which I should not receive until the premium dates of various policies, extending from March to November, 1922. The aggregate amount thus borrowed was \$30,380, which is now reduced by the receipt of some of these cash values, and otherwise,

FIFTEEN NASSAU STREET  
NEW YORK

to \$21,000. It is my intention, which I hope may be realized, to pay off the loan entirely, over a series of years, out of the amount saved by this rearrangement, whereby I am relieved of paying about \$3,300 premiums each year.

Will you please consider this a personal and confidential communication?

Very truly yours

Piney -

FEDERAL RESERVE BANK  
OF NEW YORK

SENT BY  
Federal Reserve Bank, 15 Nassau St.

SEND TO FILES

COPY OF TELEGRAM/

x

July 27, 1922.

Benj Strong  
c/o Charles Smith  
Oneonta New York (Please deliver at Mr. Smith's home)

London cable requesting prompt answer arrived after you  
left Will telephone you between eight and eight thirty tomorrow  
morning

Jay

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
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.

ONEONTA, N. Y. 26 BROAD ST.

RECEIVED AT

87NY AC 25 6 EXTRA

Q NEW YORK NY 457P JULY 27 1922

BENJ STRONG

CARE CHARLES SMITH "PLEASE DELIVER AT MR SMITHS HOME" ONEONTA NY  
LONDON CABLE REQUESTING PROMPT ANSWER ARRIVED AFTER YOU LEFT WILL TELEPHONE  
YOU BETWEEN EIGHT AND EIGHT THIRTY TOMORROW MORNING

JAY

528P

FEDERAL RESERVE BANK  
OF NEW YORK

FILES DIV.

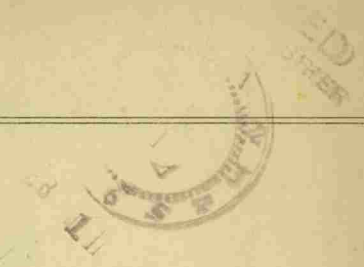
SENT BY

PJ/RAH

FEB COPY OF TELEGRAM

SEND TO FILES

FEDERAL RESERVE BANK  
OF NEW YORK



February 1, 1923.

~~Benjamin Strong~~  
Winterpark, Florida


Can you indicate address where letter written you tomorrow February second would reach you. Desire to write concerning matter you discussed fully at recent directors meeting and about which you wrote long letter to Miller.

Pierre Jay

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  
40KX D 35

Q NEWYORK NY 540P FEB 1 1923

BENJAMIN STRONG

WINTERPARK FLO

CAN YOU INDICATE ADDRESS WHERE LETTER WRITTEN YOU TOMORROW FEBRUARY  
SECOND WOULD REACH YOU DESIRE TO WRITE CONCERNING MATTER YOU DISCUSSED  
FULLY AT RECENT DIRECTORS MEETING AND ABOUT WHICH YOU WROTE LONG LETTER  
TO MILLER

PIERRE JAY

616P



FEDERAL RESERVE BANK  
OF NEW YORK

February 3, 1923.

Dear Mr. Strong:

When I telegraphed you on January 31 I wanted to inquire whether, in your opinion in view of the acceptance by the British of the debt terms, we should not postpone considering the subject you discussed with our directors just before you left until the attitude of Congress in regard to the British matter became crystallized. Later I asked Mr. Gilbert if he had any views on this subject and he said he felt quite strongly that unless it was considered necessary here to make some change it might have an unfortunate effect on the consideration of the British terms in Congress. I wanted to get your view on this matter, and we should still like to have it, although Mr. Case and I have reached the conclusion that, in view of Mr. Gilbert's feeling and in the absence of any pressing consideration just now, we should certainly not make any recommendation at the meeting next Wednesday, February 8.

I hope you are having a fine rest and that the extra days you are contemplating taking will finish up the job well. I am planning to go off with Mrs. Jay on the 17th to Bermuda for a couple of weeks unless you see some reason to the contrary.

Case, I believe, has telegraphed you about the salaries, the news of which was received with the greatest satisfaction here. Jefferson is going off to Bogota for six or eight months with Kemmerer, and we have given him a leave of absence for the necessary period.

As Mrs. Case is to be operated on this afternoon I am going over to Boston for the meeting of the bond committee on Monday, February 5, in his

place. I understand that Mitchell of the Board is probably going over.  
Wills is going in place of Fancher.

Hoping you are enjoying yourself thoroughly,

Faithfully yours,



Benjamin Strong, Esq.,  
Desota Hotel,  
Savannah, Georgia.

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

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# 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

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RECEIVED AT

45AZ KD 91

P BOSTON MASS 500P FEB 5 1923

BENJAMIN STRONG

BON AIR AUGUSTA GA

SORRY THROUGH MISUNDERSTANDING LETTER NOT MAILED TILL SUNDAY STOP I  
SIMPLY WANTED TO SAY THAT OWING TO STATE OF DEBT NEGOTIATIONS WE THOUGHT  
IT INOPPORTUNE TIME TO MAKE RECOMMENDATIONS TO OUR BOARD ALONG LINE YOU  
SUGGESTED AS IT MIGHT POSSIBLY ADD TO DIFFICULTIES OF SECURING RATIFICATION  
STOP HAVE JUST ATTENDED MEETING OF SECURITY COMMITTEE IN BOSTON IN PLACE  
OF CASE AND SUGGESTED THIS ASPECT AND FOUND ALL IN EMPHATIC AGREEMENT  
INCLUDING MITCHELL WILL WRITE YOU WEDNESDAY TO AUGUSTA AM NOW INCLINED TO  
THINK NOT NECESSARY FOR YOU TO STOP IN WASHINGTON

P JAY

750P

ONE BLOCK FROM BACK BAY STATIONS

CABLE ADDRESS "COPLAZA" BOSTON  
TELEPHONE BACK BAY 5600



EDWARD C. FOGG  
MANAGING DIRECTOR

THE  
COPLEY-PLAZA

DARTMOUTH STREET - TRINITY PLACE - COPLEY SQUARE

BOSTON MASSACHUSETTS

Feb 5 - 1923

Dear Ben

I didn't get your address till Saturday am. & then, being at home, dictated a letter to you over the telephone which I expected Miss H. to sign & mail. Just before leaving for Boston Sunday afternoon I opened my batchel & found this & several others, which I thought had gone, sent up for my signature.

Care telephoned your message to me over here, & I wired you at 'August

There is it really very  
much more to add. My  
original telegram  
came out of a conver-  
sation I had with  
Gilbert on Thursday  
in which I asked him  
whether he thought  
a change in our  
rate would in any  
way prejudice the  
ratification of the  
debt plan. He said  
he thought it might,  
& felt that unless  
we thought it neces-  
sary it would be  
wise to postpone a  
change - I wired you with  
the desire ~~to~~ to get your  
views when I could  
communicate this to

ONE BLOCK FROM BACK BAY STATIONS

CABLE ADDRESS "COPLAZA" BOSTON  
TELEPHONE BACK BAY 5600



EDWARD C. FOGG  
MANAGING DIRECTOR

# THE COPLEY-PLAZA

DARTMOUTH STREET - TRINITY PLACE - COPLEY SQUARE

BOSTON MASSACHUSETTS

You by letter. Care felt  
just as Gilbert did.  
The matter of a change  
in rates came up here  
today at the treasury  
security committee  
meeting, where Cleveland  
& Chick's kept saying  
our rates were too  
low. I discussed the  
situation generally &  
indicated the proposed  
reservation, not quoting  
Gilbert, & they all felt  
it was most desirable  
to wait. Harding &  
Mitchell thought

we should do nothing  
till Congress adjourns  
In view of this  
I hardly think it  
necessary for you to  
stop in Washington  
tho' you seldom fail  
to extract something  
advantageous from  
a visit there - I'm  
very sorry your house-  
ness hasn't gone yet,  
& urge you to stay  
away till it is O.K.  
My care was  
operated on Saturday  
P.M. very successfully  
for stone in the  
kidney & care couldn't  
very well go away  
so soon, so I came

ONE BLOCK FROM BACK BAY STATIONS

CABLE ADDRESS "COPLAZA" BOSTON  
TELEPHONE BACK BAY 5600



EDWARD C. FOGG  
MANAGING DIRECTOR

# THE COPLEY-PLAZA

DARTMOUTH STREET - TRINITY PLACE - COPLEY SQUARE

BOSTON MASSACHUSETTS

in his stead. Wills  
came for Fancher,  
& Morris gave out  
at the last mo-  
ment. We got thro'  
a recommendation  
that till the Gov's  
conference, as far  
as possible purchases  
should be arranged  
within the system  
& no further F.R.  
funds put in the  
mkt. There seemed  
likely to be a  
repetition of last.



year's flood of Febm-  
any orders from the  
interior banks. If  
there is to be any  
further  
net reduction it  
will have to be  
from the N.Y. bank,  
I guess -

I was mighty  
glad to hear you  
are feeling fit even  
if hoarse - I wrote  
you that Louie & I  
are planning to go  
to Bermuda for a  
fortnight on Feb. 17,  
& hope this won't inter-  
fere with your plans.  
The bank has some  
work for February -  
I forget where just  
now - with best regards  
P. T.

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

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# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
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RECEIVED AT

21 AZ Q 94

Q NEWYORK N Y 149PM FEB 7 1923

BENJ STRONG

HOTEL BON AIR AUGUSTA GA

GILBERT WRITES YOU HE WOULD LIKE TO SEE YOU IN WASHINGTON ON WAY  
NORTH TO DISCUSS TWO WAY EXCHANGE STABILIZATION IN FINAL DEBT AGREEMENT  
TWELFTH IS HOLIDAY HERE OUR BOARD LOOK NO ACTION THIS MORNING PLODGERITE  
TELGRAPHS REGARDING TWELVE MONTH AUSTRIAN BILLS SOON TO BE ISSUED  
AND ASKS YOU IF POSSIBLE TO LEND A HAND WITH PUBLICITY AND SUPPRORT  
SUGGESTS CONSULTING BANKING HOUSE HERE THIS HAS BEEN DONE BUT HOUSE  
CONSIDERS THAT UNDER PRESENT CIRCUMSTANCES AND IN VIEW OF LIMITED

GUARANTY NEWYORK BANKS COULD NOT BE INTERESTED SHALL WE MAKE ANY  
REPLY FOR YOU PIERRE JAY 222PM

FEDERAL RESERVE BANK  
OF NEW YORK

SENT BY

SEND TO FILES

COPY OF TELEGRAM

PJ/RAH

February 7, 1925.

Benj. Strong, Esq.,  
Hotel Bonair-Vanderbilt  
Augusta, Georgia

Gilbert writes you he would like to see you in Washington on way north to discuss two way exchange stabilization in final debt agreement. Twelfth is holiday here. Our board took no action this morning. Plodgrite telegraphs regarding twelve month Austrian bills soon to be issued and asks you if possible to lend a hand with publicity and support. Suggests consulting banking house here. This has been done but house considers that under present circumstances and in view of limited guaranty New York banks could not be interested. Shall we make any reply for you.

Pierre Jay

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# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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## RECEIVED AT

23AZ Q 54

NEWYORK N Y 1221PM FEB 8 1923

BENJ STRONG

HOTEL BONAIR VANDERBILT AUGUSTA GA.

TELEGRAM RECEIVED WE SEE NO PRESENT REASON FOR YOUR EARLY RETURN  
MRS JAY AND I ARE PLANNING A FORTNIGHTS TRIP TO BERMUDA BEGINNING  
SEVENTEENTH IF NOT IN CONFLICT WITH YOUR PLANS HARRISON PROGRESSING  
WELL BUT SLOWLY LIKELY TO BE IN HOSPITAL THREE OR FOUR WEEKS LONGER  
MRS CASE PROGRESSING ENTIRELY NORMALLY WIRING PLODGERITE TODAY

PIERRE JAY

102PM

FEDERAL RESERVE BANK  
OF NEW YORK

March 14, 1923.

Dear Governor Strong:

Mr. Case tells me that he showed you his memorandum regarding his ideas -

- (a) of indicating on the statement of the twelve Federal Reserve Banks that perhaps \$500,000,000 of gold might return to foreign countries, and
- (b) of presenting two reserve percentages, one on the present basis and the other with the \$500,000,000 of gold subtracted. At the present time the two percentages would be 77% and 65% respectively.

You will note that he has changed his suggestion from \$1,000,000,000 to \$500,000,000. This suggestion was discussed at our directors' meeting last week, March 7, at which Mr. Miller was present, and Mr. Miller has written Mr. Case asking for a copy of his draft in order that it may be considered by the Board. Mr. Case tells me that he lunched today with Mr. Alexander, Mr. Chandler and Mr. Catchings, all of whom felt favorable to his plan. On the other hand, Mr. Warburg and Mr. Miller are favorable to a plan of putting 100 per cent. gold behind the Federal Reserve notes. *latter would* This will leave us a reserve on deposits at the present time of about 49 per cent.

The following objections to Mr. Case's plan have occurred to me.

Very likely there are others.

1. The figure of \$500,000,000 is arbitrary and is not susceptible of being even closely estimated.
2. The law does not contemplate the setting aside, even by implication, of any such reserve.
3. If \$500,000,000 more gold were imported and the reserve figure went back to 77%, would people be justified in considering 77% the normal basis, or would we set aside the new gold that came in?

4. 65%, the adjusted percentage, would not normally justify a higher rate than 4 1/2%.

Nevertheless, I am impressed with the value of using the Federal Reserve statement each week as the place to educate people to the idea that gold will go out and that the reserve percentage is not to be considered as the index of credit conditions. If this idea, which we are all keen to have spread, is expressed only through speeches, pamphlets, etc.,

1. Many people will not see it,
2. Most people who do see it will forget it.

But, on the other hand, if some statement can be devised which can be published at the foot of the Federal Reserve statement each week as an integral part of the statement, then everyone who reads the statement and looks at its figures will get this caveat. That is the best rostrum in the world from which to proclaim it.

I have an alternate suggestion, prepared yesterday and therefore not very well matured, which is embodied on the enclosed Federal Reserve statement, marked "Jay plan." There is also enclosed an Federal Reserve statement marked "Case plan."

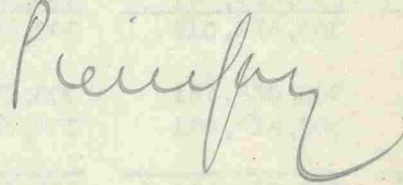
These two suggestions of Case and myself were discussed by our directors yesterday morning, and there was some feeling that it would be well if our directors at our meeting on March 21 should recommend one or the other, or a combination of the two, to the Federal Reserve Board for their consideration. I should like very much to get your view as to the desirability or practicability of either or both of them; in order that, when we discuss the matter at our meeting next week, I may have your view to present. Of course, this is provided you feel up to giving any attention to such matters. My suggestion would be that if you feel like replying at all you will send me a good long night letter which I think you could do without anybody's knowing what you are talking about.

I suggest that if you do this you refer to Mr. Case's plan as primus and to mine as secundus.

We were mighty glad to learn of your safe arrival through your telegram to Case. Mr. Woolley also had a telegram from his friend out there which not only spoke of your safe arrival but of how favorable a case yours seemed to be. I also want to acknowledge your letter from Chicago, and at your request will endeavor some time to ponder deeply over the question you raise, though I don't think I can do it with any openness of mind. The experience of the past has only confirmed the conviction I have had on every other one of your leaves, that the only course to pursue was to get you back on the job as soon as possible.

With best regards,

Faithfully yours,



Benjamin Strong, Esq.,  
Care Cragmore Sanatorium,  
Colorado Springs, Col.

NOT TO BE PUBLISHED UNTIL FRIDAY MORNING PAPERS, MARCH 2, 1923

COMPARATIVE STATEMENT OF CONDITION  
TWELVE FEDERAL RESERVE BANKS COMBINED  
AT THE CLOSE OF BUSINESS

	<u>FEB. 28, 1923</u>	<u>FEB. 21, 1923</u>	<u>MARCH 1, 1922</u>
<u>R E S O U R C E S</u>			
Gold and gold certificates.....	\$ 302,611,000	\$ 302,668,000	\$ 380,406,000
Gold settlement fund - F.R. Board..	604,008,000	574,857,000	521,273,000
Total gold held by banks.....	906,619,000	877,525,000	901,679,000
Gold with Federal Reserve Agents...	2,108,767,000	2,142,076,000	1,982,061,000
Gold redemption fund .....	57,427,000	55,641,000	67,694,000
Total gold reserves.....	3,072,813,000	3,075,242,000	2,951,434,000
Reserves other than gold.....	128,787,000	128,367,000	129,359,000
Total reserves.....	3,201,600,000	3,203,609,000	3,080,793,000
Non-reserve cash.....	45,824,000	68,108,000	*
Bills discounted:			
Secured by U.S.Gov't obligations.	356,039,000	368,241,000	285,376,000
Other bills discounted.....	239,721,000	259,682,000	422,175,000
Bills bought in open market.....	207,678,000	182,353,000	95,730,000
Total bills on hand.....	803,438,000	810,276,000	803,281,000
U. S. bonds and notes .....	173,975,000	167,420,000	163,322,000
U. S. certificates of indebtedness.	189,099,000	186,614,000	249,716,000
Municipal warrants.....			102,000
Total earning assets.....	1,166,512,000	1,164,310,000	1,216,421,000
Bank premises.....	47,863,000	47,042,000	37,232,000
5% Redemp.fund against F.R.Bk.notes	311,000	311,000	8,362,000
Uncollected items.....	608,167,000	606,809,000	505,782,000
All other resources.....	16,799,000	16,566,000	15,759,000
<b>TOTAL RESOURCES.....</b>	<b>\$5,087,076,000</b>	<b>\$5,106,755,000</b>	<b>\$4,864,349,000</b>
<u>L I A B I L I T I E S</u>			
Capital paid in .....	\$ 108,867,000	\$ 108,874,000	\$ 103,736,000
Surplus.....	218,369,000	218,369,000	215,398,000
Deposits:			
Government.....	43,401,000	46,306,000	60,770,000
Member bank - reserve account....	1,887,552,000	1,897,685,000	1,725,069,000
Other deposits.....	21,364,000	21,917,000	32,607,000
Total deposits.....	1,952,317,000	1,965,908,000	1,818,446,000
F.R. notes in actual circulation...	2,246,943,000	2,260,497,000	2,196,983,000
F.R. Bank notes in cir. - net liab.	2,645,000	3,066,000	80,095,000
Deferred availability items.....	546,254,000	528,329,000	432,241,000
All other liabilities.....	11,681,000	11,712,000	17,450,000
<b>TOTAL LIABILITIES.....</b>	<b>\$5,087,076,000</b>	<b>\$5,106,755,000</b>	<b>\$4,864,349,000</b>

# Ratio of total reserves to deposit and F.R. note liabilities combined      76.2%                      75.8%                      76.7%

\* Not shown separately prior to January 1923

Released by Federal Reserve Bank of New York

# Assuming the sum of \$500,000,000. were to be deducted from "Total Reserves" and set aside for future export, the "Reserve Ratio" would be reduced by approximately 12 points to .....      64.3%                      64.0%                      64.2%



COMPARATIVE STATEMENT OF CONDITION  
TWELVE FEDERAL RESERVE BANKS COMBINED  
AT THE CLOSE OF BUSINESS

MAR. 14, 1923      MAR. 7, 1923      MAR. 15, 1922

RESOURCES

Gold and gold certificates .....	\$ 313,211,000	\$ 311,550,000	\$ 321,283,000
Gold settlement fund - F.R. Board..	638,208,000	645,285,000	484,180,000
Total gold held by banks .....	951,419,000	956,835,000	805,463,000
Gold with Federal Reserve Agents...	2,068,613,000	2,074,043,000	2,090,124,000
Gold redemption fund .....	58,262,000	52,763,000	80,435,000
Total gold reserves .....	3,078,294,000	3,083,641,000	2,976,022,000
Reserves other than gold .....	118,275,000	117,633,000	125,375,000
Total reserves .....	3,196,569,000	3,201,274,000	3,101,397,000
Non-reserve cash .....	67,917,000	70,144,000	*
Bills discounted:			
Secured by U.S. Gov't obligations	361,286,000	330,093,000	229,068,000
Other bills discounted .....	251,773,000	241,394,000	362,662,000
Bills bought in open market .....	225,416,000	218,886,000	87,311,000
Total bills on hand .....	838,475,000	790,373,000	679,041,000
U.S. bonds and notes .....	160,679,000	157,976,000	215,093,000
U.S. certificates of indebtedness:..	184,034,000	186,911,000	383,274,000
Municipal warrants .....	-	-	102,000
Total earning assets .....	1,183,188,000	1,135,260,000	1,277,510,000
Bank premises .....	48,108,000	47,937,000	38,005,000
5% Redemp.fund against F.R.Bk.notes	291,000	311,000	8,005,000
Uncollected items .....	689,039,000	618,956,000	607,795,000
All other resources .....	17,348,000	17,113,000	15,310,000
<b>TOTAL RESOURCES .....</b>	<b>\$5,202,460,000</b>	<b>\$5,090,995,000</b>	<b>\$5,048,022,000</b>

LIABILITIES

Capital paid in .....	\$ 108,483,000	\$ 108,852,000	\$ 103,948,000
Surplus .....	218,369,000	218,369,000	215,398,000
Deposits:			
Government .....	42,442,000	38,773,000	16,789,000
Member bank - reserve account ...	1,932,714,000	1,879,697,000	1,845,493,000
Other deposits .....	20,633,000	24,392,000	51,181,000
Total deposits .....	1,995,789,000	1,942,862,000	1,913,463,000
F.R. notes in actual circulation ..	2,242,902,000	2,256,302,000	2,188,593,000
F.R. Bank notes in cir. - net liab.	2,599,000	2,788,000	78,029,000
Deferred availability items .....	621,433,000	549,513,000	529,912,000
All other liabilities .....	12,885,000	12,309,000	18,679,000
<b>TOTAL LIABILITIES .....</b>	<b>\$5,202,460,000</b>	<b>\$5,090,995,000</b>	<b>\$5,048,022,000</b>

(1) Ratio of total reserves to deposit and F.R. note liabilities combined      75.4%      76.2%      75.6%

\* Not shown separately prior to January 1923

~~Released by Federal Reserve Bank of New York~~

(1) Note:- The high level of the present reserve ratio should not be regarded as an indication of the volume of credit available for ordinary uses. It is largely due to the volume of gold now held by the Reserve Banks, which has increased \$1,024,000,000 since January 1, 1921. This gold, received mainly from foreign countries, not now on a gold basis, is liable to flow out again in whole or in part as conditions abroad become more stable, thereby reducing the reserves to a level more moderate but still ample for credit requirements.

(The figure \$1,024,000,000 would be changed each week, which also gives justification for printing the "note" every week)

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

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# 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

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RECEIVED AT 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

1923 MAR 24 AM 7 28

VA 6 277 NL 1/70

DUPLICATE OF TELEPHONED TELEGRAM

BALTIMORE MD 23

BENJAMIN STRONG

34

CRAIGMOR SANITARIUM COLORADO SPRINGS COLO

HAVE JUST ATTENDED TWO DAY DISCUSSION BY PROFESSOR AND COLLEAGUES REGARDING PROFESSORS PLAN TO RESTATE RESERVES STOP IN ADDITION TO COMBINED PERCENTAGE HE PROPOSES TO PRINT TWO NEW PERCENTAGE FIRST AGENTS GOLD TO NOTES SECOND BANKS GOLD AND LAWFUL MONEY TO DEPOSITS TO RESPECTIVE FIGURES NOW WOULD BE NINETY FOUR AND FIFTY SEVEN STOP THEN PROFESSOR AND COLLEAGUES WOULD AT PRESENT ISSUE NO FURTHER NOTES AGAINST PAPER THEREBY THROWING BURDEN

CLASS	SYMBOL
Day Letter	Blue
Night Message	Nite
Night Letter	N L

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# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT. GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
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RECEIVED AT 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

1923 MAR 24 AM 7 28

DUPLICATE OF TELEPHONED TELEGRAM

VA6 SHEET 2/100

OF FURTHER NOTES: ISSUES ON DEPOSIT RESERVE STOP HAVE APPLIED. PLAN  
 BACK TO JULY' 1920 TO ACTUAL FIGURES OF BANKS AND FIND DEPOSIT  
RATIO GIVES NO SATISFACTORY BASIS FOR RATE ACTION. HIGHEST RATIO 63 IN  
 NOVEMBER' 1921. LOWEST 46 IN JANUARY' 1923. PRESENT 57 STOP  
 OF COURSE IN PAST THESE RATIOS EXCEPT FOR HEAVY INCREASE IN NOTE  
 RATIOS ARE LARGELY FORTUITOUS. STOP IN MY OPINION PROPOSAL TO HAVE  
 PROFESSOR AND COLLEAGUES MANIPULATE THEM FIRST ONE WAY AND THEN  
 ANOTHER TO LEND SUPPORT TO POLICIES INDICATED BY OTHER FACTORS.

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

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NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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Telegram	
Day Letter	Blue
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RECEIVED AT 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

VA6 SHEET 3/107

DUPLICATE OF TELEPHONED TELEGRAM

1923 MAR 24 AM 7 28

AS DESIRABLE SIMPLY INVITES CHARGES OF THEIR BEING ARBITRARY AND  
 DISINGENUOUS TO SAY NOTHING OF DIFFICULTY OF EXPLAINING PLAN AND  
 OPERATIONS UNDER IT STOP PERSONALLY FEEL THAT SITUATION CALLS FOR  
 FRANKNESS AND EDUCATION THAT OTHER FACTORS BESIDES THE RATIO ARE  
 ALWAYS CONSIDERED STOP CONFERENCE NEXT WEEK WOULD AFFORD OPPORTUNITY  
 FOR SUCH STATEMENT STOP AS YOUR TELEGRAM INDICATED YOU FAVORED  
 PROFESSORS PLAN SHOULD APPRECIATE DAYLETTER TOMORROW SATURDAY ARE  
 LAFAYETTE WASHINGTON GIVING YOUR VIEWS SHALL SEE CASE AND PROFESSOR  
 THERE SUNDAY STOP PROFESSOR AND COLLEAGUES HAVE UNANIMOUSLY ADOPTED  
 FOR SUBMISSION TO GOVERNORS AND ADMIRABLE MEMORANDUM REGARDING SECTION  
 FOURTEEN OPERATIONS STOP JUST FOUND HARRISON PROGRESSING EXCELLENTLY  
 HOPE YOU ARE ALSO

PIERRE.

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

March 28, 1923.

Dear Governor:

I am greatly obliged for the two long telegrams you have sent me in the last week in reply to my request for your views. Our directors in their anxiety to have something done to educate people away from our high reserve ratio seemed to lean toward the suggestion<sup>of</sup> following commercial practice and indicating the setting aside of some gold for a reserve against exports. They finally agreed, however, to recommend some redraft of my plan, with which Case was also entirely satisfied, but they felt that they were so anxious for the Board to do something they were not very much concerned as to just what the form should be.

Miller invited me to come over to attend the sessions of the Board last Thursday and Friday, March 22 and 23 respectively, when he was going to present his two resolutions; one on open market operations and the other on his method of restating the reserves. Things were very quiet in the bank and although Case was in Hot Springs for the week I felt that going to Washington was more important than staying here.

On Thursday the Board discussed the open market matter and finally came to the conclusion, unanimously, of which I enclose a copy. The understanding was that they would submit it to the Governors' Conference this week. The remarkable thing about it is that the Board unanimously struck out all reference to earning and dividend requirements which Miller had in his original memorandum,

*I see  
Miller  
filed*

thinking that the Board would insist on something on that point. Apparently they are all willing <sup>not</sup> to think of the question of earnings and dividends. Mitchell who was not there, is as you know, one of the strongest on this point. He by the way is out in the northwest talking to the farmers about the desirability of planting flax instead of wheat. It is a three weeks trip which is keeping him away from Washington this week.

Thursday afternoon, as you have read in the papers, Mr. Campbell, the farmer member, died while playing golf with Senator Townsend at the Columbia Links. He had been at the meeting Thursday morning and I gained the same impression of him that his colleagues had already formed - that he was sound and conservative and, from the human point of view as well, a most acceptable member of the Board. Though he only served one week, every one felt that his loss was very great and leaves us in the same state of uncertainty as regards to his successor in which we have been in in the last ten months.

Friday morning the Board was to discuss Miller's proposal for restating the reserves, about which I telegraphed you Friday night. The Board adjourned at once out of respect to Mr. Campbell, but several of them stayed and discussed informally Miller's proposal. Wills and Hamlin seemed to feel favorable to it. Platt and Crissinger were non-committal. I was opposed to it. Of course, we came to no conclusions.

Saturday I attended the usual monthly meeting in Philadelphia of the committee which gets out the monthly summary of business conditions, and went back that evening to Washington, where I received your day letter answering mine, and the next morning - Sunday - met Case who had come up from Hot Springs. He felt just as you and I feel. Harrison, whom I saw in Baltimore on Friday night, also feels the same way. Case and I worked quite a bit on Sunday over a suggested

statement for the Board to make at the close of the Conference which would intimate to the public what other considerations, beside the reserve ratio, were taken into account in determining credit policy. In the afternoon we went out to call on Miller and while we were there Hoover stopped in, who fell in at once with Mr. Case's idea of making a rough guess at the amount of gold that might go out and indicating it in some way in the statement. Miller and I both opposed this idea. I came back Sunday evening, and on Monday talked with Alexander and Warburg about the Miller plan, both of whom were opposed to it.

Well, the net of it all is that I have written Miller a letter about his plan, copy of which I enclose, and Case and I prepared a suggested statement for the Board to make at the close of the conference which has been adopted with slight changes by the conference and is going to be presented to the Board to-morrow. Whether they will make it or not, of course, I have no idea. I am also enclosing a copy of that. I submitted it to our directors this morning and they approved it heartily, as did also Alexander and your friend Sidney Anderson to whom I showed it confidentially yesterday. By the way, I showed him your letter to Mr. Young which he was delighted to read and wanted me to send you his best regards. I also met with him at lunch Mr. Howard of the Farm Bureau and another Chicago man who was out at the farmers conference. They all sent their best regards to you and wanted me to tell you what a wonderful hit you made with the farmers and how helpful your presence was. Anderson said that he would drive over on Sunday and see Harrison. Harrison, by the way, seems in good health and good spirits. The bones are knitting slowly, but that was expected. He hopes to leave the hospital in three or four weeks and then to spend a month in Washington. His only difficulty is that he has to sleep on his back and his back is tired out by the process so that he seldom can sleep more than an hour without his muscles hurting so that he has to sit up and have them massaged.

I suppose Case has written you about Norman wanting to send two men over here to spend a couple of weeks with us seeing what they can pick up, particularly

with regard to the relations of central banks to one another and the statistical work that is being done in the Reserve System. These two men, Mr. Osborne the assistant cashier, and Dalton, the statistician, arrived yesterday. They are both delightful fellows and we have them in tow and are going to do everything we can to make their stay pleasant and profitable. Mr. Osborne tells me that to-day is Mr. Trotter's last day in the bank. He is retiring and Lubbock is taking his place; also that Norman is now down at Nice and expects to get back the 22nd of April.

I could write you lots more, but as you are wanting to simulate the potato I don't want to give you indigestion. I was extremely sorry to bother you to send me the two telegrams above referred to, but I felt most keen to get your reactions on the matters under discussion.

Hoping that everything continues to go most favorably with you, and with very best regards, I am,

Faithfully yours,



Benj. Strong, Esq.,  
Cragmore Sanitorium,  
Colorado Springs, Colo.



FEDERAL RESERVE BANK  
OF NEW YORK

March 30, 1923.

Dear Governor Strong:

I received your letter yesterday or the day before and am glad to know that you are getting along all right and have gotten over your cold. Sailer says they already have in mind the question of always carrying reserves of currency, bonds, etc., on more than one level in the new vault.

The Senate print of the May, 1920, conference was not circulated, as far as I know. It was printed in the Congressional Record and I have seen references to it in a number of clippings, but I believe no reprint was made of it. I will ask Harding some time next week about the row in the American Cotton Growers Association, of which you speak. I had not heard about it.

The governors' conference is over and Case is coming back this afternoon but will not be in the office until Monday. He tells me that the Miller plan of re-stating reserves he considers is dead. The governors landed on it with both feet. I enclose copy of the statement made by the Board. You will note that they omitted the footnote idea, Miller, I understand, being very much opposed to it. You will also note in the clipping enclosed that in the second paragraph of their statement they omitted several important words recommended by the conference, to the effect that open market rates, gold movements, etc., were factors considered in determining credit policy. This, of course, takes the whole point out of the statement and leaves us just where we were before without any statement which would provoke discussion of this important point. Case did not feel he could discuss the matter over the telephone, but I gathered there was no meeting of minds anywhere. It is most discouraging and leaves us just where we were, the Board having missed this wonderful chance for a bit of education with respect to which, if the Board does not take the lead, it is

almost impossible for the banks or outsiders to initiate it. Well, I am suspending judgment and waiting to hear Case's story on Monday.

The resolutions regarding open market operations were approved by the conference and were adopted in joint session with the Board, with the exception that the first two paragraphs of the preamble were cut out, thereby removing the idea that the Board had the right to limit such purchases.

Things are pretty quiet here. I have no doubt Sailer is writing you about building matters so I do not touch on them. I think that all hands feel satisfied that better progress is now being made in the architect's office.

Several of the directors have read your letter to Mr. Young and were much delighted with it. I have sent a copy of it to Mr. Norman to-day.

Hoping that everything goes well, I am,

Faithfully yours,



Benj. Strong, Esq.,  
Cragmore Sanitorium,  
Colorado Springs, Colo.

FEDERAL RESERVE BANK  
OF NEW YORK

April 7, 1923.

Dear Ben:

This is Saturday morning. I have just come back from a couple of days in Washington and Miss Holmes is here with me cleaning up some work.

The first letter she brings me is your letter and memo. of April 2 giving me the outline of a statement which, curiously enough - and yet not at all curiously - is almost the identical duplicate of a statement I wrote out on the train yesterday afternoon which Case and I are hoping to get Crissinger to make in the near future.

It happened this way. The day after the governors' conference adjourned Case lunched with Miller and Crissinger. Miller suggested that as Crissinger would probably soon take office as governor it might be well for him to come over and make a statement at the New York Chamber of Commerce. Case suggested that perhaps some other part of the country would be a better place to make the statement in but they both felt that New York was the best place. Accordingly, Case saw Bush Thursday morning and he readily agreed to get up a lunch on three or four days' notice at any time Crissinger could come over after he became governor. I conveyed this invitation to Crissinger at lunch that day - the day before yesterday - and he said that he would be very glad to do so and asked me to write him any suggestions I had about what he should say. I had already talked with Wills on the subject and told him our plan, and said that we felt that we would be justified if Crissinger would make the right kind of a statement (2000 to 3000 words) in having it printed in very large numbers, perhaps a couple of million, and offering it to our member banks free for distribution to their customers. I think we could get it done for somewhere between one and <sup>half</sup> three quarters of a cent a copy. Of course, I haven't

^

FEDERAL RESERVE BANK  
OF NEW YORK

-2-

any idea whether he will be willing to say what you and I would like to have him say, and he may want to have Welliver write it. There is one complication in the situation, and that is Miller, who would like to have him say just about what we want - at least he thinks he would - but he may back away from it when he sees it on paper. The complication is that Miller has the idea that included in the speech should be a 300 or 400 word statement in the form of a minute adopted by the Federal Reserve Board. This I believe would be a very difficult thing to embody in a speech. However, we shall see. I may have to go over to Washington again and try to get it arranged, but remembering the psychology of Miller, as you indicated it to me, I fear difficulties there.

With regard to Miller's plan I wrote you that we all thought it was dead. I now have to tell you that it is not dead but very much alive. Here is what happened. Osborne of the Bank of England was going down to Virginia to spend last week-end with an uncle. I told him he should stop off on his way back and talk with Miller as the head of the Board's statistical surveys, and also meet Stewart. I arranged with Miller that he would see him. When Osborne returned to the bank on Tuesday he told me that he had seen Miller and had also spent two hours with the Board on Monday afternoon discussing the Bank of England's method of separating note and deposit reserves. Miller told Osborne about his plan but did not ask his views. Platt told me that on Tuesday and Wednesday the Board had spent its entire sessions discussing the Miller plan, and that Miller was pressing very hard for a favorable vote. Platt said that he seemed to be the only one opposed to it. I went to Washington Wednesday afternoon, primarily about the Crissinger speech matter, but also to see what I could do to head off action on the Miller plan. I talked with him and he agreed that

FEDERAL RESERVE BANK  
OF NEW YORK

-3-

if they decided to do anything about it it would be sent out to all the Federal Reserve Banks for their views, following past precedent. I also talked with Crissinger about it and he said that nothing would be done about it anyhow until the Board was full, and that every opportunity would be given to the banks to express their views on it. Of course, the difficulty is that there is no one on the Board to combat Miller who knows so much more about the theory of these things than any one else, and Crissinger, of course, is particularly weak along these lines. But I think the thing is now in shape where if they decide to consider it seriously we <sup>shall</sup> ~~should~~ all be given a crack at it, and I am satisfied that we can knock it out.

Apparently, Dawes is likely to be appointed Comptroller early next week and to qualify at once, whereupon Crissinger will become governor. He has expressed the desire as soon as he becomes governor to go over to New York and spend three or four days with us, studying the operations of the bank and the workings of the money market, etc., etc. This will be a splendid opportunity for us.

Miller told me that Case handled himself extremely well at the conference and made a very favorable impression on the Board which, I am sure, you will be glad to hear.

I am very distressed that you have had such a beastly time with your antrim and your tooth. It seems as though you had enough to attend to without these little side shows. The one comforting thing you report is that your larynx was going strong and that you had gotten it in control for the sun treatment. Keep it up!

FEDERAL RESERVE BANK  
OF NEW YORK

-4-

Don't worry about my not keeping after the statement matter. I haven't done anything else for the last two or three weeks and do not intend to stop till we get some results from somewhere.

This is just a line that I am writing through Miss Holmes from my house. I will have your outline copied and sent to you on Monday.

Faithfully yours,

Pierpont

P.S. At the conference ~~the~~ Platt tells me that Miller, Crim  
& Hamilton were opposed to discussing discount  
rates or policy with the Fed; the reason being  
that Wanamaker in S.C. got a rumor that  
Benj. Strong, Esq., rates were likely to be raised &  
Cragmore Sanatorium, Colorado Springs, Col. got a flash of telegrams sent in  
which alarmed the B<sup>2</sup> or some of its members.  
I asked Platt if Cris. was afraid of a fellow  
like Wanamaker. He said he thought the  
B<sup>2</sup> was most afraid of was becoming  
of the B<sup>2</sup>. That terrified him. Well, Platt  
insisted, half an hour before the conference  
adjourned, in talking rates, but every  
was on the clock or nothing much  
just think of it! Well, the inevitable  
quence was a vote of Chas. to raise to 5%  
reid yesterday & they were all in confusion  
about it; no plan, no system policy, &  
nothing. I discussed with Mellon the  
nability of our going up in a week or so  
the plan you had suggested of our doing  
alone. This idea seemed to strike  
favorably. I launched into the gate

+ danger of drifting along with no policy,  
cites the lack of discussion at the Conference.  
He said to Filibert who was present "let  
have a meeting with the B<sup>d</sup> Saturday (today)  
or Monday & talk it all over." So that  
may bring something to a head. But  
really its laughable - if it weren't so serious.  
Care is thinking of recommending 5% on the  
11<sup>th</sup> but I think its questionable if it  
fits through them. If it does its doubtful if  
the B<sup>d</sup> will approve as Mellon thinks  
the time hasn't come yet, since ~~there~~  
the demand has hardly begun to  
make itself felt in the system.  
He thinks it may come later &  
probably will. The embarrassing  
thing is that after Apr 18 we  
are practically stopped till  
July by Govt financing.  
Well, this is quite  
a bit of forcing, isn't it?  
J. G. J.

OFFICE CORRESPONDENCE

DATE \_\_\_\_\_

TO \_\_\_\_\_

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

FROM \_\_\_\_\_

Conference discussed usual routine program of technical matters - also  
This time gave particular consideration to credit and discount policies - and  
state why (danger of inflation).

Impossible to now state rate action, which originates in several boards of  
directors.

Can however express views of conference as to conditions and explain considerations

governing rate making, which are -  
(Conditions)

Production about maximum.

Railroad transportation about maximum.

Labor fully employed at good wages.

Building at record.

Prices up        per cent.

Bank deposits and loans up \$

Production up

Etc.

(Rate Policy)

Federal Reserve System does not and cannot undertake to fix or regulate any  
prices or general price level.

Prices are the result of many influences in combination; such as good or bad crops;  
war or political uncertainty; state of mind of public - i.e. buying or  
selling mood; gold imports and exports; and the volume of credit, etc.

Reserve System directly influences one factor, to wit - volume of credit, largely  
through rate action; other factors in price level it does not reach  
directly.



## CORRESPONDENCE

DATE \_\_\_\_\_

TO \_\_\_\_\_

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

FROM \_\_\_\_\_

-2-

In fixing rates it takes all these factors into consideration, and expects to fix rates so as to enable all legitimate enterprise to be adequately supplied with credit. Its instrument in doing so is eligible paper.

When enterprise is at full speed, as now seems true, further supply of credit will increase neither production nor consumption, but simply advances prices and promotes unsound business exploitation and speculation, causes labor, and political or social unrest, and great injustice to the greater number of people.

Where abnormally high prices or price advances seem to benefit people as producers, it equally harms them as consumers - or the great mass who are chiefly consumers.

While we growl about high price of sugar (as consumers) we also protest against low price of wheat (as producers).

Stable prices is our aim.

So far as credit is one of the influences on prices, we aim to keep volume adequate but not excessive.

Ordinarilly, with gold naturally distributed and gold payment universal, reserve percentage would be chief guide to policy and check upon excess supply of credit.

Present conditions make reserve percentage most deceptive and dangerous guide - and no check, rather the reverse.

Were we to run System on say 50 per cent. reserve as working basis, bank loans and deposits generally might expand \$ \_\_\_\_\_ and prices go sky high.

## VICE CORRESPONDENCE

DATE \_\_\_\_\_

TO \_\_\_\_\_

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

FROM \_\_\_\_\_

-3-

Ordinarily this would cause gold exports and force rates up, prices down, trade readjustments, etc.

Now gold payment not working we must give larger consideration to other factor named.

Irrespective of complaints of ignorant and wilful critics, System will be guided by regard for real welfare of country and not selfish interests of any particular class; either producer or consumer; employer or employe.

To accomplish that aim, our endeavor will be to keep volume of credit adequate and not excessive.

OFFICE CORRESPONDENCE

DATE \_\_\_\_\_

TO \_\_\_\_\_

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

FROM \_\_\_\_\_

-3-

Ordinarily this would cause gold exports and force rates up, prices down, trade readjustments, etc.

Now gold payment not working we must give larger consideration to other factor named.

Irrespective of complaints of ignorant and wilful critics, System will be guided by regard for real welfare of country and not selfish interests of any particular class; either producer or consumer; employer or employe.

To accomplish that aim, our endeavor will be to keep volume of credit adequate and not excessive.

( COPY of TELEGRAM )

April 11, 1923.

Benj. Strong  
Cargmore Sanitarium,  
Colorado Springs, Col.

Thanks for telegram which we regret was not received till after adjournment. Stop. No conclusion was reached to-day. Stop. Am on way to see what can be done to expedite issuance of such educational matter as we all desire. Stop. May telegraph you Friday or Saturday.

Pierre Jay



DIRECTION  
ROBERT S. DOWNS



EUROPEAN FIREPROOF

Apr. 12 -

PENNA. AVE. OPPOSITE THE TREASURY  
WASHINGTON, D.C.

Dear Ben  
I wish to thank you I kept a copy of that  
postscript I scribbled on my letter of last Sat-  
urday! Your telegram of yesterday referred  
largely to it & I couldn't remember what  
I said. In keeping a copy of this, worse luck!

1. yr. telegram arrived just after our  
meeting adjourned

2. Case & I recommended 5%. The  
vote was 3 for it (Newman, Smith, Jay) & 6  
against. Those who were against were in-  
fluenced mainly by (a) the fact that re-  
discounting was light and not increasing  
(b) fear lest action might chill business.  
(c) fear lest action without clearer justi-  
fication might lead to heavy criticism  
by business men and farmers.

3. Case & I were influenced by (a)  
general situation - on verge of inflation  
(b) market rates on commercial paper & time  
loans 5 - 5 1/4 - 5 1/2 %. We also feel that  
peoples minds in N.Y. are pretty well prepared  
& even expectant. The same is true in  
other large centres also.

4. A will come up again next week,  
18th. As you know, all of many of mine are  
taken up with Govt. financing so if we  
don't act next Wednesday - or by squeezing



DIRECTION  
ROBERT S. DOWNS

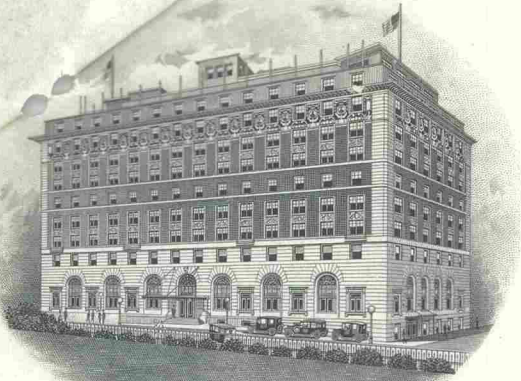


PENNA AVE. OPPOSITE THE TREASURY  
WASHINGTON, D.C.

things uncomfortably close, on 25<sup>th</sup> we are shut  
out till about mid July.

5. I have talked with both Mellons &  
Cummings today & they are both keen for the  
latter to become governor at once, & both  
are to see the P. rest. The hitch is that  
Downes won't be ready to take office till  
May 1<sup>st</sup>. But that isn't any reason why  
C. shouldn't leave things to Deputies  
for a fortnight & become governor. If he  
does, then we expect him to make a  
statement (which we hope will be  
along our lines) in N.Y. next week.  
This would prepare the way (in case our  
B<sup>d</sup> sh<sup>d</sup> act & the F.R.B. approve), for rate  
action a few days later. This Downes  
w<sup>d</sup> accomplish the education you have  
in mind.

6. Now even if we don't get this  
programme of the governor & the speech  
put through, do you think there w<sup>d</sup>  
be serious reason why the F.R.B. of N.Y.  
sh<sup>d</sup> refrain from 5% based on open  
mkt. rates, & we in the open mkt.  
centre? The plan w<sup>d</sup> be that the other  
F.R.Bs w<sup>d</sup> hold off till July at least.  
On this point would you please wire  
your views <sup>fully</sup> (to N.Y.). It might be possible



DIRECTION  
ROBERT S. DOWNS



PENNA AVE. OPPOSITE THE TREASURY  
WASHINGTON, D.C.

if the governor's speech plan fell through,  
to have brief statement from either N.Y. or Wash.  
accompany the announcement of change of  
rate (if made!), assigning cause to the higher  
level of <sup>open</sup> ~~market~~ rates. You may be inter-  
ested to know that Mellon has had his  
views rather shaken by the steel co-  
rage increases & I believe would not  
now oppose action by us, tho' not po-  
sitively advocating it.

? In writing about these things, to  
avoid possible leaks, may we not adopt  
the following code words

- |                |           |
|----------------|-----------|
| Mellon         | Santander |
| Crisinger      | Vigo      |
| F.R.B.?        | Madrid    |
| F.R.B. of N.Y. | Sevilla   |
| Case           | Granada   |
| Jay            | Malaga    |
| rate increase  | Cadix     |
| rate or rates  | Barcelona |
| Miller         | Almeria   |
| Platt          | Ronda     |
| Mitchell       | Zaragoza  |
| McFarrah       | Corunna   |

faithfully yrs

government may we hear on ~~intention~~, on ~~Monday~~ am.?

COPY of handwritten letter

The Washington, Washington D.C.  
Apl.12-

Dear Ben

I wish to thunder Id kept a copy of that postscript I scribbled on my letter of last Saturday! Your telegram of yesterday referred largely to it + I couldn't remember what Id said. I'm keeping a copy of this, worse luck!

1. Yr. telegram arrived just after our meeting adjourned

2. Case + I recommended 5%. The vote was 3 for it (Treman, Smith, Jay) + 6 against. Those who were against were influenced mainly by (a) the fact that re-discounting was light and not increasing (b) fear lest action might chill business, (c) fear lest action without clearer justification might lead to heavy criticism by business men and farmers.

3. Case + I were influenced by (a) general situation - on verge of inflation (b) market rates on comm'l paper + time loans 5- 5 1/4 - 5 1/2%. We also feel that peoples minds in N.Y. are pretty well prepared + even expectant. The same is true in other large centres also.

4. It will come up again next week, 18th. As you know, all of May + June are taken up with Gov't financing so if we don't act next Wednesday - or by squeezing things uncomfortably close, on 25th we are shut out till about mid-July.

5. I have talked with both Mellon + Crissinger today + they are both keen for the latter to become governor at once, + both are to see the Pres't. The hitch is that Dawes wont be ready to take office till May 1st. But that isn't any reason why C. shouldn't leave things to Deputies for a fortnight + become Governor. If he does, then we expect him to make a statement (which we hope will be along our lines) in N.Y. next week. This would prepare the way (in case our Bd shd act + the FRBd approve), for rate action a few days later. This I assume wd accomplish the education you have in mind.

6. Now even if we don't get this programme of the governor + the speech put through, do you think there wd be serious reason why the F.R.B. of N.Y. shd refrain from 5% based on open mkt. rates, + we in the open mkt. centre? The plan wd be that the other F.R.Bks wd hold off till July at least. On this point would you please wire your views fully (to N.Y.) It might be possible if the governor + speech plan fell through, to have brief statement from either N.Y. or Wash. accompany the announcement of change of rate (if made!), assigning cause to the higher level of open mkt. rates. You may be interested to know that Mellon has had his views rather shaken by the steel co. Wage increases + I believe would not now oppose action by us, tho' not positively advocating it.

7. In wiring about these things, to avoid possible leaks, may we not adopt the following code words

Mellon	Santander	Miller	Almeria
Crissinger	Vigo	Platt	Ronda
F.R.Bd	Madrid	Mitchell	Tarragona
F.R.Bk of N.Y.	Sevilla	McGarrah	Corunna
Case	Granada		
Jay	Malaga		
rate increase	Cadiz		
rate or rates	Barcelona		

Faithfully yrs [signed] P.J.



FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

April 20, 1923.

Dear Governor Strong:

I am ever so much obliged for your long telegram in reply to my letter in regard to the rate situation. It served very much to clarify my own mind and made me feel that while a rate increase is justified by present market rates, I had rather slipped a cog in not giving enough consideration to the preparation of the public mind for it. I was in Washington on Wednesday, so was not at the meeting, but I understood from Mr. Case that no change was made at the meeting.

Having failed in an effort to accelerate Crissinger's installation as Governor, there seems to be no opportunity for preparation of the public mind before our next meeting on the 25th, and I think that consideration of the matter is now definitely postponed until after the May operations are over.

2. Therefore, I will not go into any further discussion of it at present. It now looks as though Crissinger will become Governor on or about the first of May, when presumably Dawes is to take office as Comptroller.

3. Mr. Sailer is writing you to-day about the bids on the interior stone and marble work which were put before the Building Committee yesterday and accepted unanimously, with two or three reservations to be determined in the near future. One of these is a question of whether they should mix some sandstone with the buff limestone in the first floor interior in order to give a warmer tone to the room. We are planning to go up and look at the Bowery

Savings Bank interior in the near future to see what we think of that. That is straight buff limestone.

4 The second question which arose was in regard to the material for the floors on the first floor. You will remember that we had alternative bids between travertine and gray marble. Travertine is \$27,000 and marble about \$25,000, as I remember; so there is not much difference in cost. The question came on material. There was a general feeling against the marble on the ground that it is too cold in appearance. At this stage of the discussion Sawyer injected a new element by suggesting that we should use some rather large - what he calls heather tiles. They are a brownish color with rather a tendency towards reddish about 15 inches square. We would use these for the entire floor in the public space of the banking room, and possibly in the entrance lobby, with a border of travertine. We might also have a few intersecting strips of travertine so as to break the whole floor up into several large panels, perhaps corresponding with the intersections of the piers. The understanding was that Mr. Sawyer would think more about this suggestion and present his conclusions at our next meeting of the committee next Wednesday. Sawyer had some sample of these brown tiles there and I must say that they made a very pleasing contrast with the limestone. The cost would be somewhat less than either travertine or marble; but I think that esthetic rather than financial considerations should govern in this matter. It really comes down to a choice between a light floor which, if we decide upon it, will be travertine, or a dark floor. Sawyer maintains that a dark floor makes all the rest of the room look lighter. This is so entirely a matter of taste, and you are so much more interested than anyone else in the outcome of this building, that I think any feeling you have in regard to this suggestion ought to be given great weight by the committee. I told the committee that I would ask you to express your views if you had any. Sawyer pointed to the fact that many Italian palaces had these dark tile floors in their rooms and they looked extremely well.

5

April 20, 1923.

6. Another thing he is suggesting, and which we are hoping to see at the Bowery Savings Bank before long, is to place in the first floor banking room and in the large officers' room on the tenth floor, instead of the ordinary glass, a slightly ribbed yellowish glass which is translucent, of course, but not transparent. In suggesting this he has two purposes: (1) to throw a warmer color of light into the room; (2) to shut out from one's view, as one stands in the room, the odds and ends of buildings which one would see if there were clear lights in the windows. This would have the effect, like windows in a Cathedral, of keeping the design of the room as a whole without any interference or interjection of outside objects into it to distract from the entity of the design.

He is using some windows of this glass in the new Bowery Savings Bank which will be ready for inspection in a few days, and we are going up to take a look at it. Sailer and I are quite impressed with this idea. I don't know how the others feel about it. Have you any thoughts?

Yours sincerely,

*Piney*

Mr. Benj. Strong,  
c/o Cragmore Sanatorium,  
Colorado Springs, Colorado.

PJ.MM

April 20, 1923.

My dear Governor:

I enclose a copy of an article from the Tribune., The history of this is that the Tribune reporter came in and saw Morgan, Sailer and Trowbridge, all of whom in accordance with your written injunction declined to discuss the building in any way whatever; hence the article. In view of the fact that our building is approaching completion, on the outside at least, don't you feel that it is time to relax these instructions. It is impossible to keep the papers from writing anything about the building, and if we don't give them some accurate data to use I fear we are likely to get more articles like this from time to time. I strongly recommend that we adopt a more constructive attitude.

Sincerely yours,

Benj. Strong, Esq.,  
C/o Cragmore Sanitarium,  
Colorado Springs, Col.

PJ/RAH  
enc.

Apr. 26<sup>th</sup>

FIFTEEN NASSAU STREET  
NEW YORK

Dear Ben - Snyder has showed me your letter  
& the article for Lorimer. I have not  
had time more than to glance at  
the latter, but as to the former I  
can only say, patience, & don't shoot  
just yet. This is the combination of  
Mitchell's resignation with Dawes  
unwillingness to take office till May,  
the Pres. was not ready to anticipate  
this date in commissioning Crisinger. He  
is fully expecting, he tells me, coming  
over here & making a talk. I believe  
it will be before May 15. But I may  
be all wrong, at least for the present,  
then, I feel the F.R.B. should wait  
& give him the chance to take the  
lead: and that would apply to your  
article. The fact is, we are <sup>now</sup> in the  
closed season regarding rate changes  
till June 1 anyway - I saw Cris. your  
outline of a statement which I see has  
now blossomed into the article, &  
I don't know how much of it he  
will use. So, please hold off for the  
present.

FIFTEEN NASSAU STREET  
NEW YORK

as to Mitchell's successor,  
Scott of Houston was tried but without  
success. They are after a Southerner  
Elting of Florence, Ala., has been  
suggested. Care has not been able  
to gather <sup>from Gilbert</sup> exactly what the situation  
is - a bit mixed. I expect.

I have batches of your letters  
to answer, & will do so some of  
these days.

As to the Cuban agency we  
discussed it today & feel the correct  
position is for us to present <sup>some of</sup> the various  
considerations you have suggested, to the  
Board, but for us not to approve the appli-  
cation. We think it would be resented  
in many quarters. Care is going down  
& expects to suggest that it would be  
advisable to have a direct invitation  
from the Cuban govt before granting  
application; and (2) that permit be  
limited to say 5 yrs. Care will  
write you more fully tomorrow he  
says. It has become a pet idea  
of Harding's, and I guess he'll have a  
chance to put it through.

I haven't seen Foster yet but

FIFTEEN NASSAU STREET

NEW YORK

am writing him to get in touch with  
him Saturday -

<sup>Sup</sup> Durant is probably  
applying for Nat. Charter -

Rounds becomes acting  
genl auditor, Monday - glad you are

glad you are feeling  
full of so much pep as yr  
letters indicate. Keep it up -

J.P.F.

FIFTEEN NASSAU STREET  
NEW YORK

Apl. 26th.

Dear Ben -

Snyder has showed me your letter + the article for Lorimer. I have not had time more than to glance at the latter, but as to the former I can only say, patience, + don't shoot just yet. Thru the combination of Mitchell's resignation with Dawes unwillingness to take office till May 1, the Pres. was not ready to anticipate this date in commissioning Crissinger. He is fully expecting, he tells me, coming over here + making a talk. I believe it will be before May 15. But I may be all wrong, at least for the present, then, I feel the F.R.Bks - should wait + give him the chance to take the lead; and that would apply to your article. The fact is, we are now in the closed season regarding rate changes till June 1 anyway - I gave Cris. your outline of a statement which I see has now blossomed into the article, + I don't know how much of it he will use. So, please hold off for the present.

As to Mitchell's successor, Scott of Houston was tried but without success. They are after a southerner. Elting of Florence, Ala., has been suggested. Case has not been able to gather from Gilbert exactly what the situation is - a bit mixed, I expect.

I have batches of your letters to answer, + will do so some of these days.

As to the Cuban agency we discussed it today + feel the correct position is for us to present some of the various considerations you have suggested, to the Board, but for us not to oppose the application. We think it would be resented in many quarters. Case is going down + expects to suggest (1) that it would be advisable to have a direct invitation from the Cuban gov't before granting application; and (2) that permit be limited to say 5 yrs. Case will write you more fully tomorrow he says. It has become a pet idea of Harding's and I guess he'll have a chance to put it through.

I haven't seen Foster yet but am writing him to get in touch with him Saturday.

Durant is probably applying for Nat. charter.

Rounds becomes acting gen'l auditor, Tuesday - glad you agree.

Glad you are feeling full of so much pep as yr. letters indicate. Keep it up.

Yrs. [signed] P.J.



MISC. 34.1 40M-12-22

FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF TELEGRAM

TO BE MAILED

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

April 30, 1923.

NIGHT LETTER

April 30, 1923.

Benj. Strong  
Cragmore Sanitarium  
Colorado Springs, Col.

I have learned from Mr. Hine and Mr. Warburg has learned from a friend that James of Memphis the new member of Federal Reserve Board is able drygoods merchant of considerable means with experience in banking. Sounds like a good appointment. Dawes takes office tomorrow and Crissinger becomes governor.

Pierre Jay

FEDERAL RESERVE BANK  
OF NEW YORK

April 30, 1923.

Dear Governor Strong:

Amplifying somewhat my telegram of today regarding James, Hine says he is a man of 55-60, a good deal of a spellbinder and rather long-winded; nevertheless talks pretty well. He has been a customer of the First National Bank for many years. He is head of the W. R. Moore Drygoods Co. which he put on its feet and made profitable. He also assisted very much in putting the bank of which he is now vice president on its feet after it had lost a good deal of money. He is vice president of the Central-State National Bank, and Mr. Hine thinks that his banking is a side issue with him. He thinks he has doubtless learned considerable about banking, though there is doubtless much more for him to learn. Hine says that he knows James' family who come from the same place in Connecticut Hine comes from; namely, New Milford. Warburg heard someone speak very enthusiastically about him and also heard that he was worth \$2,000,000 or \$3,000,000. Kenzel has heard that the particular end of the War Industries Board work which James had charge of was not very satisfactorily done. Hine says that James is a "Harding democrat."

Case saw Dawes in Washington to-day and was very favorably impressed with him.

Ramsay, the Federal reserve agent at Kansas City has resigned, I understand to go into a bank at Tulsa. M. L. McClure, now a class B director of the Federal Reserve Bank of Kansas City is Federal reserve agent. He is a cattle man and had charge, for that section at least, of the cattle loan pool which you were interested in.

Dr. Forster has spent quite a bit of the day with us, and we have all

been delighted to hear from him of your very satisfactory progress and behavior out there, and of his hopes in regard to sending you back in good form in the autumn. He asks us particularly with regard to the likelihood of your being needed for a few weeks in June or July, and we all joined unanimously in telling him that we did not see anything special at the present time which would make this at all necessary. It is most satisfactory to have had this personal contact with your doctor. Incidentally, I may remark how very agreeable a person to be under!

*Faithfully yours  
P. C. C. C.*

# WESTERN UNION

## TELEGRAMS



## CABLEGRAMS

BY TELEPHONE FROM THE WESTERN UNION MAIN OFFICE

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASSES OF DOMESTIC SERVICE	
Tele	
Night Message	
Day Letter	
Night Letter	
Charges (if any) \$	

CLASSES OF CABLE SERVICE	
Full Rate	
Half Rate Deferred	
Cable Letter	
Week End Letter	
Charges (if any) \$	

Dated

To

New York City 11:41<sup>am</sup> / 19 23  
 Benj. Strongy

Name is Frank Cyril Tasker.  
 We shall do everything possible for him.  
 Case in Washington today.

Pierre Jay

## CLASSES OF DOMESTIC SERVICE

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FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

May 7, 1923.

Dear Governor Strong:

I have your two letters of Monday, April 30 and Thursday, May 3, in the first of which you repeat your view as to the undesirability of a rate increase without explanation provided we are not expanding our loans, and in the second of which you substantially favor a rate increase on the assumption that an ordinary editorial in the Federal Reserve Bulletin was the statement we have all been waiting for, which of course it was not at all. It was merely one of a series of three or four rather long and involved editorials, written by Stewart and approved by Miller, dealing with various aspects of the credit situation.

Whether or not the Board will make a real statement is of course impossible to say. Everything has conspired to delay. Dawes' delay in taking office; Campbell's death; Mitchell's resignation. We understand that James is to take office next week. When Cunningham will do so we have not heard. Naturally, Crissinger, with so great a change in the composition of the Board, does not feel like making a statement until the Board is full or practically so, and until what he says can be agreed upon by his colleagues. In the meantime, fortunately, all the talk which arose about rates out of the Governors' Conference, and all of the manifold cautions which have been uttered in every part of the country during the past month against overexpansion and inflation have had some little effect and for the time being there is a slackening in business and in the rate at which member bank loans are increasing.

May 7, 1923.

Case was in Washington last week and came back decidedly discouraged about the prospects of a Grissinger statement. He is there again to-day and has been asking Grissinger to come over and visit us here, as he said he would immediately after taking office. If this can be brought about in the near future we shall have an opportunity for talking the whole subject over at leisure which is very difficult in Washington. Of course, if no statement can be gotten out of the Board, then we shall have to act without one. I hope I am not too optimistic in believing that one can be arranged.

In the meantime, money has eased somewhat and to-day the new 4 3/4 per cent. notes have been offered and are apparently being very well received. We have had subscriptions for our entire quota to-day (the first day). <sup>other</sup> 4 3/4 per cent. notes are selling in the market at about 4.65, so that this <sup>issue</sup> together with the book credit seem quite attractive. There is no reason to think that they won't get pretty satisfactory distribution, especially in view of the small size of the issue.

As to the tenth paragraph of your letter of April 30, suggesting that the Treasury consideration should be dismissed, I do not really think that is practicable for the next three or four weeks unless some crisis should arise. As you say, the financing is done and it would be a great injustice to everyone buying the new securities to put up the rates.

You will notice that the discounts of the System shot up last week. We have been inclined to feel that it was due largely to end of the month movements of funds. Our discounts, after taking a sharp rise, are down about \$30 millions from the middle of last week.

I note what you say about the copies of your letters, and am asking Miss Holmes to go over and send you carbons of everything you have written, as well as to put them in your files. I will ask Mr. Case if he will do the same thing.

May 7, 1923.

We are all of course delighted to hear that you are still doing so well with your throat.

Sincerely yours,

Pinney -

P.S. Horman in a cablegram recently indicated that if <sup>the</sup> exchange continued to drop they might raise their rate.

Mr. Benj. Strong,  
Cragmor Sanatorium,  
Colorado Springs, Colo.

PJ.MM



on either please send  
them along.

Hoping that  
everything goes well  
with you, Yrs. aff.

P.S. Care saw Harrison  
a few days ago. H. plans  
to go to Washington  
Cour., abt. June 1.  
for a month.

a very enviable one.  
All the arguments you  
made against a change  
in April apply with  
even greater force now  
as rates, prices, credit  
volume, etc., are all, for  
the time being at least,  
receding.

I am still strong  
for some official state-  
ment from C. But I  
write you the factors  
which delay that. And  
today comes out the  
usual Tuesday state-  
ment from Mellon  
<sup>implying</sup> that rate changes are  
not under consideration.

49 EAST SIXTY-FOURTH STREET.

The advisory council  
meets on the 21<sup>st</sup>, &  
it may be possible to  
get some spurring from  
them. or possibly they  
might ~~may~~ make some state-  
ment themselves. Did  
you know that Mrs. Plunk  
had been operated on  
last week or at tumor  
removed. Goodhue told  
me that they had  
feared it might be  
cancer but that it  
wasn't. She is doing  
well. I presume that  
Sailer is writing you

regularly abt. Bdy. so I  
don't say anything, except  
that I'm keen about  
straw-colored glass, top  
of sand stone <sup>mixed</sup> with interior  
limestone, and the  
heather-bloom tiles for  
the big bauling room  
floor. We voted unani-  
mously for all 3 yester-  
day - Prover is getting  
busy on a successor to  
William. He is sug-  
gesting wood in, of an-  
Car & Fry. Do you  
know him. Saunders  
suggested Julius Bame.  
If you have thoughts

long ago.

Now as to rates, I must say I was amazed at your last letter recommending an immediate increase. I was impressed with your arguments against doing so without ~~also~~ preparing the ground — enough so to change my vote in the Board. So were several of the other directors. I must say that I think the "record" you are anxious to make regarding rates isn't

May 10<sup>th</sup> -

49 EAST SIXTY-FOURTH STREET

Dear Ben -

In the stress of working over the Cuban branch matter I have found an opportunity of sitting down to congratulate you on your boy's engagement. It sounds very nice indeed & I hope you are pleased & happy about it. Jack, lunched with me in 3717 today & we had a good talk

- till 4.30 with a few in-  
termissions. He is here  
to look over the ground  
for the acquisition of  
the Ultramarine Co, a  
relic of Amsinck, &  
later for the formation  
of a finance Co. with  
\$5 millions capital  
to be called J. H. Schriber  
& Co. Inc. to finance  
Amer. exports & imports  
& possibly a little ac-  
cepting. This, of course,  
quite confidential.  
He told me that Ben  
had returned a week  
ago which I was sur-

prised to hear. I met  
Diack at the dock, &  
also there encountered  
Marion, over to address  
The Chamber of Commerce  
of U.S. here. He wanted  
to know about you  
of course. He's coming  
to dinner here Monday.  
He seems in deep mourn-  
ing, & I presume his  
wife must have died.

I am going  
up to Ithaca to-  
morrow to speak for Freeman  
at Cornell, & hate  
going when there is so  
much to do here,  
but it was arranged

COPY of handwritten letter

49 EAST SIXTY-FOURTH STREET

May 10th

Dear Ben -

In the stress of working over the Cuban branch matter I haven't found an opportunity of sitting down to congratulate you on your boy's engagement. It sounds very nice indeed + I hope you are pleased + happy about it.

Tiarks lunched with me in 3717 today + we had a good talk till 4.30 with a few intermissions. He is here to look over the ground for the acquisition of the Ultramaris[?] Co., a relic of Amsinck[?], + later for the formation of a finance co. with \$5 millions capital to be called J.H.Schröder + Co., Inc. to finance Amer. exports + imports + possibly a little accepting. This, of course, quite confidential. He told me that Ben had returned a week ago which I was surprised to hear. I met Tiarks at the dock, + also there encountered Masson, over to address the Chamber of Commerce of U.S. here. He wanted to know about you of course. He's coming to dinner here Monday. He seems in deep mourning, so I presume his wife must have died.

I am going up to Ithaca tomorrow to speak for Treman at Cornell, + hate going when there's so much to do here, but it was arranged long ago.

Now as to rates; I must say I was amazed at your last letter recommending an immediate increase. I was impressed with your arguments against doing so without preparing the ground - enough so to change my vote in the Board. So were several of the other directors. I must say that I think the "record" you are anxious to make regarding rates isn't a very enviable one. All the arguments you made against a change in April apply with even greater force now as rates, prices, credit volume, etc., are all, for the time being at least, receding.

I am still strong for some official statement from C. But I wrote you the factors which delay that. And today comes out the usual Tuesday statement from Mellon implying that rate changes are not under consideration. The advisory council meets on the 21st, + it may be possible to get some spurring b cr[?] from them. or possibly they might make some statement themselves. Did you know that Mrs. P.M.W. had been operated on last week + a tumor removed. Goodhue told me that they had feared it might be cancer but that it wasn't. She is going well.

I presume that Sailer is writing you regularly abt. Bdg. so I don't say anything, except that I'm keen about straw-colored glass, 20% of sandstone mixed with interior limestone, and the heather-bloom giles for the big banking room floor. We voted unanimously for all 3 yesterday.

Prosser is getting busy on a successor to Williams. He is suggesting Woodin, of Am.Car + Fdry. So you know him. Saunders suggested Julius Barnes. If you have thoughts on either please send them along.

Hoping that everything goes well with you,

Yrs [signed] P.J.

P.S. Case saw Harrison a few days ago. H. plans to go to Washington, Conn. abt. June 1. for a month.

CLASSES OF DOMESTIC SERVICE	
Telegram	
Night Message	
Day Letter	
Night Letter	
Charges (if any) \$	

# WESTERN UNION

## TELEGRAMS



## CABLEGRAMS

BY TELEPHONE FROM THE WESTERN UNION MAIN OFFICE

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASSES OF CABLE SERVICE	
Full Rate	
Half Rate Deferred	
Cable Letter	
Week End Letter	
Charges (if any) \$	

Dated \_\_\_\_\_ 19\_\_

To \_\_\_\_\_

Advantages cheaper and similar disadvantages  
 does not obscure vision / Stop / failer and  
 I find most banks have outer sliding  
 grids rather than clam / Stop / Committee I  
 considers subject tomorrow.

Jay

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The regular fast service for all purposes. Code language permitted. Minimum of 10 words charged for.

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For longer communications not requiring the faster service. Subordinated to Telegrams on hand. Must be in plain English. Code language not permitted. Fifty words for the price of an 18-word Telegram.

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NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

ICE	
Night Message	
Day Letter	
Night Letter	
Charges (if any) \$	

CLASSES OF CABLE SERVICE	
Full Rate	
Half Rate Deferred	
Cable Letter	
Week End Letter	
Charges (if any) \$	

Dated

New York City

5/22 1923

To

Buy Strong

Brick buyers strike on but too early to predict extent of delay. Stop/ Yellens bid after changes, will seem close to budget. Stop/ Liberty Street outer sliding door costs twenty one thousand and seems to me rather ornate for a door only visible nights and holidays.

Would you object to substituting a sliding grill (similar to but perhaps heavier than first floor window grills) Stop/



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FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE May 31 1923To Mr. Jay

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

FROM Shepard Morgan

No evidence can be found in the files of the bank or in my own files that written instructions were given by Mr. Strong to the effect that he should be the sole spokesman on any matters relating to the new building. I have a pretty vivid recollection, though, which was my authority for telling you that written instructions existed.

Last September, Mr. Beyer brought in to me a man from the Wall Street Journal who wanted to know the facts on a statement of Senator Heflin's to the effect that 60 per cent. of the cost of the new building was paid out of funds belonging to the Federal Government. I pointed out to him in Senate Document No. 75 a quotation from Governor Harding which refuted this statement. Some days later, when I was at home writing a piece, Mr. Strong called me on the telephone and asked me if I had seen a Wall Street Journal man on this subject. I told him that I had, and he then said that it was a mistake to have done so inasmuch as there were written instructions making him the sole spokesman for the bank on the new building.

I was not aware of any such instructions other than the general prohibition against dealing with anyone with respect to the Montauk Building. I recall asking Mr. Sailer later if he knew of any such instructions and he also was unaware of them. But I supposed that Mr. Strong had reference either to some memorandum which I had not seen or to his comments, both written and oral, on specific inquiries for information about the building.

Since my conversation with Mr. Strong on the telephone I have thought that any discussion of the new building was restricted to him, or if written, should be approved by him prior to making it public. I have acted accordingly

FEDERAL RESERVE BANK  
OF NEW YORK

OFFICE CORRESPONDENCE

DATE May 31 1923

TO Mr. Jay

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

FROM Shepard Morgan

- 2 -

and have assumed that even matter which had previously appeared in print was not, as they say, privileged.

I suggest that if a little latitude can be given, such articles as that which appeared a few weeks ago in the Tribune can be avoided.

*Shepard Morgan*

SM/EK

FEDERAL RESERVE BANK  
OF NEW YORK

May 31, 1923.

Dear Governor Strong:

I have quite a few letters from you to answer, especially those of May 11 and May 15, together with occasional notes here and there in addition. As it is a little late I may not get to the question of rates, on which I want to write you at some length and will try to do so to-morrow. At the moment this isn't very urgent, and there are a number of minor matters which I should like to write you about.

1. The suggestion of the Board that some of the Auditor's work could be combined with the Comptroller of Accounts: This was a letter from Hoxton which I am told he sent at the suggestion of Herson. None of us agree with the idea. Rounds thinks, however, that possibly the Auditor's staff might be somewhat reduced. He is not ready to make any recommendations until he has studied the situation for two or three months.

2. I enclose report of a speech by Mr. Cunningham which will interest you in case you haven't seen it.

3. I enclose clipping of Mr. Crissinger's first utterance which I think will probably impress you as it impressed Case and me. I am asking him for a copy of it so that I may see what he really did say.

4. As to the question of his much-talked-of speech in New York: I went over there about ten days ago with the purpose of trying to bring him to a definite decision in regard to making a speech before the Chamber of Commerce here of the kind we have been hoping for. We lunched together and talked for a couple of hours. He told me that he had been declining all speeches, desiring to make his first speech in New York; that he had written

5/31/23.

out a draft of it but that it was much too long, and he hoped to send me over a revised draft early last week. He said he saw no reason why he should not come over in the near future and make a speech. I suggested some topics to him, and when I left I felt the date was all but booked. On coming back we found that June 7 was the next monthly meeting of the Chamber of Commerce, and the secretary wrote over suggesting this date to Mr. Crissinger to which, after two or three days he received a reply saying that inasmuch as the time had passed for saying what he wanted to say six weeks ago he did not think there was much chance of his getting over in the near future. About the same time Mr. Case went over to Washington with the open market committee of governors, and Mr. Crissinger told him that he did not think he cared to make any speech over here. My impression is that Miller has killed the idea.

The foregoing leaves me extremely discouraged as to how to open up the educational programme that you wrote about some weeks ago, and which I have worked fairly hard to get Crissinger to start. I do not know just what move to make next. Perhaps by Monday I shall have some thought upon it. Perhaps you may have some thought to send me. It seems to me that this is the very time in which some good educational work could be done and when it would not be considered as having any direct application to immediate conditions such as an educational speech might be considered to have if it were put out at a time when credit and business were boiling. But it is hard to persuade a man who has his eye on the election of 1924 to make any move. His remarks in the clipping about the pale pink radicals, by which I presume he may mean the farm bloc, seem to be just exactly the wrong way to go at it.

5. The piece which you sent Snyder or me in regard to prices and credit will be a mighty good piece when you have dressed it up, as one of your recent letters indicate you have done. As I have failed in getting Crissinger to take

the start in our educational campaign, I admit the justice of your chafing at my plea for patience and withdraw any further suggestion that you should not publish it wherever they will take it.

6. Tiarks has been here for about three weeks and made good headway on his plans about which young Ben has probably by this time told you. I met him at the steamer and he came to lunch with me the next day. We had a long talk. Also he had a long talk with Kenzel and gave him a lot of financial background here which he wanted to absorb, and suggested his consulting White and Case, which he has done and whom he told Case and me the day before yesterday he liked very much indeed. He is coming in to-morrow before he sails to say good-bye. There really hasn't been much we could do for him, although we offered to do anything in our power.

7. M. Masson was here for about a week with one of his associates. I had them to dinner and had a nice talk with Masson. He said he was going to write you a letter.

8. The last time I was in Washington I went over to see Harrison and spent an evening with him. He was going out to motor the next day, his first exit from the hospital since his operation. I heard afterwards that his drive had gone well, and the day before yesterday Bowers told me that Harrison had gone off for a picnic recently with some friends. His neck pains seemed much better following the removal of the adenoids, and altogether he was in a cheerful and encouraged frame of mind, expecting to leave the hospital early in June and to get back to work early in July. He says that the doctor considers the operation to have been an excellent job. His knee is not completely rigid yet, and it may be perhaps two or three months before this occurs, but in the meantime the doctor thinks he can get about on crutches with his knee in some sort of a brace to keep it from getting knocked.

5/31/23.

9. I had quite a talk with both James and Dawes, the new members of the Board, and like them both. I understand, however, that Dawes does not come to meetings very often.

10. Governor Crissinger told me that you had some method to get the small state bankers in, and asked me if I knew what it was. I had to confess that I didn't. *Can you write me?* His only idea was to pass a law preventing checks on non-member banks from passing through the Federal Reserve System, which, of course, I opposed as we have always done since it was suggested early in the days of the system.

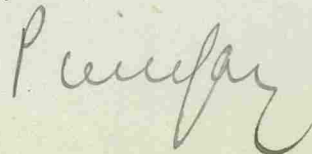
11. I am not mentioning Cuba because Case is keeping you fully advised on that, and we are naturally working together on it.

12. As to the new director to take Mr. Williams's place. In view of the fact that a new committee will be appointed by the New York State Bankers Association on June 12 we have finally decided that the best thing to do is to wait until then, but to get the committee into action at once. I will keep in mind your suggestions.

13. I am enclosing Morgan's memorandum in regard to the instructions about giving out information about the building. I do not find that it makes out a very strong case for "written instructions," but that was the way it was presented to me at the time I wrote you after the Tribune article. I do not think *Such an article* ~~this~~ will occur again and he and Sailer and I now have an understanding about it.

With best regards,

Faithfully yours,



Benj. Strong, Esq.,  
Cragmore, Sanitarium,  
Colorado Springs, Col.

FEDERAL RESERVE BANK  
OF NEW YORK

June 5, 1923.

Dear Governor Strong:

This is a very late answer to your letter of May 15 in reply to a letter of mine expressing surprise at yours of May 3 in which you advocate submitting a rate increase. In the letter of May 15 you suggest that if I would look over the correspondence my amazement would be dispelled. We have been pretty busy on the Cuban and other situations in the meantime and a little hiatus has just occurred which permits me to look over the record a bit. It seems to be as follows:

April 11: Your telegram was received just after our board meeting in which you said,

"We should do nothing until statement has been made and widely circulated. Then our action has chance to be understood. Cannot believe our people would deliberately adopt the more hazardous policy indicated your letter."

April 15: After receiving my letter of the 12,

"Believe you are more influenced by price movement than by facts of our own position, which is only one of many influences affecting prices, and that your proposal comes too soon. In any event what you and Case recommend is not now justified by total system 13 and 14 assets combined which have remained substantially unaltered for over a year, and a disparity in rates alone does not justify what you propose until evidence is convincing that the disparity is causing abuses. Do not overlook that rate disparity of itself does no harm unless advantage is taken of it."

April 26; You wrote to A. C. Miller,

"A rate increase before borrowing pressure develops is simply a move to force contraction, of which there is no need."

April 25: You wrote,

"Frankly I think a change of rate now with no preparation and no affirmative action from conference and no increase to speak of in our loans to members would be little short of folly. Sorry to feel so strongly."



April 30: You wrote, paragraph 5,

"If we are not expanding our loans - another rate increase without explanation would be a threat and hard to justify. All the comments on our position I read in the outpouring of literature I get here show that it would be instantly misunderstood and cause greater or less uneasiness if not alarm."

Paragraph 7 -

"Failing earlier action along this line (a period of real education) then I say we should submit a 5 per cent. rate as the next best and only way left in which to make our record clear."

May 3: You wrote,

"I am getting convinced that the only thing for us to do now is to submit a rate increase."

My feeling when I wrote you expressing surprise was that there had been no important change in conditions since April 11, when you first expressed yourself so strongly against a rate increase, and May 3, when you recommended an increase as to justify our doing what even a week or ten days before in the interim correspondence you had considered as foolish, reckless and hazardous. In the interim conditions became easier rather than harder.

I was so much impressed with your earlier arguments against action that, as I told you, I reversed my position. I am inclined to believe that if I had voted in favor of an increase on April 25, the last time an increase was possible before the May financing, we should have had a 5 to 3 vote in favor of a rate increase instead of a 5 to 3 vote the other way. At least Treman and Case told me they thought I had assumed a pretty heavy responsibility at the meeting. During the three weeks from April 11 to May 3 credit was getting easier instead of tighter, and prices were inclining to turn downwards. In view of the accentuation of these tendencies during the past thirty days I think it is now a very good thing for our record that we did not recommend a rate increase.

As to my views on rates which you ask me for in yours of May 11, I have not any programme for immediate adoption since with credit easing, prices falling and a general hesitation in business, your arguments prior to May 3 apply with even greater force at present. Therefore, I do not see how one can have any present rate policy. The only thing I think we can do at the present time is to try to lay the ground of understanding which will make possible a rate increase later on should one be needed.

I wrote you last week that after having my hopes of Crissinger renewed I have now about given up hopes in that direction. The best thought I have on the subject now is to have some very short statements made about some of these economic relationships and put out by the A. B. A. authorities over their name. Morgan and I had a long talk with Puelicher after the May meeting of the A. B. A. executive committee on the general subject of economic education, in which as you know he is tremendously interested. It appears that the A. B. A. has for some months been spending a considerable amount of money in putting out sound economic doctrine in various newspapers of the country, including many country papers in agricultural sections. As I understand it this is not in any way paid advertising but simply such articles or statements as any similar organization would issue. I think we could offer them some material which, if they approve of it, they might like to use. I am thinking of calling a meeting of our committee on public relations in the near future in view of the failure of my negotiations with Crissinger, to discuss the situation.

We discussed at the officers' meeting this morning the possibility of a slight increase in our bill rate as a means of bringing about a reduction of the bill portfolio and of reducing the spread between our bill rate and our discount rate which would make the latter even more out of line than at present.

FEDERAL RESERVE BANK

As there seemed to be disadvantages as well as advantages in this course we decided to postpone final consideration of it for a few days. In this connection I recollect that you suggested some time ago the desirability of reducing the bill portfolio and "be bold about it." If you have any thoughts on the subject of being bold at the present time let me know.

I have no doubt Case advised you of the decision of his committee to sell \$50,000,000 Governments if the various banks can be persuaded to let them go at the present time. There is also a round amount of December certificates in the system which he thinks Gilbert is likely to retire on June 15, so that it is probable that during June the Government holdings will decline in the neighborhood of \$60,000,000 to \$80,000,000, which seems a fairly round sum for a month.

Sincerely yours,

W. W. Jay

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

(The above was dictated and corrected by Mr. Jay, but he left the office before signing.)

W. A. Holmes

FIFTEEN NASSAU STREET  
NEW YORK

June 19.

Dear Ben: 'Just a line at twilight' to acknowledge your last two letters & to enclose the par-  
decisions. There is to be a  
conference of the open mkt.  
Mr. Corn. in Wash. Monday

(June 25) to discuss this, inter alia.  
I am going to Atl. City tomorrow  
to talk it all over with  
Harrison, who may possibly  
~~not~~ go to Wash. for the  
conference - He is getting  
on famously, as he has  
written you. There are many  
things popping here in F.R.  
circles. You will have gathered  
much from Case's letters. The fact  
is the new Bd. is all at sea, and  
the for. inst. showing much <sup>common</sup> sense.

particularly in human relations  
and the pilot of the ship is more  
more a C.M. who of the three  
elder statesmen is naturally the  
one to whom D.R.C. turns as  
he is the most vocal, positive  
& plausible. The development  
of the Open Mkt Com. into  
an Ex. Com. with monthly  
meetings (in fact, monthly  
but not admittedly so) is of  
course the way out. — or  
one way out. (But in the  
interim the emissions & ery  
tions are sulphurous, all  
right. Glad to have your suggestion  
on collections & services. I  
hope to plan out with Har  
on Thursday some comprehensive  
program for check  
including the Congressional  
Committee hearings in the  
autumn.

Don't get discouraged about  
it all, way out there! We feel

bit down o' evenings, at  
times, but wake up in the  
a.m. pretty

FIFTEEN NASSAU STREET  
NEW YORK

strong again -  
Eidlitz is getting ready  
to quit fighting the bucklayers  
& sign up for 2 yrs at \$12. It's  
a crime, but the odds  
(+ Hylan) are too great. His  
of course is graveyard -

Dumont is in the system  
Bought control of Liberty Nat.  
Bk, which got a charter a  
few months ago. Is now ap-  
plying for Trust powers!!!  
Has he lost his nerve? Well  
he won't get 'em, yet a while.  
The Federation Bank is knock-  
ing for admission & I guess they  
are O.K.

The 22<sup>d</sup> Convention of  
Superior of State Bks in Denver  
July 17-19 rather tempts me to  
make a combination week  
there & in Colo. Spr. I don't much

want to be away but the  
temptation to see you (if you  
like to be seen in silence)  
& the thought that as a former  
State Superior, & pres. of the  
association, I might do some  
good with those men vis-a-vis  
the F.R.B., have set my imag-  
ination going -

It was fine to  
see Ben & hear good news  
of you & see pictures, yesterday.  
Keep up the good work -

Very hartily  
P. J.

C OPY of handwritten letter

FIFTEEN NASSAU STREET  
NEW YORK

June 19-

Dear Ben,

Just a line at twilight to acknowledge your last two letters + to enclose the par decisions. There is to be a conference of the Open Mkt. Inv. Com. in Wash. Monday (June 25) to discuss this, inter alia. I am going to Atl. City tomorrow to talk it all over with Harrison, who may possibly to to Wash. for the conference. He is getting on famously, as he has written you. There are many things popping here in F.R. circles. You will have gathered much from Case's letters. The fact is the Bd is all at sea, and the gov. isn't showing much common sense, particularly in human relations and the pilot of the ship is more and more A.C.M. who of the three elder statesmen is naturally the one to whom D.R.C. turns as he is the most vocal, positive + plausible. The development of the Open Mkt Com. into an Ex. Com. with monthly meetings (in fact, monthly but not admittedly so,) is of course the way out, - or one way out. (But in the interim the emissions + eruptions are sulphurous, all right.

Glad to have your suggestions on collections + services. I hope to plan out with Harrison Thursday some comprehensive programme for check coll'ng including the congressional committee hearings in the autumn.

Don't get discouraged about it all, way out there! We feel a bit down o' evenings, at times, but wake up in the A.M. pretty strong again.

Eidlitz is getting ready to quit fighting the bricklayers + sign up for 2 yrs at \$12. It's a crime, but the odds (+ Hylan) are too great. This of course is graveyard.

Durant is in the system. Bought control of (new) Liberty Nat. Bk, which got a charter a few months ago. Is now applying for Trust powers!!! Has he lost his nerve? Well he wont get 'em, yet a while. The Federation Bank is knocking for admission + I guess they are O.K.

The 22d convention of supervisors of State Bks in Denver July 17-19 rather tempts me to make a combination week there + in Colo. Spr. I don't much want to be away but the temptation to see you (if you like to be seen in silence) + the thought that as a former state supervisor, + pres. of the association, I might do some good with those men vis+a+vis the F. .S., have set my imagination going.

It was fine to see Ben + hear good news of you + see pictures, yesterday. Keep up the good work.

Very hastily  
[signed] P.J.



CLASSES OF DOMESTIC SERVICE	
Telegram	
Night Message	
Day Letter	
Night Letter	X
Charges (if any) \$	

# WESTERN UNION

## TELEGRAMS CABLEGRAMS

BY TELEPHONE FROM THE WESTERN UNION MAIN OFFICE  
NEWCOMB CARLTON, PRESIDENT      GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASSES OF CABLE SERVICE	
Full Rate	
Half Rate Deferred	
Cable Letter	
Week End Letter	
Charges (if any) \$	

Dated Atlantic City, N.J. 6/20 1912

To Gov. Dey Strong

Case and I had long talk with Mitchell to-day. He does not fear having to deal with Boston. He thinks Paul's plan not as favorable to him as Harding's plan. He also thinks Paul's plan would require legislation thru which would raise many collateral difficulties. He thinks every thing fairly irrevocably set for Harding's plan. Although approval of it by highest authority he promised to give serious

## CLASSES OF DOMESTIC SERVICE

### Telegrams

The regular fast service for all purposes. Code language permitted. Minimum of 10 words charged for.

### Day Letters

For longer communications not requiring the faster service. Subordinated to Telegrams on hand. Must be in plain English. Code language not permitted. Fifty words for the price of an 18-word Telegram.

### Night Messages

Over-night service for short messages at reduced rates. Accepted up to 7 A.M. Due for delivery the following morning. Code language permitted. Minimum of 10 words charged for.

### Night Letters

Over-night service for longer communications. Accepted up to 2 A.M. Due for delivery the following morning. Must be in plain English. Code language not permitted. Fifty words for the price of a 10-word Telegram.

## CLASSES OF CABLE SERVICE

### Full-Rate Cablegrams

A fast cable service to all parts of the world at regular rates. Code language permitted.

### Half-Rate Deferred Cablegrams

Subordinated to Full-Rate Cablegrams on hand. Must be in plain language of country of origin or destination or in French. Code language not permitted.

### Cable Letters

Over-night cable service to certain countries at greatly reduced rates. Due for delivery the following noon. Code language not permitted. Minimum of 13 words (including necessary prefix) charged for.

### Week-End Letters

The cheapest cable service of all. Accepted at any time. Due for delivery Monday morning. Code language not permitted. Minimum of 25 words (including necessary prefix) charged for.

## WESTERN UNION

TELEGRAMS



CABLEGRAMS

CLASSES OF  
CABLE SERVICE

Full Rate

Half Rate Deferred

Cable Letter

Week End Letter

Charges (if any) \$

Night Letter

Charges (if any) \$

TELEPHONE FROM THE WESTERN UNION MAIN OFFICE

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Dated \_\_\_\_\_

191

To \_\_\_\_\_

thought to the situation to-morrow and  
 advise us if he finds any way out.  
 Harrison agrees about advisability of you  
 telegraphing Hugh in view of his  
 combats advocacy of matter. Regret to  
 be so discouraging. If you wish  
 please address case in New York.

P. Jay

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CLASS OF SERVICE DESIRED	
Telegram	<input type="checkbox"/>
Letter	<input type="checkbox"/>
Message	<input type="checkbox"/>
Letter	<input type="checkbox"/>

Patrons should mark an X opposite the class of service desired: OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

New York City, June 28<sup>th</sup>

Gov. Benj. Strong

We learn through morning papers

that board yesterday announced authorization for

Boston's Cuban agency in association with Atlanta

will write you in a day or so latest phases on subject

Announcement made today on Jeffrey Meel's becoming

partner Morgan's July 1<sup>st</sup>

Jay —

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison with the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration of one-half the unrepeated message rate is charged in addition. Hereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.
2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.
6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.
7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

#### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

FEDERAL RESERVE BANK  
OF NEW YORK

June 30, 1923.

Dear Governor Strong:

I said that I would write you in a couple of days about the Cuban matter but unfortunately Mr. Case and I have been playing box and cox with one another and, as he has had this in charge, I do not know just what he has heard about it.

He was in Washington on Monday and Tuesday with the Advisory Committee of Governors to which were added pro tem Messrs. Seay, Wills and Martin. They discussed the par clearance situation all day and reached the unanimous conclusion embodied in the enclosed clipping. Mr. Case telephoned me Tuesday morning in regard to the recommendation. I suggested quite a different course which Mr. Harrison and I had discussed at Atlantic City last week, namely that we should make no move at the present ourselves; particularly not an offensive move, as I conceived the committee's proposal to be, and let the situation develop -- if any fighting was to be done as a result of the Supreme Court decision let the non-par banks take the offensive rather than we. He said, however, that the committee was unanimous in its recommendation and that the Board apparently was delighted with it.

Mr. Harrison happened to be passing through New York on Wednesday and, together with Mason who felt as I did on the subject, I spent an hour with him. We all felt that this was a new form of coercion and was a great tactical mistake.

Mr. Case was not in the office on Wednesday but I talked the matter over with him Thursday and though he disagreed with our point of view he said that the committee had made its recommendation subject to the approval of Mr. Davis. I said that while I hated extremely to disagree with him I felt so strongly on the matter that I should not feel comfortable unless I expressed my views to the Federal Reserve Board, although I realized that there was very little likelihood of their making any change after such a strong recommendation from an important group of Reserve bank officers. Nevertheless, on permission from Governor Crissinger I went over yesterday and spent an hour and a half with the Board, during which it became quite evident that several of them, particularly the newer members, did not understand much about check collections. Mr. James, however, while not having technical knowledge on the subject has a banking background and easily grasps a situation if it is clearly put to him. The Board disclaimed any desire to exercise any pressure or coercion but I had learned from Mr. Case that it was the opinion of the Governors Committee that this would be effective in bringing all of the non-par banks into the collection system before Congress assembled. I gave some little thought to this aspect of it on the train going over and satisfied myself that the proposed measure would not exercise anything like the pressure upon these banks which the committee anticipated, since I believe that about 50% of their checks could be collected easily without their passing through the System. Furthermore, the charge takes no account of the profit they get from deposits by remitting only once a week or once a fortnight; nor does it take into consideration the element of human nature and of the resisting qualities of these small bankers. My thought was that if we could get the credit men and the clearing houses and others to take up the whole par situation

actively in view of the Supreme Court decision it would be very much better than for the Federal Reserve Banks to take a new offensive immediately following the Supreme Court decisions. The Board disclaimed any desire to attempt to bring these non-remitting banks to a par remittance basis, and when I pressed them for their own reason for this action, aside from the fact that the Governors had recommended it, it seemed to come down to a desire to do something to clarify the situation as a result of the Supreme Court decision.

I won't go into a lengthy argument on the subject. While the Board were very polite and we had, I think, an interesting discussion and I am sure one that from an educational point of view was not time lost, nevertheless, as Mr. James announced at the outset, the matter was entirely settled and I should bear that in mind. Immediately following the discussion the Board voted to go ahead with their recommendation, making but one change which you will see in the last line, where it provides that the collection charge is not to be in excess of 1/10 of 1% whereas the Governors recommended that the collection charge be based on the rate of exchange charged by the indorsing bank. At least we got rid of that admission that we were basing our fee on somebody's else collection charge.

I may say that Mr. Davis, both orally and by letter, advised the Board not to take this action at this time, but that seemed to have no weight with them whatever.

I had a chat afterwards with Mr. Cunningham who seems like a very sensible man. He was one of the group of twenty-one farmers in Chicago with whom you talked and he has a most friendly recollection of your actions there.

The Board has appointed a number of committees and has really gotten itself into a very good working order. The committee on the New York bank is composed of Messrs. Platt and Miller. The Governor is a member ex-officio of all committees.

I am leaving now and am asking Miss Bleecker, who is taking this down, if she will please sign it and send it for me. I am also sending a copy to Mr. Harrison, who is down at Jamestown with his sister for a couple of months.

Hoping that all continues to go well with you, I am,

Faithfully yours,

Pierre Jay  
2/1/23

Benj. Strong, Esq.,  
Cragmor Sanitorium,  
Colorado Springs,  
Colorado.

Enc.



RECEIVED  
JUL 13 1923  
FEDERAL RESERVE BANK

Mr. Jay

July 12, 1923.

Dear Governor Strong:

When I suggested in a letter to you a fortnight or so ago that I might possibly come out to the Supervisors meeting in Denver, it slipped my mind that we were going to be so short-handed this summer, and the moment I reflected on it I saw, of course, that with you, Harrison and Sailer away the rest of us should not be away unnecessarily. I do not need to tell you that it would have been a great pleasure to see you.

Mr. Dillistin is going out to attend this meeting as he did last year, and should you for any reason wish to see him you can reach him at the Brown Palace Hotel from Tuesday to Thursday, July 17 to 19, and he will be glad to go down to see you, but he will not call unless you send for him.

Your last letter telling us that you had gotten off the reservation far enough to see a prize fight was the best news you sent us yet.

I fear there is practically no news to send you outside of the routine which Trowbridge and others are sending you.

Very truly yours,

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

P. S. At the building meeting last Tuesday we were discussing your suggestion of some built-in book cases in your room. Mr. Sawyer feels that book cases set back into the wall when the wall is plaster would look quite badly, but that this could be cured if the room were panelled throughout. I told him that we both felt strongly against having our rooms panelled. He then suggested that the book cases be not set into the wall but be a built-in structure just like a piece of furniture except for the fact that they would run



FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF TELEGRAM

TO BE MAILED

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

August 2, 1923.

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

The Board yesterday decided to refer both proposed collection amendments to  
Federal Advisory Council at September meeting.

Pierre Jay

MISC. 34.1 40M-12-22

FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF TELEGRAM

TO BE MAILED

X

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

DAY LETTER

August 2, 1923.

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

As Denver papers may report Claiborne's proposed collection plan you should know that advisory committee of governors met Washington yesterday and recommended unanimously first disapproval of Claiborne's plan, second indefinite postponement of plan Board promulgated last month concerning which we corresponded. Stop. Will write tomorrow. No advice yet concerning Board's action.

Jay

CLASS OF SERVICE DESIRED	
Telegram	
Day Letter	
Night Message	
Night Letter	
Patrons should mark an X opposite the class of service desired: OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM	

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT      GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

*new york city*

*Aug. 4 23*

*Benjamin Strong - Cragin.*

*Replying your telegram of the fifth regarding Claiborne plan case wrote you fully yesterday. I will write further tomorrow. In the meantime I have not transmitted your views to Crissinger for reasons to be explained in tomorrow's letter. Board does not meet again until the fourteenth. Crissinger and several others absent.*

*Pierre Jay*

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. This, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration thereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.

2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.

6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

#### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

FEDERAL RESERVE BANK  
OF NEW YORK

PERSONAL

August 9, 1923.

Dear Governor Strong:

This is to confirm the following telegram which I sent you day before yesterday:

"Replying your telegram 5th regarding Claiborne's plan Case wrote you fully yesterday I will write you further to-morrow In the meantime have not transmitted your views to Crissinger for reasons to be explained in to-morrow's letter Board does not meet again until 14th Crissinger and several others absent."

I was away on Monday when your long telegram about par matters arrived. Mr. Case and I went over it on Tuesday and he showed me a copy of the letter which he had written. Case and I are in entire agreement as to the desirability of showing every consideration to Claiborne and his committee, and we believe that they received every such consideration at the hands of both the Board and the Governors Committee. Case and I are also agreed that it would be unwise for the Board to send out any questionnaire on the subject. The plan isn't really worth so much consideration. Claiborne brought with him to Washington the idea that the banks should be allowed to charge exchange against the Federal reserve bank as collecting agent, which is the contention they started with and never changed. He got the idea of immediate credit for intra district items from members of the Federal Reserve Board. *The plan* It is a combination of two ideas, each of which is wholly impossible for us to accept, but I agree that we should make some study here and probably in other districts of the data you suggest, with the exception of the attitude of state banks regarding membership and the attitude of merchants and the public, neither of which could be ascertained without a questionnaire, and even then it is doubtful whether much could be learned by this method. Messrs. Gilbert and Coe are working on the other data and

when we get ours in some shape, we will submit them to the Board and suggest that they get other reserve banks to studying their situations, but I don't think the plan should be given too serious consideration.

As to transmitting your views to Crissinger, Case and I both feel that it would be best if these views could be transmitted orally, as a confirmation by you of our own views, rather than by letter. If we transmit them in writing to him, it means getting you and him into a correspondence which is bound to make our day to day dealings with him on the subject more difficult. Frankly, no one on the Board has much judgment about these par matters these days and there is no telling what tack they may take. I am expecting to go to Washington to spend a couple of days next week, and unless I hear from you to the contrary, would like to be given the opportunity of telling Governor Crissinger of your views on that occasion.

Case and I are not at all hopeful of the possibility of ending the controversy, which you refer to and which the Board is very keen to do; also McFadden. There seems to me no middle ground--it is either par or not par. We must either word towards par or abandon it. We cannot believe that we should do anything <sup>but</sup> ~~to~~ work towards par. There need be no hurry, however. If there is to be any aggressive action, I would favor letting the opponents of par be the aggressors. You will see that any such action on their part will bring the friends of par into action.

Personally, while I don't see any chance of "ending the controversy," I do think the System is rather asleep on the subject and should be aroused into some activity along the line of improving its collection facilities and reducing the time of collecting checks. We have done something in this district through our county clearing arrangements and through our wire settlements of clearing house balances in Elmira, Binghamton, Syracuse and one or two other places. Philadelphia has recently made such an arrangement with Atlantic City. The Talley plan in Dallas you are familiar with. All of these are evidences of what can be done if some energy is introduced.



We learned a lot from our conversations with Claiborne. One of the things we learned was that one of the real grievances the country banks felt they had was that they were being deprived of their charges while the city banks, through their clearing houses, were insisting on retaining their charges. He said that if the clearing houses would do away with their charges, a considerable part of the grievance of the country banks, as well as of their appeal to the public sentiment, would be lost. This in fact was one of the ideas Crissinger and James had in suggesting immediate credit. Their feeling was that if the Federal reserve banks received checks for immediate credit, there would then be no justification whatever for the clearing houses to make any charge for interest on the deferred time, since there would be no deferred time. With this idea in mind we got the Board to assemble data from all of the districts in regard to clearing house charges. It appears there are 299 clearing houses in the country, of which only 25 make charges and over half of those are in the Atlanta district. Some of the charges are at preposterous rates. It simply means that the city banks there are just as greedy as the country banks. It also means that the city banks do business in a general atmosphere of exchange charges. I have in mind suggesting to Mr. James, as the southern member of the Board and one very much interested in this question, that he should consider the advisability of trying to get the clearing houses in the South to follow New York's lead and put on their discretionary list checks on all two-day (or possibly three-day) points where checks can be collected at par. This would keep up the barrier against the nonremitting bank but show him the way to a wider acceptability of checks drawn on him if he would forego exchange. It would also bring about par clearing within the district for country bank checks collectible at par. It may not be possible to accomplish this, but I think it is worth trying.

Both these suggestions are natural developments along the line of obtaining a wider acceptability for out-of-town bank checks, which I think was the real purpose behind the par collection provision of the Act. It seems to me that instead of


trying to find some fancy, complicated, and almost inevitably unsound plan for "ending the controversy," our course should be to work steadily and as rapidly as possible along natural lines, by the removal of clearing house barriers and by speeding up the actual collection of checks, to give checks a wider acceptability in effecting settlements of debt. As I said before, there is no hurry, the developments will probably come slowly, but we should not be asleep. In the meantime Claiborne and his crowd may attack the System, may cause some withdrawals from the par collection system, and may attempt to get remedial legislation, but I am satisfied that the par collection system has very widespread, though not very vocal, support and that if it appears to be in danger, such support will come into activity. The credit men, I am told, are getting ready to take a leading part in any activity in defense of the <sup>par</sup> System which may seem necessary. They are thoroughly aroused over the situation. The Chamber of Commerce of the United States of America, which had an extraordinary referendum a year ago, in which the vote of their members was 1,759 1/2 in favor and 72 1/2 opposed to making par remittance in payment of checks universal throughout the United States, is also watching the situation with interest.

I have been at work for a few days on a brief statement of the whole situation, which I hope may be so clear and conclusive that when published, either under my own name or someone else's, may serve as a working document for the supporters of par collections. I am proposing to inflict a draft on you for any suggestions you may care to make.

I hope the foregoing will give you an intimation that here at least we are not asleep on the subject. In regard to the last sentence in your telegram, in which you expressed the hope that all necessary time will be taken to get all the facts before a decision is made, I believe that this will be done and I am in hopes of getting an intelligent report out of the Federal Advisory Council. Warburg is away at present but will be home early in September. The next meeting of the

Council will be about September 17. Incidentally I may say that the press release of the Federal Reserve Board on the subject was made the day before the President died, so that it got almost no publicity in the press.

Faithfully yours,



Benjamin Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Colo.

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

August 9, 1923.

Dear Ben:

I have your letter of August 3 reporting the progress of your health, which I read to our executive committee to-day and they were all delighted to learn how satisfactorily you are progressing.

Answering your question about the expiration of your leave, the date is September 1. It is the feeling of the committee that our directors would be willing to grant you any reasonable extension of leave, also that the attitude of the Federal Reserve Board would probably be the same. I expect to be in Washington next Tuesday and Wednesday and will sound out some of the members of the Board. In the meantime, the suggestion of our committee, in which Case and I concur, is that you should not apply for a definite extension of your leave for another fortnight until you have perhaps tried your voice and find out what the result is. It may possibly be necessary for you to stay away some weeks longer than you now think necessary, and it would be a much simpler matter to make one extension of it than to make two. I am sure that you will realize the soundness of this point of view. But we will do whatever you suggest with regard to your leave. May I say that much as you may, and naturally do feel that you want to be at the October conference, I have grave doubts as to whether you ought to undertake it as practically your first piece of work. One thing, however, I am perfectly certain <sup>about is</sup> that it would be simply folly for you to attempt to act as chairman of it. If it works around so that it seems wise for you to go at all you should certainly plan to sit on the side lines and let McDougal

and Harrison run it. If you will confess to your doctor what a strain such a conference is, even to one sitting on the side lines, I am sure that he will agree with my view.

I have been pretty bad about writing you recently as we have been pretty much engrossed with par collection discussions and also it's a fact that the absence of yourself, Harrison and Sailer takes three pretty active pairs of shoulders away from the office. Many things thereby are left undone.

We are facing having another absentee in our staff; namely, Shepard Morgan. For some time he has been feeling not at par and he and his wife have decided that the best thing for him to do is to take a year off in which he hopes to recover his health. Therefore, he is leaving on a year's leave of absence, without pay, on October 1, and going abroad with the entire family. This means the appointment of Burgess as another assistant Federal reserve agent, and of George Roberts as manager of the Reports Department. The member bank relations work Mr. Chapin will take under his arm and take in his stride. I am also proposing to give Mr. Dillistin the additional title of assistant Federal reserve agent in addition to manager of examinations department. All this is subject to the approval of the Board whom I expect to see on the subject next week.

Case went away on his vacation this afternoon and will be away until Labor Day. Sailer returns from his trip abroad on Monday.

About a fortnight ago McFadden came in and spent a couple of hours with me. Three important members of his committee have dropped out as far as their circuit of hearings goes; Senator McLean and Congressman Dale (Vermont) and Senator Glass, probably, on account of ill-health. McFadden is anxious to make the hearings an opportunity to do constructive work, and we are going to try to help him here. He did not, however, seem to want us to get up much data for him, although I offered him all of our facilities as you did to Anderson a

couple of years ago. The hearings start about September 15 in New England. They have not decided whether to make the hearing in this district an early or a late one. They intend toward the end of September starting out to the Pacific Northwest and returning through the Central West to Washington and later to make a tour in the South and Southwest. If you have any thoughts in regard to how the hearings might be made useful you might pass them along and I will see that McFadden gets them.

With regard to your telegram of August 3 suggesting that this may be the time to carry out the suggestions you made us some time ago under Section 14 Case has had that matter distinctly in mind during the latter part of July and the first few days of August when money was pretty tight. The Treasury came in and bought quite a volume of short certificates, and we ourselves bought two or three millions one day supplying all the money which was needed. Now the situation has eased off again and it seems quiet. I am wondering whether you had in mind something broader and more fundamental than merely a temporary purchase to tide over a tight moment; whether you meant that you thought the time an appropriate one for the system to go in and purchase securities on a large scale with a view to stimulating business activity and prices. If so, won't you please indicate briefly your views?

Don't let that pile of correspondence worry you. You ought not to feel it on your back at all when you are working so hard to recover your health. Just let it sit and gather dust.

With best regards,

Sincerely yours,

*Pierre Jay* TH

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs Col.

FEDERAL RESERVE BANK  
OF NEW YORK

CONFIRMATION OF TELEGRAM

TO BE MAILED

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

NIGHT LETTER

August 16, 1923.

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

Letters received. Have not had time to digest them yet but will write you as soon as practicable and will transmit your views to Crissinger who is still absent at Marion owing to wife's illness and will not return until some time next week. James also away. Date of Governors Conference fixed for November eleventh. Board concurred with view expressed first page my letter ninth regarding extension of your leave.

Pierre Jay

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

August 17, 1923.

Dear Mr. Strong:

I have been reading over your three letters of August 13 this morning, which Miss Holmes has just transcribed for me. We are watching the business situation pretty closely and I was glad to learn from Curtiss in Boston yesterday that the sentiment is distinctly improving there. I think they have been a most depressed part of the country.

I am sorry that I was cryptic about Morgan. I did not mean to be so. The fact is simply this. During the past two winters he has been subject to getting rather heavy chest colds and did not throw them off very easily. He is always a bit delicate and has not very great resistance. Both he and his wife got a little alarmed about the recurrence of these colds, and I think about three or four weeks ago she took the bit in her teeth and made up her mind that the thing to do was to take him and the whole family abroad for a year of complete rest, in which he acquiesced. I notice you ask, "Why without pay?" I really don't think there is anything in his condition which would justify our continuing his salary in whole or in part. There are probably a good many people in the bank, perhaps some of the officers, who are no more robust than Morgan, but yet who have nothing specific the matter with them. I think the Morgans will be able to finance the year all right. I think also that during this year he will give much consideration to the question of whether he should continue in the Reserve bank or plan to take up some other work on his return.

The last sentence in your letter is, "Am distressed to be away when



needed." I wonder if this was in response to my saying that through the absence of you, Harrison and Sailer some things had to be left undone? I did not mean to give you any other impression than that with three such active officers away there was plenty to do for those who were left, which of course you understand without its being said.

I am glad to hear the continued good news about your condition. I spoke to three members of the Board, (Platt, Miller and Cunningham) and Gilbert, who were having a little conference on open market operations and who inquired about you, about an extension of your leave of absence. They agreed with the suggestion made in my recent letter that you should put it off until the end of August when you might know more definitely and accurately, and that there would then be no difficulty in having such extension as then was necessary.

The notice is out to-day setting the date of the conference as November 12, which will give you quite a bit of leeway. I am delighted to hear that you are not going to persist on presiding. Harrison expects to be back September 1 and no doubt will become active at once in preparing a programme.

Now as to your long memorandum of August 3 about par collections (not so long either when it gets typewritten) the disadvantage of writing seems to be apparent when you say that you "radically disagree with you and Case in this matter," whereas I do not think we disagree at all. Case and I thought from your first telegram that you felt that we should give some real weight to the Claiborne plan. I now gather that your idea was merely to show it up in all its folly, and with this, of course, I am in fullest accord. You also had a thought, which had not occurred to us, which was to use it as a pretext for discussing the whole subject before the McFadden committee. Harrison and I have been talking for some time about plans for dealing with par collections before this committee. But I had not thought of the Claiborne plan in that connection. I

believe it is a very good idea and the information which we are busily at work getting in accordance with your telegram of August 5, together with other ideas which Gilbert is working on and which Harrison will take up actively on his return, all gives an opportunity to make a thorough presentation. Unfortunately, I have just missed McFadden in Washington and here this week, but hope to see him again before long. I understand they have rather changed their plans and are now proposing to begin with a meeting in Washington early in October and then to proceed west. I am convinced that we ought to get in our whole case on par at that first meeting before they start off into the non-par districts. Just how to arrange it I have not worked out, but somehow it will have to be done.

I note also that you have a different definition of "ending the controversy" from that which I had, and that, I think, has also led to a difference of understanding as to what we were respectively driving at. McFadden and Crissinger would like to end the controversy by some stroke that would leave both sides perfectly happy. That is the kind of an ending that I do not think can be produced. Your idea of ending it by showing its absurdity, etc., is one which is very sympathetic to me, but which, unfortunately, I do not think will "end" it. I fear that Claiborne et al are never-ending. If we can show it to be absurd that will help, but I am convinced that nothing will end it - that is, by getting all banks on the par list - but Father Time.

I will see that your views get before Crissinger in due course in writing, and along with them will go my own, which I think will prove to be identical.

This writing of letters is a bad business.

Miss Holmes will have to sign this as I am just going off for the week

Benj. Strong, Esq.,

8/17/23.

end.

I have just joined Hendricks as one of the grandfathers in the bank, as Ellen had a daughter born a couple of days ago.

Sincerely yours,

*Pierre Jay*

Benj. Strong, Esq.,  
Cragmor Sanatorium,  
Colorado Springs, Col.

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

August 22, 1923.

Dear Governor Strong:

At our directors meeting on August 29 we shall want to take up the question of an extension of your leave so perhaps by that time, with the knowledge of the date on which the Governors Conference will be held, you will let me have a line from you giving your up to date views as to the extension of your leave. My own suggestion would be that you make it November 1 so as to give you a month's leeway beyond October 1 in case you find at the last moment you need to stay away longer. If you come back earlier it will be all to the good.

A few days ago I had an opportunity to show to Dr. J. A. Miller your letter of August 3 with regard to how matters are progressing with your health. He said that he had not been at his office for some time and that doubtless there was a letter there from Dr. Webb making a report, but that everything in your letter seemed to him both good and all right.

Mr. Peacock was in inquiring for you on Monday but I did not see him. He will be in again in a few weeks on his return from Mexico.

Mr. Gilbert has postponed his sailing until September 1 and will not be back until about November 1. He will not resign until shortly after his return.

Sincerely,

*Pierre Jay*

Benj. Strong, Esq.,  
Colorado Springs, Colo.

(see P.S. attached)

FEDERAL RESERVE BANK

P. S. Since writing the foregoing your note of August 19 has been received, saying that you have heard that the conference is to be November 12 and suggesting that you had better stay on until the middle of October. All of this is good but does not change the recommendation I have made in the above that you take your leave until November 1. If you will send me a wire confirming this care of the Federal Reserve Board, Washington, where I expect to be on the 27th and 28th it will give me an opportunity to take it up informally with members of the Board and formally with our directors next Wednesday.

P.J.

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

August 31, 1923.

Dear Governor Strong:

I have been in Washington this week and have been so fearfully tied up that I have not had a moment to write you satisfactorily.

In regard to the fiscal agency matter, all I want to say is that we discussed the matter again at our meeting of the directors on Wednesday, at which time your views were thoroughly explained. While the directors have not changed their views, - feeling that we should present our claim for reimbursement to the Secretary of the Treasury, - they feel that before making application we should seek the advice of the Federal Reserve Board as to expediency, the Board having in mind the interest of the System as a whole. The matter will go forward to the Reserve Board in such a way as to preserve your position. There is going to be no hurry about this matter, and it will come up at the Governors Conference.

With regard to par matters, I think I have persuaded the Board to invite Harrison to go over there for a month or two and be their expert on everything relating to "par." We won't know until next Wednesday when they get a quorum for the first time in two weeks. Harrison has informally agreed to do this, subject to taking proper care of his health, and I really hope that it may be the way out of our difficulties. The Board seems to be entirely at sea on the whole matter.

Regretting very much to write you such a scrap, I am,

Sincerely yours,

*Pierre Jay*  
-ml B

Benj. Strong,  
Cragmor Sanitorium,  
Colorado Springs, Colo.

CLASS OF SERVICE DESIRED	
Telegram	<input checked="" type="checkbox"/>
Day Letter	<input type="checkbox"/>
Message	<input type="checkbox"/>
Night Letter	<input type="checkbox"/>
<p>Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM</p>	

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

*New York City 8/30*

*Gov. Burj Strong*

*Directors yesterday extended your leave to November first. Crissinger told me yesterday would doubtless approve but no quorum until next Wednesday*

*Pierre Jay*

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. If this, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration of it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.
2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.
6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.
7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

#### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.



FEDERAL RESERVE BANK  
OF NEW YORK

SENT BY

*Japan*DAY LETTER  
COPY OF TELEGRAM

SEND TO FILES

September 4, 1923.

Benjamin Strong, Esq., Cragmor Sanatorium, Colorado Springs, Colo.

Authentic detailed reports from Japan meagre. Communications through Osaka only. Called on Hoshino, Bank's representative New York who believes Shibusawa probably safe as his home was out of zone. Also as Inouye was announced as Finance Minister in new Government formed after disaster Hoshino believes him certainly safe. While extent of damage may be exaggerated in first reports and will not be really known for several days it is without doubt very severe and a national calamity. The Bank and many other modern buildings in Tokyo and Yokohama were demolished by severe quake which lasted one hour and later recurred. Quake was up and down shake which caused stone buildings to disintegrate and collapse. Coast sections south and east of cities including resorts where many bank officials were with their families entirely engulfed and swept away by tidal waves. American foreign banks also without direct news. Sending their managers from Shanghai to Yokohama and expect cables end of week. They believe stocks of goods in destroyed area unusually light at this time and that firms will probably survive. We offered condolences and fullest possible help to Bank.

Jay

RECEIVED  
SEP 11 1923  
FEDERAL RESERVE BANK  
ST. LOUIS

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 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

VA480 186 BLUE 1/76

1923 SEP 4 PM 3 53

NEWYORK NY 4 1224P

BENJAMIN STRONG

474

CRAGMOR SANATORIUM COLORADO SPRINGS COLO

AUTHENTIC DETAILED REPORTS FROM JAPAN MEAGRE COMMUNICATIONS THROUGH  
 OSAKA ONLY CALLED ON HOSHINO BANKS REPRESENTATIVE NEWYORK  
 WHO BELIEVE SHIBUSAWA PROBABLY SAFE AS HIS HOME WAS OUT OF ZONE  
 ALSO AS INOUE WAS ANNOUNCED AS FINANCE MINISTER IN NEW GOVERNMENT  
 FORMED AFTER DISASTER HOSHINO BELIEVES HIM CERTAINLY SAFE, WHILE  
 EXTENT OF DAMAGE MAY BE EXAGGERATED IN FIRST REPORTS AND WILL  
 NOT BE REALLY KNOWN FOR SEVERAL DAYS IT IS WITHOUT DOUBT VERY  
 SEVERE AND A NATIONAL CALAMITY

DUPLICATE OF TELEPHONED TELEGRAM

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 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

EA480 SHEET 2/110 ✓

1923 SEP 4 PM 3 53

THE BANK AND MANY OTHER MODERN BUILDINGS IN TOKYO AND YOKOHAMA WERE DEMOLISHED BY SEVERE QUAKE WHICH LASTED ONE HOUR AND LATER RECURRED QUAKE WAS UP AND DOWN, SHAKE WHICH CAUSED STONE BUILDINGS TO DIS INTEGRATE AND COLLAPSE, COAST SECTIONS SOUTH AND EAST OF CITIES, INCLUDING RESORTS WHERE MANY BANK OFFICIALS WERE WITH THEIR FAMILIES, ENTIRELY ENGULFED AND SWEEP AWAY BY TIDAL WAVES AMERICAN FOREIGN BANKS, ALSO WITHOUT DIRECT NEWS SENDING THEIR MANAGERS FROM SHANGHAI TO YOKOHAMA AND EXPECT CABLES, END OF WEEK, THEY BELIEVE STOCKS OF GOODS, IN DESTROYED AREA, UNUSUALLY LIGHT AT THIS TIME AND THAT FIRMS WILL PROBABLY SURVIVE, WE OFFERED CONDOLENCES AND FULLEST POSSIBLE HELP TO BANK

JAY.

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 17 E. PIKES PEAK AVE., COLORADO SPRINGS, COLO.

1923 SEP 4 PM 1 06

VA350 51

NEWYORK NY 4 224P

BANJAMIN STRONG

CRAGMOR SANATORIUM COLORADO SPRINGS COLO

STATE DEPARTMENT ADVISE RECEIVED ONLY ONE MEAGER MESSEGE FROM JAPAN THROUGH SHANGHAI ALL WIRES AND CABLES BROKEN ENDEAVORING TO ESTABLISH WIRELESS VIA HONOLULU AND PHILIPPINES THEY WILL MAKE EVERY EFFORT TO GET INFORMATION INOYE AND SHIBUSAWA MAY TAKE TWENTY FOUR HOURS OR LONGER DAYLETTER WITH SOME INFORMATION FROM OTHER SOURCES FORWARDED

JAY.

DUPLICATE OF TELEPHONED TELEGRAM

1366

FEDERAL RESERVE BANK  
OF NEW YORK

*Private*

September 6, 1923.

Dear Governor Strong:

Harrison came back on Tuesday and looks fine, although I am sorry to say that his neck bothers him from time to time. We have since talked nothing else but par collections. I was very delighted to receive a letter from Governor Crissinger this morning saying that the Board had yesterday voted to invite Mr. Harrison to come over to Washington to consult with the General Counsel of the Board on all matters relating to par collections. <sup>"</sup> Harrison is planning to go over on Monday or Tuesday of next week. In the meantime, Warburg is coming back to New York on Saturday morning and he and Harrison will talk over the program for the consideration of this subject by the Advisory Council on September 17. If we can get a good report out of the Federal Advisory Council along the line we have all been discussing, I think it will go a long way towards making up the Board's mind. I am glad to say that Mr. Platt, who is chairman of the transit committee of the Board, was very pleased with the idea of Harrison's coming over, so the thing seems to have gone through without opposition. Harrison will have all of your data with regard to the presentation of our case before the McFadden committee, and when he is able to work out a program with the Board as to what should be done and how it should be handled, we will of course give him every assistance in preparing the data. I understand the first meeting of this committee is to be on October 2. As I told you, I read last week to Governor Crissinger, Mr. James and Mr. Dawes such parts of your correspondence with me on the subject as I thought pertinent. Harrison will have all of your correspondence, and if it seems desirable to make a written synopsis of your views he will do so, but I think that really having him over there is much more effective than merely writing Crissinger a letter.

*This is their way of putting the idea of his spending a month or two there - O.K!*

September 6, 1923.

RESERVE BANK OF NEW YORK

With regard to your telegram concerning Japan, Sailer is endeavoring to get you the information you desire. In the meantime we have cabled the Bank of Japan, have called on their agency here, and have passed a resolution of sympathy and offer of assistance by our board of directors.

I was dreadfully sorry to hear a few minutes ago about Harry Davison's illness, and presume you know of his advent to Colorado Springs with his mother and sister. They say here that he is expected to throw it off and recover.

I am very much obliged for your suggestions and criticisms regarding the par collection article. It is now about to be <sup>re-</sup> written ~~in~~ more popular style by Morgan for publication by the Credit Men under their own name.

Sailer is keeping you advised about the building. He seems very well after his trip abroad. Case is back to-day after three and a half weeks vacation. I am going away to-morrow morning, up to Keene Valley to ~~stay~~ stay with some friends for a week.

Gilbert sailed Saturday and expected to be gone about five or six weeks. We gave him letters to the Bank of France and the De Nederlandsche Bank. As I understand it he is going largely on pleasure.

As far as I know things are pretty quiet in the bank, but this may be only because I have been rather submerged by par collection matters.

I hope everything is continuing to go finely with you.

I am enclosing copy of a letter which was sent yesterday to the Board in regard to Fiscal Agency expenses, together with copy of letter I am writing to-day to Governor Crissinger on the subject, which I think will leave the matter ~~in the~~ open for you to express your views after you return to the east. We considered at our directors meeting very carefully the way the transmittal of these ~~expenses~~ <sup>expenses</sup> should be worded, and the letter is the result of this discussion. The question was whether we should abandon our own decision in the matter to the Federal Reserve Board, or retain our right to decide the matter ourselves but ask the Board for their advice. The latter course was decided upon as the appropriate procedure.

Faithfully yours,

Mr. Benj. Strong,  
Cragmor Sanatorium,  
Colorado Springs, Col.

*Piney*

CLASS OF SERVICE DESIRED	
Telegram	
Letter	X
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired: OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

N. Y. City. September 17<sup>th</sup>

Benj. Strong

your letter regarding health read to executive committee today. They ask me to inquire whether doctor wholeheartedly concurs in your plan to return in late October - Stop - They question whether possible recovery of voice and ability to stand strain might not be regained more quickly and safely by continuing in Colorado some months longer. Please give your views -

Pierre Jay -

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. The terms, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.

2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.

6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

#### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.



October 15  
*Pierre Jay*

FEDERAL RESERVE BANK  
OF NEW YORK

October 15, 1923.

Dear Governor Strong:

Your Health. I have, I think, only one letter from you to acknowledge, plus one or two small notes. The letter is a memorandum which you sent me about the middle of September in regard to your condition as a result of the Dennis-Foster-Chapman consultation, which we were all delighted to receive. This led, as you know, to an inquiry by our executive committee with regard to the desirability of your staying longer. Your reply to this inquiry was most satisfactory and reassuring. Recently, acting on your suggestion, I had a talk with Dr. Miller, and was delighted to have his enthusiastic confirmation of everything you had said; also an even more reassuring statement about your voice and the use of it than you yourself had indicated. Our directors and officers are all delighted at the thought that you are coming back so soon, and I have kept Governor Crissinger and the other members of the Board advised.

Shepard Morgan. Morgan left on September 29, and today I had a letter from him written from the steamer. Burgess and Dillistin have both been appointed Assistant Federal Reserve Agents, and Burgess is very much on the job.

Washington Conference, November 12. Ten days ago McDougal and I met in Washington and fixed up a program, much of which was suggested by the Board. It has since been approved by the Federal Reserve Board; a copy of it goes to you through Mr. Beyer today. You may not agree with all of the propositions contained in it. Some of them were suggested by the newer members of the Board.

Wyatt's Sales Contract Opinion. Mr. Case has given me your memorandum in regard to this. Governor Crissinger was over here a week ago today, and while he was here Mr. Case and Mr. Kenzel discussed this matter at length with him. In the

afternoon he spent an hour with five or six of the leading bill dealers, who told him that occasional advances from us were sine qua non of their continuing in the bill business. Governor Crissinger was much impressed and inclined to agree with them. Our Officers' Council discussed it this morning and referred the matter to Messrs. Harrison, Kenzel and Mason to prepare a program which would be both practicable and unquestionably legal. Since then Harrison has received a telephone message from Mr. Wyatt that Governor Crissinger has asked him to come up here and study the situation on the spot, and Mr. Wyatt will be here within a day or two. In any case, nothing will be done before the Governors' Conference, at which the Board has asked to have the matter discussed. We hear that several members of the Board were disturbed at the action taken by San Francisco some three or four weeks ago in notifying the dealers there that they would cease to do business on sales contract basis. This <sup>action</sup> quickly got back to New York and the National City Company, who talked with P.M.W. on the subject. He immediately got busy with some one out in San Francisco who got the Reserve Bank to withdraw its announcement until after the Governors' Conference. I think there is no reason to worry unduly over this matter. Some way simply must be fixed up to enable the business to be done.

Peacock's Visit. Peacock of the Bank of England paid Case and me a call two or three weeks ago and inquired very particularly for you on behalf of both himself and Norman. I gave him copy of your memorandum of September 14, referred to in the first paragraph of this letter, which he was very glad indeed to take over to Norman. He said that the latter was now in good form, although in the late summer he had been pretty well run down. I showed him some London dispatches in our papers about the inflationist party in England. He said that he did not think the movement was a really serious or important one.

Directors of this Bank. The committee of the Bankers Associations had a meeting a week ago and selected as a successor to Mr. Williams, Mr. Theodore F. Whitmarsh, head of Leggett & Company, wholesale grocers. The indications are that he will

October 15, 1923.

accept the nomination by tomorrow, although it is not definite yet. As you will remember, he is an important director of the Irving Bank. McGarrah knows him well and thinks he will be an excellent director. I have never met him. The committee is also going to recommend Mr. Treman's name for another term.

Par Collections. The reason I have not written you more frequently, in addition to there being very little to write about, has been that for the last two months I have been devoting most of my time and energy to the par collection situation, and have worked out a program which I think is gaining headway with the Board. It involves eliminating that paragraph of regulation J which required us to charge on checks indorsed by non-remitting banks. It involves leaving in regulation J, for the present, the paragraph which says that we will not collect on banks except where we can collect directly or through other banks. That is, we will not collect over the counter for the present. This, as I have indicated to you, takes us out of the controversy and leaves it up to the business men and the bankers. It seems to me that under this program, as we have ceased trying to extend par collections by attacking non-remitting banks, we should endeavor to devote our energies to express<sup>ing</sup> appreciation of the banks which remit at par and to see<sup>ing</sup> that their checks are given a preference over non-par checks in business settlements. To effect this two separate actions were necessary: (a) that the bankers should receive checks on par banks for collection at the minimum collection cost. This means heavy reductions in the Clearing House charges of a number of cities, mainly in the Atlanta district. Mr. James is already taking this up with vigor. (b) That the business men should in some concrete way recognize the greater acceptability of par checks. To bring this about I suggested to the Credit Men here that they should inaugurate a campaign to get business men to express a willingness to accept in settlement of their invoices any check payable at par through the Federal Reserve System. This in fact is what the great majority of business houses are now doing. In the case of the minority, who are insisting on settlement in New York funds, Chicago funds, etc.,

it will mean a broadening of their terms. But this is a concession which it is felt they should be willing to make in view of the fact that the country banks have made the concession of giving up their exchange. The Credit Men have taken hold of this idea enthusiastically and are preparing to raise a special fund from business houses to put it across. They have adopted a standard symbol, copy of which is enclosed, which they hope to get business houses to use, with suitable preceding words, on their invoices and statements of account. They are also getting out a brief pamphlet based on the original one I wrote and sent you sometime ago. Thank you very much for the helpful suggestions you made regarding my draft. I won't go into the details of this program except to say that they are being worked out very carefully and effectively. One reason the Credit Men have taken it up so enthusiastically is that it is a sweet rather than a sour movement; a campaign of friendliness to remitting banks rather than unfriendliness to the non-remitting banks. Furthermore, it does not commit anybody to return, as unacceptable, a non-par check, but it will, if successful, put into the minds of thousands of business people all over the country the superior acceptability of a par check. If the superior acceptability of such checks can be demonstrated, it is not impossible that some, if not many, of the non-remitting banks may in time be willing to remit on the merits of par rather than by compulsion.

Mr. Tregoe ~~has done the same thing~~ and Mr. Orr went down before the McFadden committee last week and found them most sympathetic to par. They say that their reception was in quite marked contrast to the reception to the non-par people a day or two previous who, they say, were treated rather roughly by the committee. McFadden at Atlantic City assured me that he felt that the business world would not stand for the reversion to the old conditions which prevailed when exchange was being charged. Governor Crissinger gave us the impression, when he was here last week, that the attitude of the committee was in every way most friendly to the Reserve System. Harrison has been writing you, I believe,

October 15, 1923.

something about his adventures in Washington. I think he is a little unduly pessimistic about the situation in the Board, however. I was very anxious to get my revised par memorandum into the hands of the committee in time for them to read it before the Claiborne people had their day in Court. Hamlin presented it to them with enough copies for each member to read. Whether they read it or not I cannot say. I am sending you a copy of it in case you would care to look it over again in its revised form. I hope you will find it improved. It went before the committee as a memorandum prepared by several of the Federal Reserve Bank officers. This was entirely true because practically all of them made suggestions and recommendations which were embodied in the final draft.

I still have before me as not fully answered some of your earlier letters as to the details which should be put before McFadden's committee with regard to the savings to the public of the par system; also an attack on Claiborne's float-buying plan. I duly advised Messrs. Crissinger, James and Dawes of your ideas in this respect but Harrison has written you how utterly impracticable it proved to get any agreement or action out of the Board in regard to this or any other matter for presentation to the McFadden committee. What the hearing really amounted to was an expression of individual views on the part of different members of the Board.

Japanese Guests. Last week we had at lunch Mr. Asoh one of the active directors of the Bank of Japan, together with Mr. Hoshino and Mr. Kashiwagi. Mr. Asoh is returning from Europe having lost his second son in the earthquake. He remembers meeting you and wants to be remembered most cordially. Mr. Kashiwagi has just returned from Japan and was in the earthquake. He says that when Mr. Inouye became Finance Minister, the Minister whom he succeeded, Mr. Ichiki (I think) became Governor of the Bank of Japan. Mr. Kashiwagi was just about to start out to play golf with Mr. Nagaike at Miyanos<sup>h</sup>ita, <sup>when the quake came.</sup> They were in a little hotel on the side of a valley. The earthquake was so severe that they ran out and hardly had they done so when the whole hotel slipped off its foundation into the valley below.

York Clearing House. No doubt you have seen in the papers that Alexander has been elected president of the Clearing House and Woodward chairman of the Clearing House Committee.

The prospect of your return during the next fortnight makes everybody in the bank very happy, and I hope most sincerely that nothing will occur to prevent your carrying out your plans and that you will find the return to sea level does not in any way put you back.

Please give my kindest regards and sympathy to Mrs. Davison and her son. I am delighted that you are getting relief from institutional life and cooking even before returning.

Faithfully yours,

*Penney*

Mr. Benj. Strong,  
c/o Mrs. H. P. Davison,  
Broadmoor,  
Colorado Springs, Colorado.

PJ.MM

Encs.

Settlement of this invoice  
may be made by any check  
**PAYABLE AT PAR**  
through Federal Reserve System

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

October 18, 1923.

Dear Governor Strong:

I have just received your letter of the 14th telling about Dr. Sewall's visit. I am delighted that all these fellows agree about your return and all unite in giving you most solemn warnings. Your programme of taking no chances, never getting tired, etc., is one which we would all agree with, and it is going to be up to you whether you follow it or not. No one has ever yet succeeded in making you stick to such a programme, and I hope the chorus of western doctors will do what no one in the East has ever been able to do in this respect.

As for the officers, there is no doubt that they will be entirely satisfied with your schedule provided it is effective in keeping your health good.

I have asked Snyder to look over your thought on the surplus wheat and have something for you when you return.

Yesterday we had a very pleasant and cooperative lunch with Woodward with regard to revising the clearing house statement and general relations with the clearing house committee. The members of the committee are Wiggin, Reynolds, Perkins and Fulton, plus Alexander, president, ex officio.

*Hope you will have a successful trip home,*  
*Yrs P. J.*

T. Saye

FEDERAL RESERVE BANK  
OF NEW YORK

IN REPLY PLEASE REFER  
TO

December 6, 1923.

PERSONAL

Dear Governor Strong:

There are two or three matters on which I want to write you a line:

(1) It appears that about ten days ago Dr. Miller, at a board meeting, brought up the Clayton Act situation and got the Board to ask each Federal reserve agent to make a review of conditions in his district and to send his recommendations as to what permits should be revoked in the case of trust companies which have become more competitive than they were when the permits in question were granted in 1916.

I recommended last May that this should be done, but that it should be done during the first half of the year and that if any permits were revoked the banks should be given six months' notice so as to make their readjustments at the coming election of directors in January, 1924. The Clayton Act committee and Assistant Counsel Freeman told me that the Board had decided to make no revocations. I stand by my recommendation which, as I recollect it, you were in favor of early last spring, but I think that for them to make any revocations only a week or two before the coming January elections would be most inconsiderate to the banks concerned.

Of course, the Board may do nothing after the agents have made their respective reviews, but the point I thought you might say a word about when you were over there is the necessity of giving the banks reasonable notice if any revocations are planned.

(2) You probably have heard that the Board has created a new office



FEDERAL RESERVE BANK  
OF NEW YORK  
December 6, 1923.

called "assistant to the governor." There seems to be some mystery about this but the indication is that it is to be filled by a publicity man who will give out lots of publicity regarding the system. I gather that it is an idea of Governor Crissinger's and the suggestion has been made that we may find it occupied by Mr. Welliver. Personally, I think it is a most dangerous idea that the Board should have a publicity agent, and possibly, if you have not yet become aware of this situation you may like to look into it while you are over there.

With respect to publicity, the information which the Journal of Commerce published on Tuesday morning which it is said to have received from the Federal Reserve Board, in regard to the open market programme seemed to me a particularly unfortunate way of giving out the information and starting the discussion. Quite a number of the other papers have commented upon it without seeming to understand much about it, and the enclosed editorial in the Journal of Commerce yesterday morning keeps up the discussion. All this seems to bear on the question Mr. Young brought up at our last meeting as to whether there should not be some well-thought-of statement on the subject which would present the matter in comprehensive shape for the public mind to understand.

At our meeting yesterday, as possibly Mr. Case may have intimated to you over the telephone Mr. Young again brought up the question and felt that whether the policy were wise or unwise the idea of its being operated by a small group of five governors, as he felt that in effect it would be operated, was extremely dangerous and likely to lead to disaster, in the public mind, Harrison and I maintained that in the last analysis the directors of each Federal reserve bank were responsible for the policies of their banks, and that they did not delegate their authorities to the committee of five except to operate under a policy which the directors might agree upon from time to time or, say, month to month, with the

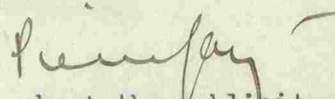
Federal Reserve Board exercising its discretion at the final end of the chain. It seems to me that if the matter could be set up, not only in theory but in fact, along the same line as the decision on rates; namely,

Governor recommends to his board,  
The board agrees upon a policy, and  
\* The Federal Reserve Board reviews and determines the policy.

We should then have a perfectly logical approach to open market operations. Of course, the recommendations of the governors to their respective boards would be largely governed by the recommendations which the committee of five made to the twelve reserve banks. I agree with Mr. Young that the delegation of authority, either in substance or form, to a small committee of five governors to deal with an important element in the control of credit is full of dangers, and in arranging this whole matter we should be careful to see that in substance as well as in form the powers delegated to this committee are pretty circumscribed, I cannot now suggest just how this is to be done but am merely giving you the results of our discussion yesterday and my own views on it. Mr. Woolley agreed very strongly with Mr. Young in this matter.

(3) Another subject you may possibly have a chance to say a word about is Mr. Saunders' reappointment. I have not heard anything further from Mr. Platt on the matter since he called me up a couple of weeks ago. I believe that Mr. James is a member of the nominating committee-

Sincerely yours,



P. S. Bullock has just been in to inquire about the publicity above referred to concerning the purchase of government securities, and I have discussed the matter in a general way with him.

\* Of course, with this link in the chain one has to deal carefully with the rights of Federal reserve banks under Section 14 to purchase Government securities without much supervision by the Board.

Sunday afternoon

Dec. 9, 23

ACKNOWLEDGED

DEC 10 1923

R. S.

Dear Ben -

Your apprehensions regarding the credit men's plan have naturally awakened apprehensions in me for I am of an apprehensive nature. But I am glad to say that Harrison who has been familiar with the plan at every step does not share these apprehensions to any considerable degree.

You are to be with several governors in Wash. this week. I hope you won't get them stirred up on the plan at this late date. Your concern is along 2 lines as I understand it:

1. Have other F.R.B.s shared in the approval of this plan
2. The attitude of the N.Y. bank, & principally myself toward it; from the point of view of complaint on the part of the opponents of par payments.

I'd like to give you, merely in <sup>12</sup>  
outline, the facts in regard to these  
2 points.

with regard to (1).

(A) Idea first broached by me to  
Wills & Martin at a meeting here in late  
Aug. or early Sept. They were among  
the 7 who recommended Reg. J.  
to F.R.B. & were still strong for it  
Both favored this idea, Wills en-  
thusiastically. Care & Harrison were at  
the discussion I feel quite sure.

(B) Idea suggested soon after to Mr  
Orr of Credit Men as a "Thank you"  
programme for the par banks. He  
& Tracy liked it & their directors  
at their annual meeting Sept  
19 adopted the idea enthusiastically.

(C) Before this I had told Crissey  
& James, I think Dewar, of the  
idea.

(D) also I had explained it to Davis  
who said it was O.K. & nothing il-  
legal or objectionable to it.

(E) Sept. 25 at Atlantic City  
A.B.A. Conference I gave a lunch  
to Orr to meet Platt, Austin,  
Norris, Blair (Chgo) Attebury (St.  
Louis), Stater (Cleveland) & 2 or 3  
from NY - Orr explained the  
plan & all were in ~~was~~ ap-

3  
proud it, as far as could be seen.  
Wellborn was invited but didn't  
come. McKinney left the day before  
but I explained the plan & my  
general attitude & he approved  
both, & gave me some suggestions  
about the pamphlet I was  
preparing for the credit men,  
final copy of which I sent you  
a few days ago.

(F) Early in October I got into  
touch with Reay, & he approved  
plan & made some suggestions  
about pamphlet.

(G) Late in October at Cleveland  
Will, Taucher, Curtis, Martin,  
Heath & I discussed the plan  
very fully - & we had 4 or 5  
Cleveland business men in  
to lunch with us to find  
out how they liked it & whether  
they would use it. They were  
all for it but thought it  
too mild.

(G) The following week Heath wired  
that Mr Douglas & McKay raised  
two ~~steps~~ technical questions,  
(1) whether "collectible at par"  
wasn't better than "payable at  
par" and (2) whether the state

sent "any check collectible through  
the R.R. system" would it stir up  
the non-par banks less. neither  
proved practicable & Heath was  
that they were merely suggestions

(B) (H) The credit men advised McFadden  
& sent him copy of 1<sup>st</sup> proof of  
pamphlet also 1000 copies  
the day it came off press.

(I) I showed Davis proof of the  
pamphlet to get him to pass  
on the reference to the de-  
cisions, and explained the  
plan fully to him again -  
He said it was "good stuff".

(J) Nov. 12 I got Curtis Faucher  
Wills, Perkin, McDougal &  
perhaps 1 or 2 others to read  
the proof of the pamphlet &  
make suggestions.

(K) Nov. 15. I read an outline of  
the plan to the joint conference  
& while there was, I regretted  
extremely, no discussion; at  
least there was no dissent.

(L) Thus, prior to conference all  
banks but S.F., Atlanta, Kas. City,  
& Minneapolis were fully advised  
& apparently all approved.

Then as to (2)

- (A) June 29 I appeared before Bd & protested against coercive aspect of Reg. J. & sent written memo to James & Platt giving outline of my views.
- (B) Sometime in July I went to Wash & talked with James; also got Peple up & found him friendly to my view of stopping attaching the non par banks and spending our energies on helping the par banks. Wrote James letter embodying these views. got him to ask each F.R.B. to report on C.H. charges in their districts with view to getting excessive C.H. charges reduced with respect to par checks.
- (C) I talked with care & our directors regarding my general idea & helped to correct ~~the~~ care against Reg. J. He succeeded in getting the for's Adv. Com. to reverse itself & recommend suspension.
- (D) Aug 8. got J. Morris to write to credit men resigning from their Banking committee because of <sup>aggressive nature of</sup> their anticipated activities regarding par matters.
- (E) talked with Warburg about getting Fed. Adv. Council to recom- mend against Regulation J.

14  
16  
F.) wrote Par Memo (which I sent you  
in Colo) which <sup>advises</sup> against ag-  
gressive action now accept

(G) ~~Have~~ wrote Credit memo pam-  
phlet which is not only not  
aggressive but says nothing  
against non-par banks.

(H) Have advised with Orr & Trege-  
frequently & have finally con-  
vinced them against their pro-  
gram of aiming at "universal  
par clearance," and in favor  
of trying to preserve what they  
have by getting business to  
recognize par checks. Have  
attended several meetings of  
business men called by them  
to explain FR Attitude & to  
ascertain the reactions of  
business to the plan. These  
are uniformly favorable  
but they want to be more  
aggressive than the plan  
intends. I have constantly  
pointed out to Orr & Trege  
that there should be nothing  
in the plan contrary to the



continued acceptance of  
non-par checks by business  
houses which now accept  
them; and have written or  
revised their <sup>form</sup> letters with  
this end in view. In other words,  
to make the plan pro-par  
but not anti-nonpar.

The plan is now about  
to go out to the 30000 members  
of the Credit men, & my ac-  
tivities are about at an end  
I am glad, for many reasons,  
to stay. But I am quite  
sure they will make a good  
story if ever reviewed, & one  
that will be creditable. ~~This~~  
This week I'll get them up  
in form, with supporting evi-  
dence - of which there's more  
than I thought when you  
first mentioned your ap-  
prehensions -

Excuse so long a  
long hand letter. But I  
want to set your mind at  
much at rest as possible  
Wm P. J.

Sorry, haven't  
time to read  
this one

Sunday afternoon

Dec. 9, 1923

[stamped]

ACKNOWLEDGED

DEC 10 1923

B S

Dear Ben -

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(C) Before this I had told Crissinger + James, + I think Dawes, of the idea.

(D) Also I had explained it to Davis who said it was O.K. + nothing illegal or objectionable to it.

(E) Sept. 25 at Atlantic City A.B.A. convention I gave a lunch to Orr to meet Platt, Austin, Norris, Blair(Chgo) Attlebury (St. Louis), Strater(Cleveland) + 2 or 3 from N.Y. Orr explained the plan + all present approved it, as far as could be seen. Wellborn was invited but didn't come. McKinney left the day before but I explained the plan + my general attitude + he approved both, + gave me some suggestions about the pamphlet I was preparing for the credit men, final copy of which I sent you a few days ago.

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(G) Late in October at Cleveland Wills, Fancher, Curtiss, Martin, Heath + I discussed the plan very fully + + we had 4 or 5 Cleveland business men in to lunch with us to find out how they liked it + whether they would use it. They were all for it but thought it too mild.

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merely suggestions.

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(F) Wrote Par Memo (which I sent you in Colo) which advises against aggressive action.

(G) Wrote credit men's pamphlet which is not only not aggressive but asys nothing against non-par banks.

(H) Have advised with Orr + Tregoe frequently + have finally converted them against their program of aiming at "Universal Par Clearance", and in favor of trying to preserve what they have by getting business to recognize par checks. Have attended several meetings of business men called by them to explain F.R. attitude + to ascertain the reactions of business to the plan. These are uniformly favorable but they want to be more aggressive than the plan intends. I have constantly pointed out to Orr + Tregoe that there should be nothing in the plan contrary to the continued acceptance of non-par checks by business houses which now accept them; and have written or revised their form letters with this end in view. In other words, to make the plan pro-par but not anti-mon par.

The plan is now about to go out to the 30,000 members of the credit men + my activities are about at an end, I am glad, for many reasons, to say. But I am quite sure they will make a good story if ever reviewed, + one that will be creditable. This week I'll get them up in form, with supporting evidence, of which there's more than I thought when you first mentioned your apprehensions.

Excuse so long a long hand letter. But I want to set your mind at much at

Best as possible Yrs. [signed] P.J.

Sorry, haven't time to read this over.

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

621 MADISON AVENUE

71FY JUL 22

PN NEWYORK NY 455P DEC 16 1923

BENJAMIN STRONG

470 PARK AVE NEWYORK NY

TAKING 5 O'CLOCK TRAIN WILL SEE YOU AT H ST

AFTER BREAKFAST DONT SEE WHAT THERE WAS IN LETTER TO

AGITATE THEM

PIERRE JAY

518P

February 25, 1921

Dear Mr. Jay:

I was distressed to learn of your illness. I have kept in touch with how you were getting along, through Mr. Morgan, and hope when you get back, that you do not run any risks by coming to the office if the weather is bad, or if you do not feel first-rate. Please take advice.

The attached is a memorandum which explains itself and on which I am anxious to have your views, when I get back from Washington, where I am proceeding to-day to try and pave the way for our building operation.

Sincerely yours,

Pierre Jay, Esq.,  
49 East 64th St.,  
New York, N. Y.

Enc.

BS:MM

A COPY OF THE FOLLOWING LETTER WAS SENT TO EACH OF THE ATTACHED LIST OF NAMES JUNE 21.

June 21, 1921.

Dear Sir:

This letter will be presented to you by my friend and associate, Mr. Pierre Jay, concerning whose visit to I am writing by separate letter.

I feel very sure that you will find pleasure in having a chat with Mr. Jay, and he is looking forward to the pleasure of meeting you during his stay in Antwerp.

I have not hesitated to assure him that he will receive a cordial welcome from my friends in Antwerp.

Assuring you in anticipation of my appreciation of any courtesy you may show Mr. Jay, I beg to remain,

Faithfully yours,

A COPY OF THE ATTACHED LETTER WAS SENT TO EACH OF THE FOLLOWING.

Letter transmitting copy of letter of Introduction

I beg to enclose copy of a note of introduction which I am giving to my friend and associate, Mr. Pierre Jay, who is sailing for Europe on the Celtic on Saturday of this week.

As you are doubtless aware, Mr. Jay is Chairman of the Board of Directors of the Federal Reserve Bank of New York and holds the position of Federal Reserve Agent.

While his trip to Europe is primarily for pleasure, and he will be accompanied by members of his family, he will, I hope, take the opportunity, if time affords, to call upon you.

Mr. Jay and I were associated originally in the organization of this bank and in its management. We have in fact had a close partnership ever since that association was formed. I esteem him one of the best informed and soundest men in the councils of the system, and, generally, of the American bankers. You will, I am sure, appreciate the opportunity of having a chat with him, and I will greatly appreciate anything you are able to do to make his visit an agreeable and profitable one.

With kindest regards and best wishes, I beg to remain,

Faithfully yours,

GENERAL FILES  
APR 21 1921  
FEDERAL RESERVE BANK

A COPY OF THE ATTACHED LETTER WAS SENT TO EACH OF THE FOLLOWING:

Sir Robert M. Kindersley,  
Lazard Brothers and Company,  
40 Threadneedle Street,  
London, England.

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

Gaspard Farrer, Esq.,  
Baring Brother & Co. Limited,  
8 Bishopsgate,  
London, England.

Monsieur L. Van der Rest,  
Banque Nationale de Belgique,  
Brussels, Belgium.

Hartley Withers, Esq.,  
The Economist,  
3 Arundel Street,  
London, England.

Monsieur Albert E. Janssen,  
Banque Nationale de Belgique,  
Brussels, Belgium.

Sir R. V. Vassar-Smith,  
Lloyds Bank Limited,  
71 Lombard Street,  
London, England.

Monsieur Ed. Bunge,  
Antwerp, Belgium.

Henry Bell, Esq.,  
Lloyds Bank Limited,  
71 Lombard Street,  
London, England.

Monsieur C. E. TerMeulen,  
Hope and Company,  
579 Keizersgracht,  
Amsterdam, Holland.

Arthur W. Kiddy, Esq.,  
Morning Post,  
168-170 Palmerston House,  
Old Broad Street,  
London, England.

The Right Honorable Reginald McKenna,  
London Joint City and Midland Bank, Ltd.,  
5 Threadneedle Street,  
London, England.

Sir Brien Cokayne,  
Cokayne Bros. & Company,  
London, England.

Captain Robert Masson,  
Credit Lyonnais,  
19 Boulevard des Italiens,  
Paris, France.

Monsieur Joseph Simon,  
Societe Generale Pour Favoriser Le Developpement  
du Commerce et de L'Industrie en France,  
29 Boulevard Haussmann,  
Paris, France.

Monsieur Georges Robineau,  
Bank of France,  
Paris, France.

Monsieur Maurice Lewandowski,  
Comptoir National d'Escompte de Paris,  
14 Rue Bergere,  
Paris, France.

GENERAL FILE  
JAN 20 1911  
FEDERAL RESERVE BANK  
ST. LOUIS, MO.  
JAN 20 1911



FEDERAL RESERVE BANK  
OF NEW YORK

June 22, 1921.

To Mr. Jay

From Governor Strong

I shall return from Atlantic City probably on Friday and call you on the telephone on arrival, although I may not see you if I don't come down to the bank, as I am likely to go right out of town.

Of course, you do not need to have me deliver my good wishes in person - you know that you have them anyway, and I sincerely hope that you have a grand trip.

A few general words about the people you are going to see. First, talk without hesitation to Mr. Norman, and without reserve. I would a little prefer your not stating definitely that you read all of his letters to me, although I gather that he will assume that to be the case. I think that all of the letters of introduction you should send in advance with a note asking for an appointment.

As to the various people addressed:

(1) Henry Bell. He is the active head, and Sir Vassar-Smith the titular head, of Lloyds Bank. Henry Bell is one of the best bankers in London, was a delegate to the Brussels Conference of 1920, and is rather pessimistic about European affairs. He has recently become infected with the idea of government insurance against political risks involved in selling goods in Central Europe.

(2) Sir Robert M. Kindersley. He is a director in the Bank of England, a close friend of Norman's, and a very fine fellow. He is the head of the War Savings Society.

(3) Gaspard Farrer. I visited him before leaving London, and got much better acquainted with him than I had in former years. You will meet his partner, Lord Revelstoke, <sup>at the bank</sup> where he is one of the directors. Farrer is one of the soundest men in London.

(4) Hartley Withers. He needs no description. I hope you are able to see him. He is an exceedingly busy fellow, but can generally arrange to lunch with an American visitor.

(5) Sir R. V. Vassar-Smith. I have given you this letter more especially as a matter of courtesy. He is an old friend of mine, and a very charming man. But you should take particular pains to see Mr. Bell. As you know, he succeeded Lord St. Albans as head of Lloyds Bank.

(6) Monsieur Joseph Simon. He was one of the French representatives in financial matters in Washington and New York during the war; was made head of the Societe Generale on his return, and has made a splendid record in putting that institution on its feet. You will find him a good sound fellow, and he speaks fair English.

(7) Sir Brien Cokayne. I sincerely hope you see him. He is one of the "wheel-horses" in the bank.

(8) Monsieur Maurice Lewandowski. It was Lewandowski who came to this country to work out the arrangement with the Bank of Commerce for the establishment of their French institution. He occupies a somewhat junior position in the Comptoir National d'Escompte de Paris, but is a very active fellow, and is one of the few men in the bank who speaks good English.

(9) Monsieur Georges Robineau. Here an appointment should certainly be made in advance, as none of the officers of the Bank of France speaks English, but they have a very good interpreter there. I have sent word privately to Robineau that the arrangement we discussed, when I was in Paris, should not be pressed to a decision at once, that times would be a little more propitious later, but that the matter is not being overlooked. I think it would be difficult to conclude the arrangement with the Reserve Board just now. Miller has been opposed to it, and the new members of the Board are too uninformed on these matters. I am still anxious to make an arrangement with the Bank of France along these lines, and see no reason why they should not be encouraged to believe that later it will

(10) Monsieur Jean Parmentier speaks English well. He succeeded my old friend Celier in the Treasury, and his office is in the office of the Minister of Finance. It is difficult to find a better fellow. It might be well to take a good man from the hotel with you unless you can rely on your French. I do not know Parmentier very well but Morgan's people do, and if you feel that it is desirable, it would be easy to arrange an appointment with Mr. Harjes, of Morgan-Harjes & Company.

(11) Captain Masson. He is an old friend who visited me in Colorado. I have known him for many years and regard him as one of the ablest men in the Credit Lyonnais. He has a very important position and speaks English perfectly.

(12) Arthur W. Kiddy. It would be well to ask Norman about arrangements to have a chat with Kiddy. He is as reliable as any newspaper correspondent in London, and an exceedingly nice fellow.

(13) Reginald McKenna. If you see him, won't you give him my regards, as of course to all of the others to whom I am giving you letters, but especially to McKenna, as he may feel that our last visit had a little sting in it. He is very aggressive and rather bulldozing, but exceedingly well informed and a very interesting man, and filled with good sense.

(14) Monsieur L. Van der Rest. An old gentleman, is not very active in the bank just now, Janssen and the juniors carrying most of the load. Speaks very little English and cannot understand it, but Janssen speaks English perfectly.

(15) Dr. G. Vissering is an exceedingly able and well informed man, who in recent years has gotten to be a little over-developed on the theoretical side, and likes to see his name in print a good deal. Some of his utterances, particularly at the Brussels Conference, were uninteresting and prosaic to the limit, and I think rather unsound; - I find others agree with me. He is considered one of the most important men in Holland, although not very popular there.

June 22, 1921.

(16) C. E. Ter Meulen. He is the last surviving partner in the old firm of Hope & Company, a bachelor, speaks English perfectly, a man of great opinion, both in banking and financial matters pertaining to the Dutch Government. You will like him very much. I hope you have a chance to see him.

(17) Ed Bunge. I have only met Mr. Bunge once or twice while in Holland, but he was for many years a resident of New York, speaks English perfectly, and is filled with ideas and information. He is a typical old Flemish merchant. I fear, however, that he has gone astray a bit on inflationary schemes.

(18) Albert E. Janssen. You met Janssen when he was in New York, and will undoubtedly see him at the bank if you will call there at all while in Belgium. I believe ordinarily he was trained as an economist and teacher, and that he still lectures in the University of Louvain.

Let me know if you need any more letters.

Mr. Kenzel suggests the importance of stopping at the Amsterdam office of De Javasche Bank, as suggested by Mr. Zeilinger when he was here.

CONFIDENTIAL & PROPRIETARY

Jay

July 11, 1921.

Dear Pierre:

I had hoped to write you before this giving such news as has developed since you sailed over two weeks ago, but I have been commuting back and forth to Washington and have had two week ends out of town, so have been rather busy keeping up with my regular mail.

The most important development possibly has been the continued, and even more exaggerated nervousness over banking conditions in New York until the early part of last week when distinct signs of subsidence developed, and now I think we can say that the worst is behind us, unless we have some developments to revive the talk and uncertainty.

The cattle loan arrangement which was discussed before you left, was finally completed last week, and I believe loans have been made. It will be handled exactly as I laid out, the loan papers being lodged with the Federal Reserve Bank of Chicago, and arrangements made by which they shall not leave the custody of that bank, but can nevertheless be used for rediscount by such participants as may require accommodation.

The next victim for similar treatment will be old king cotton. We are now discussing plans for a cotton pool, with New York, as usual, called upon to provide the major part of the funds, but it is too early yet to say whether such a loan can be arranged here. Our reserve is running between 65 and 70%, and repayments have been pretty general by all the large borrowers. Last week member banks borrowings got down very close to \$400 millions, so there is no lack of credit if we can only frame up a cotton loan so that it will appeal to the New York bankers as safe and convince them that it is needed. I am hopeful that Mr. Morgan, and possibly Mr. Alexander and one other bank<sup>ers</sup> will handle the matter for us.

Last week I finally had opportunity for a fine talk with Secretary Weeks in regard to Governor Harding's position in future, and especially the attitude of the Administration towards him and his work. He promised to have a talk with the President at once and endeavor to arrange for the President to send for Harding, and at that meeting to develop an accord. I have tipped off Harding of what might happen, and think that he is feeling very much happier even at the prospect. Weeks said at once that for us to lose Harding would be a national calamity, that he could not think of seeing any such thing happen. He regarded him as the driving force of the whole system and a great asset; in fact, the matter was left exactly as you hoped it might be.

A cable reached me to-day that Norman and Addis will be here during a part of August, and I am hoping to be able to take a week off so as to have a nice visit with them. Norman suggests Bar Harbor, about which I am not particularly enthusiastic, but I am certain that he will wish to be there a part of the time to stay with some old friends.

July 11, 1921

Money is distinctly easing, short treasury certificates are at about 5%, the long ones at about 5 1/4%, the three-year notes selling at a premium, bankers bills 5 3/8%, stock exchange call loans varying between 5% minimum and 6% maximum, with a reasonable average at, say, 5 1/2%, and commercial paper reaching 6 1/4 to 6 3/4%.

The pressure for reducing rates seems to have disappeared in Washington, but is somewhat in evidence here in New York. My inclination is to do nothing at the moment, but if commercial paper rates move down another 1/4th or 1/2 of 1%, I might then be inclined to recommend a reduction to 5 1/2%. Much depends, however, upon the success of the Treasury in distributing their regular borrowings. Up to the moment they have been so completely successful, that I think the day is coming when we can risk coming down another 1/2 of 1%.

I had a talk with Mellon about the two pending changes in officers' salaries, and he seems to be in accord. I hope they will be approved.

There is no news in building matters, except a further reduction in cement prices, of which we get the benefit, and indications of further reductions in labor costs here and there. I saw Seay last week in Washington, and learned from him that in some parts of his district they have very serious conditions, and it may be a number of years before they are able to get the banks back into anything like sound shape. This applies to the Carolinas especially. I suppose there may be 25 to 50 banks there which will be closed; some of them can<sup>not</sup> meet their checks, but by one expedient or another they have been kept going. Seay thinks that the situation is really improving, but that the improvement will not be substantial until the new crop is made. He says there is a very large amount of hoarding of currency in the district.

The thing which is most worrying some of our New York banking friends just now is the perplexing situation in sugar, and Cuban affairs generally. It will take some courage and quite a lot of money to get the Cuban situation straightened out but I am glad to say that our State Department seems prepared to do everything needful. The routine work of the bank is not very heavy. Things are quiet, and I notice that the boys are getting away earlier, which is a good sign. We have been suffering for the last week or ten days, however, with some most depressing and very hot weather, and Washington, when I was there last week, was literally a furnace.

I am enclosing our last statement, and am asking Mr. Morgan to put in any matter which he feels may be of interest to you.

Please give my warmest regards to my friends in London, particularly at the bank, and my best to you and Mrs. Jay, and the daughters as well.

Yours sincerely.

Pierre Jay, Esq.,  
c/o Messrs. Morgan, Grenfell & Co.,  
22 Old Broad St.,  
London, England.

FEDERAL RESERVE BANK  
OF NEW YORK

TO BE MAILED

Cablegram  
CONFIRMATION OF TELEGRAM

WE HAVE TODAY TELEGRAPHED YOU AS FOLLOWS:

August 24, 1921

Pierre Jay

Grand Hotel Venice

Strong in Washington advises Mellon denies report Treasury considering  
exchange stabilization conference stop Agents conference begins  
October twenty fifth stop Norman reaches London about September twentieth

HARRISON

Charge Federal Reserve Bank of New York,  
15 Nassau Street, New York City.

FEDERAL RESERVE BANK  
OF NEW YORK

TO BE MAILED

Cablegram

CONFIRMATION OF TELEGRAM

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October twenty fifth stop Norman reaches London about September twentieth

HARRISON

Charge Federal Reserve Bank of New York,  
15 Nassau Street, New York City.



Jay

August 29, 1921.

Dear Pierre:

I wish it had been possible for me to write you fully and frequently, but it has been literally out of the question on account of the pressure of a multitude of things to do, largely on account of the hearings in Washington,, and somewhat because of our visit from Norman & Addis. But still further because I have been pretty tired and have skimped on my work as much as possible.

I now have your letter of August 11 and two cables from Italy about your plans, to which I am sending a cable reply to-day stating definitely that Governor Harding approves of your remaining until the middle of October. He is most anxious that you should be here for the conference October 25, and, as probably a week should be required to get acclimated and get the programme in your mind, I should judge that if you are back by the middle of October you would have no more than enough time to cover the ground.

The situation in regard to Austria is, briefly and very confidentially, as follows:

Their finances are going from bad to worse. The plan considered last May was defeated, first, because France was hanging out with political considerations in mind to some extent, and, second, because the officers of our Government had no power to subordinate the claim of the grain corporation or any other claims to new credits. This situation will continue until Congress passes a bill now pending giving the Secretary of the Treasury full powers. There is opposition to the bill and it may not pass for some months.

I would be sorry to have Avenol come over until better progress had been made along lines that we are now discussing, to which I will refer later. In the first place, as you say, he represents the League and a more political view of Austria and Middle European affairs than would be desirable in discussing this

matter with our friends in Washington. In the second place no one is at yet prepared for any discussions, and this latter objection relates as well to the Austrian representative whom I am informed is now on his way over here. If he arrives we will endeavor to keep him busy in getting information from him until we know just what is to transpire.

As to plans, Norman, Addis and I have had a number of meetings with various members of the cabinet and with the President for the purpose of discussing, among other things, some arrangement by which the Austrian and Middle European situation can be dealt with strictly along economic rather than political lines and more under the tutelage of the principal banks of issue, including the Federal Reserve Bank of New York. This very indefinite suggestion was considered at a cabinet meeting last week, the ground for consideration being the protection of our export trade. What we proposed, although most general in scope, was favorably received, and Mr. Hoover is now engaged in preparing a memorandum indicating the attitude of the Administration. Whatever we do or consider will be wholly unofficial and in the first place only by way of investigation without commitment. Later on, if some plan can be evolved, it will then be considered rather as a banking matter than as a political matter. I have not gone into details, and Norman will be in London by the 18th or 20th and you will have two or three weeks for a full discussion with him and opportunity, I hope, for a similar discussion with Vissering who is equally well posted. I hope before you return you will have an opportunity to meet Monet. He is one of the League of Nations organization, representing France, but is a very unusual man with a world point of view rather than a strictly French political point of view. So much for Austria.

As to the investigation, I shall only say that Morgan & Harrison, one or both, were to write you fully. I was too exhausted to attempt a letter, and if they have written you, take some of their enthusiastic statements about my

P. Jay, Esq.,

-3-

8/29/21.

own performance with a grain of salt. I do think, however, that we completely got away with it, and the only thing now left to be done is to take a few more patches off of John Skelton Williams by introducing some written statements into the record which are now being studied and will shortly be prepared. The record will be printed very shortly and I will see that a copy is mailed you.

I do hope you have had a splendid trip. Don't count on me for further letters for a time as I shall be exceedingly busy and possibly go to Bar Harbor for a short visit with Norman and Addis.

Please give my best regards to the family and the same to yourself, and especially consider the contents of this letter as strictly confidential.

Sincerely yours,

Pierre Jay, Esq.,  
C/o Morgan, Harjes & Co.,  
Paris, France.

BS/RAH

FEDERAL RESERVE BANK  
OF NEW YORK

September 15, 1921.

Dear Pierre:

My remissness in writing - nothing unusual, I fear - has really been due to absence from the office first, and later to a great accumulation of work, which made it difficult for me to write such a decent letter as you were entitled to receive.

The Congressional Investigation:

We have concluded the main statement for the Commission, which was not a direct reply to Williams. It is being printed, and I am told is in good shape. Harrison or Shepard Morgan wrote you fully on the subject. We are now engaged in preparing a plan for dealing with agricultural credits, which I shall not enlarge upon, but will send you a copy when it is ready. We are also preparing detailed replies to Williams' charges, which we do not propose to submit verbally as in the case of the first hearings, but will submit to the Commission in writing with sufficient copies for them to study and then appear simply to answer questions. I have no feeling of concern about the Commission's report so far as it relates to this bank. There may be some criticism of the Reserve Board, and possibly of some of the interior reserve banks, but even that I think is uncertain and is not likely to be severe if it does appear. We are obliged to give the best picture we can of the management of this institution, and rely upon the other reserve banks to do the same, and, of course, upon the Reserve Board's making their own statement. Unfortunately, for some reason only Miller of Kansas City and the assistant federal reserve agent of Minneapolis appeared before the Commission, and while Miller made a very good statement so far as I could judge, I think in view of the criticism of the System as a whole, it was a great mistake that the other reserve banks did not appear and do just as we did. Somebody lacked imagination, or else lacked courage which is worse.

The Banking Situation:

Things are really improving. Case and I have just made a sort of unofficial report following a very careful examination of certain of the assets of one of our largest members which has been criticised, appearing for the purpose before a meeting of the executive committee and a few of the directors of the board of that institution. The effect of it has been salutary, and I think will go a long ways toward quieting so much of the criticism and disturbed mental condition still existing. I shall not send particulars for obvious reasons.

The Affairs of the Bank:

Vacations have kept quite a few of our officers away. Morgan is just now away because of a little upset, which I gather is not at all serious. Things have been very quiet at the office and the pressure that has been chronic here for so long seems to be behind us.

Our Condition:

Enclosed is a copy of the usual weekly statement, which will indicate the extent of the liquidation. This is reflected in further easing of money rates and the tremendous success ~~of the success~~ of the current offering of Treasury obligations, which is a combined issue of three-year 5 1/2% notes, one-year 5 1/4% certificates and six months 5% certificates. Our subscriptions are \$620 millions against a quota of \$220 millions, or \$30 millions exclusive of the Japanese renewal subscription of about \$40 millions. I think it is likely that the total subscription combined will exceed \$1,200 millions, and may reach \$1,500 millions for the whole country. This indicates the way money is easing up. New issues of bonds are selling like hot cakes, and there seems a very urgent demand for high grade investment securities.

Cotton:

The government crop report, indicating the crop at about 7 1/4 million bales sent both futures and spot sky high. Everybody at once became convinced that there would be a real cotton shortage, and spot cotton to-day is selling for 20 cents. It has put a quietus on the agitator in the South.

Building:

We are making fine progress. Thirteen caissons are on their way to rock, one of them within a few feet of the bottom. Conditions appear to be just about as anticipated, and the work is only a few days behind the schedule, and will be up to schedule in a week or two. We let the steel contract yesterday to Post & McCord at about \$69 a ton. The saving in price in <sup>certain</sup> structural changes, which eliminates material, represents a total saving over the March estimate of \$780,000. The work seems to be so well organized that it is not taking very much time, and I feel more certain than ever that our whole program was a sound and advisable one.

Now a few words as to the delightful visit that we had from Norman and Addis. They will tell you just what we did so I shall not repeat. The result of their visit, however, was to establish in the minds of our own officers and directors here, as well as in the Reserve Board and some of the officers of our government, a very much better understanding of the present situation abroad than has heretofore prevailed. I think it brought the Bank of England and this bank, and the System generally, closer together more effectively than by any other means that could have been adopted.

I have three general thoughts in mind in connection with their visit:

(1) That we must aggressively pursue the policy of bringing about better understandings between the banks of issue than has heretofore been possible.

(2) We must begin to consider among ourselves some means of studying and understanding the foreign exchange problem better than it is now understood. I do not mean by this suggestion that we will be capable of correcting the present unfortunate situation, which may indeed be well beyond the power of any one or any group of institutions or governments to correct, but on the other hand we may be able to prevent some foolish things being attempted which might have disastrous results.

September 15, 1921

(3) Some of us have become convinced, as the result of our discussions, that bankers, possibly under the leadership of the banks of issue, must undertake some non-political program of assistance to middle Europe in order to avoid a complete collapse, financially and economically, and a serious setback in the world's trade and general development.

As to this last, I thought we had concluded an understanding with the Cabinet, which would be expressed in a letter to me, that would enable us to join with others in carrying on a study of the situation in Austria and the adjoining countries. I have just received word, however, that there is a hitch somewhere in Washington, and cannot tell exactly what has happened until I go over there next Monday. I think it possibly originates more on the political than on the economical side of our government, but this is surmise. After reading this letter, will you not say to Norman that while I cannot count at the present time upon the receipt of a letter such as was contemplated, I still have hopes of laying the foundation for a program of some such character as we discussed, and I hope sufficiently soon, to cable you fully about it before you sail. If you do not hear from me, you will understand that delays have been unavoidable.

This letter has been delayed a few days in dictation, quite unavoidably, but not too late for me to suggest to you the desirability of seeing Dr. Vissering if you can spare the time, and if it should just so happen that Norman could go with you, and that you would also be able to have a talk with Dr. Havenstein of the Reichsbank. It might prove most enlightening and helpful. Should you have a talk with Havenstein, please be sure and urge him to give you the very best opinion that he can on the subject of the foreign exchanges, Germany's official attitude toward the position of the mark and the general bearing of reparation payments upon the future value of the mark. We should know a little more about the speculation in marks. I wish I had time to write you fully my own views about the reparation situation, but in a word, they are as follows:

I believe that in order to make the first payment of one billion marks, the German Government exhausted all the foreign currencies available, as the result of the German trade which has so far developed, all the foreign currencies which could be acquired through the normal operation of the exchange market, if you please; ~~but~~ <sup>also</sup> they exhausted their borrowing possibilities among the bankers of friendly nations. In other words, they anticipated future sources of supply of foreign currencies by borrowing for short periods, for the repayment of which loans, future supplies of exchange must be applied for a time. And even with all that, it was still necessary for the Reichsbank to part with some 13 million dollars in gold in order to meet the first payment. Roughly expressed, it strikes me that they exhausted all accumulated exchange, exhausted possibilities of short banking credits, anticipated future supplies of exchange, and even dipped into their gold reserves in order to make the first payment, so that the next payment seems to me almost impossible.

If this is the case, matters might reach a crises before next May. If it is not the case, it will be because speculators in Germany have accumulated supplies of exchange to enormous totals that can be made available only at higher prices than Germany has already been paying for those currencies which she has been able to acquire.

My thought about the future is that reparation payments should be largely made in kind, especially in raw materials, such as coal, lumber, pot ash, sugar, &c., &c., and that the payments which must be made in cash should be

September 15, 1921.

regulated in amount by careful consideration of the normal production of exchange by German trade in excess of that amount which is required for the purchase of raw materials, in order to enable her industrial population to keep employed.

This is hardly more than a surmise, or suggestion, but if there is anything in it, the method of dealing with reparation payments should be altogether changed, and one essential requirement would be, on the one hand, a study of the trade situation in Germany by an impartial organization representing the Allied nations, and on the other hand, a greater degree of control of the trade, at least of the exchange which the trade produces, by the German Government than now exists, so as to get the speculators off of the back of the German Government.

I realize that this is not a well thought out suggestion; it is passed on to you very hastily and sketchily, merely to give you something to think about in connection with any conversations you might have with Havenstein or Vissering. I shall be intensely interested in the result of your visits and discussions. Let me suggest that if you can locate a good stenographer that is thoroughly reliable, and no doubt Norman can supply you with one, it would be a good scheme to take off an hour every day and write it down, as I should have done during my visits abroad but never have done much to my regret.

I hope that you are having a bully trip and feel well repaid for staying over a few weeks longer.

With best regards from all at the office,

Yours sincerely,

*R.D.*

Pierre Jay, Esq.,  
c/o Messrs. Morgan, Harjes & Co.,  
Paris, France.

BS:MM  
Enc.

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE Nov. 18, 1921 192To Mr. Jay

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

FROM Governor Strong

I think I have sent you all of the correspondence and cables exchanged with Norman since your return, excepting possibly a few that came while I was in Washington and were forwarded to me there. The file is with this letter. Will you please make sure that no one sees it excepting yourself.

BS:MM  
Enc.

RECEIVED

NOV 21 1921

P. J.

*Thank You*



## OFFICE CORRESPONDENCE

DATE Jan. 30, 1922 1922

To Messrs. Jay, Case, and Harrison  
Governor Strong

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

FROM \_\_\_\_\_

The attached letter from Van Zandt is very confidential. I wish that you would read it, and pass it back to me, and have in mind that I would like to find a good position for Van Zandt if anything turns up which is suitable for him.

[See Van Zandt  
to Strong 1/21/22]

BS.MM

Enc.

*Amended  
to Statistics Dept -*

## OFFICE CORRESPONDENCE

DATE Feb. 3, 1922 192

To Mr. Jay

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

FROM Governor Strong

Referring to the attached chart, I agree with you that there is no likelihood of a recurrence of such peaks in the curve as shown. On the other hand, that curve represents the course of prices throughout a period when we had a rigid, inflexible currency system, except to the extent that money was freely printed by Congress. No one I think will deny that were we so foolish as to encourage credit expansion by unlimited lending of money we could bring about another peak in the curve similar to the other three. All that I am thinking about is the question of degree, or extent to which we may contribute to some such development, and especially of our responsibility to be forehanded and far sighted enough to anticipate coming events and to move quickly enough in changing our rates.

BS.MM  
att.*[Wholesale Prices  
US & England 1890-1920]*

FEDERAL RESERVE BANK  
OF NEW YORK

Feb. 23, 1922

## OFFICE CORRESPONDENCE

DATE

TO Mr. Jay

SUBJECT:

FROM Governor Strong

I have just finished reading the attached letter which Mr. Snyder has drafted for Mr. Wallace of "Wallace's Farmer," who, as I understand, is a <sup>Son</sup> brother of the present Secretary of Agriculture. Please recall that Wallace's Farmer has consistently attacked the Federal Reserve System, and especially the Federal Reserve Board, and that Secretary Wallace has disclaimed any control of the editorial policy of the publication.

Mr. Snyder's letter impresses me as excellent, but from my point of view deficient in ~~one~~ <sup>Respect</sup> ~~point of view~~, that is, that we do know of widespread distress among farmers in certain sections of the country, we do know that on the average the income of the farmer is deplorably small at the present time, and I think we have further learned that better understandings and better progress can be arrived at by a somewhat more sympathetic attitude towards this problem than characterizes Mr. Snyder's draft.

If you feel that the letter should go, it should certainly be dissociated from the New York Reserve Bank, and possibly some thought given to the changes which I have indicated, and others which I have not referred to in detail.

BS.MM

att.

*Norman*

FEDERAL RESERVE BOARD

WASHINGTON

May 8, 1922

Dear Jay:

The enclosed is a pencil draft of a cable which Norman would like to have sent as promptly as possible and which explains itself. I will try to get you by telephone this afternoon to give further details. Will you have the cable put in code and sent in the customary form, so they will understand that it is from Norman? As it is subject to the rules for handling these confidential cables, possibly you might hand it to Mr. Beyers for arrangement.

Very truly yours,

*Be: Strong*

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

*draft of  
Proposed cable destroyed as per  
request of Governor Strong May 10/22  
per Washington wire.  
J. D. Beyer*

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT.

RECEIVED AT

TELEGRAM

DELIVERY NO.

This is a fast Telegram unless otherwise indicated by signal after the number of words:—"Blue" (Day Letter) "N.L." (Night Letter) or "Nite" (Night Telegram)

Form 16

STANDARD TIME INDICATED ON THIS MESSAGE.

1474

*Korman*

*cb*

R102WRE1210A 22 NL

SM WASHN DC MAY 8

GEORGE BEYER

FEDERAL RESERVE BANK, 15 NASSAU ST NYC

TELL MISS HOLMES NOT TO SEND CABLE ENCLOSED IN MY  
LETTER OF TODAY TO MR JAY UNTIL SHE HEARS FURTHER  
FROM ME

BENJ STRONG

FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE July 10, 1922 192TO Mr. Jay

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

FROM Governor Strong

Please read this first draft of a letter to Dr. Miller, in reply to his of July 6, and let me know how it strikes you. This whole subject really belongs on your desk, but the question now is - What shall we do about - if anything?

BS.MM

att.

CLASS OF SERVICE	SYMBOL
1	7
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 COTTON EXCHANGE BUILDING, NEW YORK

1 PINE STREET,

250AN CBH 16

WINTERPARK FLO 440P FEB 2 1923

PIERRE JAY

885

FEDERAL RESERVE BANK NEWYORK NY

MAIL LETTER CARE DESOTO HOTEL SAVANNAH SHALL BE THERE MONDAY  
THANK CASE FOR HIS TWO WIRES

BENJ STRONG

456P

CO FEB 2 PM 5 04



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

NEW YORK



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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 COTTON EXCHANGE BUILDING, NEW YORK

AT 25MX 66 31

1 PINE STREET, N. SAVANNAH GA 1241P FEB 5 1923

PIERRE JAY

**456**

FEDERAL RESERVE BANK NEWYORK NY

LETTER NOT ARRIVED SUGGEST WIRING ABSTRACT TO ME HOTEL BONAIR  
VANDERBILT AUGUSTA WHERE I SHALL SPEND FEW DAYS IS THERE ANY  
CHANGE IN SITUATION AND SHALL I STOP OVER AT WASHINGTON

BENJ STRONG

1252P

*Recd  
1.31  
WJH*

*This has  
attended to -  
AW*

eight letter.

collect

[Mar 19, 1925]

Purvie Jay

F.R.B. N.Y.

Yours fourteenth reply as follows

First. Read my memorandum to case on this subject made before leaving

Second. Have always opposed setting up any arbitrary figure on grounds you state and because further believe that no bookkeeping manipulation can alter facts or strengthen our purpose to prevent ~~credit~~ abuses.

Third. Feel strongly that no such addition to statement should be made until some sound educational work had prepared way for it. See my memorandum to Morgan. Otherwise explanations required would be in nature of defence against any criticism which arises

Fourth. Objection to Warburg Muller plan which is soundest is mainly its departure from generally understood intention of Reserve Act, and therefore greater

possibility of attack  
fifth. My best opinion is that after  
way is prepared by ~~Reserve~~ Board  
say in Bulletin and by banks  
in monthly Reviews, the soundest  
plan is that suggested by  
Warburg Miller but if Board is  
unwilling to face probability of  
attack and stand firm then  
your proposal next best  
with possibly some refinement  
of language.

Sixth. There is ample time before  
say December to do all the  
Educational work required  
if pushed energetically

Seventh. This mo. is last  
chance to get system  
understanding & policy

Eighth. Wire if above is clear

PS.

(Copy of Telegram)

Colorado Springs, Col.  
March 19, 1923.

Pierre Jay

Federal Reserve Bank, New York N. Y.

Yours fourteenth reply as follows.

First, read my memorandum to Case on this subject made before leaving.

Second, have always opposed setting up arbitrary figure on grounds you state and because further believe that no bookkeeping manipulation can alter facts or strengthen our purpose to prevent abuses.

Third, feel strongly that no such addition to statement should be made until some sound educational work had prepared way for it. See my memo. to Morgan. Otherwise explanations required would be in nature of defense against any criticism which arises.

Fourth, Objection to Warburg Miller plan which is soundest is mainly its departure from generally understood intention of reserve act and therefore greater possibility of attack.

Fifth, my best opinion is that after way is prepared by F. R. Board say in bulletin and by banks in monthly reviews the soundest plan is that suggested by Warburg Miller but if Board is unwilling to face probable attack and stand firm then your proposal is next best with possibly some refinement of language.

Sixth, there is ample time before say December to do all the educational work required if pushed energetically.

Seventh, Conference this month is our last chance to get a system understanding and policy.

Eighth, wire if above is clear.

Benj. Strong

P. J.

Dec 24/23

Attn Lafayette Wash. DC.

My telegram was intended to repeat what I have always held that it will be a mistake to change statement. Stop  
Your letter and cases indicate officers and directors now laid down to stop. If notwithstanding my memo to Case and Morgan you all now agree that change should be made I would decidedly oppose any arbitrary figure stop there is then only possible plan is to put 100% behind notes. stop. As law does not contemplate this it will invite attack and require much explanation stop. If plan to alter figures in statement is dropped then we must rule upon Educational program stop. A part of that program might include a warning such as you propose for statement footnote but no figures should appear as stated your letter because of confusion which would arise from changes in policy of paying out fed. stop. Aside from any other reason I have instinctive feeling we would get very bad publicity if figures of statement now

changed. Stop. Why not rely upon  
straightforward simple statements to  
public and get right at it now  
leaving figures alone anyway until  
public reaction can be understood.  
Stop I dread the possibility of some  
obscure and complicated treatment of  
this matter rather than simple plain  
publicity.

Benj. S. S. S.

Cragmore, Colorado Springs

March 26, 1923.

Dear Pierre:

This is just a line to let you know that I am getting along O. K. but shall not do any mail for a week or two more until the first period of strenuous rest is concluded. Had a cold for a time that made me feel mean but it's about gone.

Won't you ask Sailer to consider whether, in view of our new type of untried doors, etc., it may not be wise to provide for temporarily and possibly always carrying reserve supplies of such things as currency, unissued bonds, gold, etc., on more than one level, as precaution against double lock out. It might save us a serious time.

Better read my memoranda re monkeying with the weekly statement already on file. I think it is poisonous and should be scotched. People will shortly think we belong at Coney Island! "Merry-go-round" etc. Let's tell the people what we think, do it now! And leave the statement alone! I feared I was outvoted and outtalked on this when your letter and Case's arrived.

Some more later.

Best to all at the bank.

Yours,

B. S.

P. S. Was the Senate point of the May 1920 conference circulated at all?

Has anyone investigated what is behind the row in American Cotton Growers Association (Wannamaker) and Dr. Hutchinson (or Huntington). Might be worth knowing. Harding could learn!

(COPY of TELEGRAM)

March 31, 1923.

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

Both Dalton and Osborne known to me by reputation and fine fellows. Stop. Won't you express my regrets not seeing them and personally make sure their visit gives them maximum profit.

Benj. Strong.



Dear Pierre - ~~son~~ see file 4/9/28  
Something urged me today  
to draft the enclosed letter to Sen. Glass,  
which is of course persuasive, but I have  
reason to think he will be glad to have  
it.

Won't you read it over. You  
seems no danger in sending it, and if  
that is so, possibly Miss Bleick will  
copy it out and you be good enough  
to sign it for me, with a note that  
it was copied from Percie's draft -  
Also I'd like a copy sent me  
here, including the enclosure -  
Let me know how it strikes you,  
also the letter to Davis re par Collins -

Mrs. B.S.

Things about the same here. My  
tooth was a trial, but about cleared up  
now. I have a barrel of mail, which  
I'll let soak for a time.

(Copy of Telegram)

April 11, 1923.

Pierre Jay

15 Nassau Street, New York, N. Y.

Your satisfactory letter seventh convinces me Chicago proposal fully unnecessary and unwise and that we should do nothing until statement we have in mind has been made and widely circulated. Stop. Then our action has chance to be understood. Stop. Cannot believe our people would deliberately adopt the more hazardous policy indicated your letter.

Benjamin Strong.

Colorado Springs, Col.

April 15, 1923.

*file with  
for Strong  
telegrams  
file*

Pierre Jay

Federal Reserve Bank, New York, N. Y.

Yours twelfth personally believe you are more influenced by price movement than by facts of our own position which is only one of many influences affecting prices and that your proposal comes too soon. Stop. My views in detail are as follows First proposal regarding VIGO is very important because of committal involved and for reasons you name and wish you would convey my views to Sactander Secood our Cadiz should follow his statement and not precede third Madrid should agree if possible to hold back similar general Cadiz by others fourth in any event what you and Case recommend is not now justified by total system thirteen and fourteen assets combined which have remained substantially unaltered for over a year and a disparity in Barcelona alone does not justify what you propose until evidence is convincing that the disparity is causing abuses fifth Cadiz in absence of this development must contemplate pressure to reduce which can be applied under fourteen just now better than under thirteen if Ineed called for at all beyond off setting new gold sixth a month or two of systematic reductions under fourteen beyond what has already been accomplished will develop the situation so that no one can justly question Cadiz when made and meantime proposals first and second with subsequent widespread educational work will go far to prepare the way seventh do not overlook that Barcelona disparity of itself does no harm unless advantage is taken of it and we seem to have only one important case of that kind which should be dealt with tactfully but definitely eighth Santander should be willing to take his changes about Barcelona Ninth I hope you delay and recommend doing so Tenth Please send copies my letters requested. Strong.

FILING DEPT  
NOV 26 1923  
FEDERAL RESERVE BANK

(Copy of Telegram)

April 15, 1923.

Pierre Jay

Federal Reserve Bank, New York, N. Y.

Yours twelfth personally believe you are more influenced by price movement than by facts of our own position which is only one of many influences affecting prices and that your proposal comes too soon.

Stop. My views in detail are as follows:

(Crissinger)

First, proposal regarding Vigo is very important because of committal involved and for reasons you name and wish you would convey my views to Sactander.

(rate increase)

Second, our Cadiz should follow his statement and not precede.

(F.R.Bd.)

Third, Madrid should agree if possible to hold back similar general Cadiz by others.

Fourth, In any event what you and Case recommend is not now justified by total system thirteen and fourteen assets combined which have remained substantially unaltered for over a year and a disparity in Barcelona alone does not justify what you propose until evidence is convincing that the disparity is causing abuses.

(rate action)

Fifth, Cadiz in absence of this development must contemplate pressure to reduce which can be applied under fourteen just now better than under thirteen if need called for at all beyond offsetting new gold.

Sixth, A month or two of systematic reductions under fourteen beyond what has already been accomplished will develop the situation so that no one can justly question Cadiz when made and meantime proposals first and second with subsequent widespread educational work will go far to prepare the way.

April 15, 1923.

(rate)  
Seventh, Do not overlook that Barcelona disparity of itself does no harm unless advantage is taken of it and we seem to have only one important case of that kind which should be dealt with tactfully but definitely.

(Mellon)

(rate)  
Eighth, Santander should be willing to take his chances about Barcelona.

Ninth, I hope you delay and recommend doing so.

Tenth, Please send copies my letters requested.

Strong.

(About April 25, 1923.

Dear P. J.

I'm returning yours of the 20th to save longhand.

(1) Frankly I think a change of rate now, with no preparation, and no affirmative action from conference, and no increase to speak of in our loans to members, would be little short of folly. Sorry to feel so strongly. It will be so easy to get this before the country or would have been when conference was held. I'm going to shoot something on my own hook pretty soon and take the consequences.

(2) Gilbert must meet the market or force us up, in May. If banks don't distribute <sup>new</sup> this issue, at once, then up go our loans, and to get them or keep them down our rate must then go up. I'm having an eye on this and you will hear somehow from out here if Gilbert cuts too close. Warn him earnestly! It's rising rates that cause Treasury difficulties, - falling rates are easy!

(3) I can't form opinion without a look but

(4) I like this point Sawyer makes of a dark floor and lighter walls, etc. Have a very faint but agreeable recollection of seeing "heather tiles." This is best I can do from here - except to suggest a plain unbroken expanse of floor would not look well.

(5) I agree.

(6) Sounds good if it does not too much reduce precious light.

But one needs to see it.

Finally. This part (building) of your letter is hard to answer from here. Must leave it to you. But am sure you will get it right.

Please refresh your memory re my position on rates by reading what I have written from here and my memorandum, etc. and letters in New York. It seems very clear to me, from here, what we should do!

Hurriedly,

B. S.

P. S. My separate blast about the Tribune article is for you.  
They are bully fellows and I would not make them feel I was sore for anything.  
But it was a d- stupid, so far as evidence I have goes.

April 30, 1923.

Dear Pierre:

"Patience" is all right, but don't forget that the word patience has been the shield and buckler for timid and lazy souls since first the word was invented, - and some of those are within 250 miles of New York. For at least eight months I have felt as though I were holding off Snyder with one hand and my own impatience with the other. In the fall I really became convinced that if a slackening did not occur after the holiday peak, - some action was due. No one has watched all available data more carefully than I have. Every symptom indicates the need for restraining influences. But please have in mind that so far as rates go we have taken the first indicated move - and our earning assets symptom does not yet show need for another increase. Please lay aside some of those other matters and reason through the following and see where it lands.

1st. There are no surplus reserves in the country. They are absorbed as fast as they arise.

2nd. If there are no surplus reserves, then increases in loans and deposits must so far have been based upon gold imports, and those have already worked their mischief.

3rd. Yet prices and wages still go up.

4th. So far as credit is a factor, it cannot be due to our loan and investment account as that has varied but little. (See figures.) The low point August 9, 1922, was \$1,025,000,000, recent high January 3, 1923, \$1,339,000,000. Average \$1,166,000,000. Present April 18, 1923, is \$1,159,000,000. The variation no greater than would be caused by Treasury temporary borrowing and seasonal changes. Therefore we have made no contribution of credit toward price change really for a year or so. Even allowing for the lag - the period prior to August



9, 1922, was one of reduction in our earning assets and still prices were rising then due to gold imports.

5th. If we are not expanding our loans - another rate increase, without explanation, would be a threat, and hard to justify. All the comments on our position that I read in the outpouring of literature I get here, show that it would be instantly misunderstood and cause greater or less uneasiness, if not alarm.

6th. If we are not expanding our loans (and thereby bank reserves) how is the price movement being financed? By some of those processes that Snyder will not give proper weight to in his philosophy - but I won't elaborate now (will later). The point is that price advances are going on, especially in wages, and are being financed, and our loans and investments are not increasing. So what shall we do? Why tell the country all about it! Then, after a period of real education, put rates up if needed.

7th. Failing early action along this line, then I say we should submit a 5 per cent. rate as the next best and only way left in which to make our record clear.

8th. And those foolish political folks at Washington cannot or will not see that only by timely action now will the structure be prevented toppling over - unless indeed political pressure induce the system to finance another orgy till after election. If we don't finance we may have an election in a period of unemployment that will make this present crowd sick - and send them home! It would be very likely to bring about an overhauling of the whole system - in which I'd like to have a hand! by Jove - for it would need and deserve it.

9th. Also recall that there are folks who always need more convincing - who will dissect to the bone and marrow and still want convincing - and whose desire to get all the facts and evidence and more becomes such an obsession that they finally become incapable of any action - they just think and talk about it.

10th. And finally if I were you I'd dismiss the Treasury consideration; because if we do put our rate up as the only resort - after the financing - we do injustice to everyone who buys the securities. Better before than after. But sound education now may avoid the need for increasing for some time.

Won't you get together my various letters and memo. on this matter and have copies made for my files. I'm not going to be caught without a clear record! Then if our Washington friends will not make a constructive move - if they still find one excuse after another for delay - tell the directors I favor going to 5 per cent. It may hurt us, but also may save many a heartburn later. Don't let's be timid ourselves about making a record either. We will be thankful later.

This air - good weather - and a general uplift from good behavior - makes me want to arm for a fray! I'll write Snyder about the article . It needs a lot of dressing up. Take my advice and put other matters of less moment aside, and camp on the trail of this affair.

Yours,

B. S.

Colorado Springs,  
Thursday, May 3, 1925.

Dear Pierre:

Reading no end of literature, and especially the Reserve Board's statement, as in the New York papers, about investment policy. I am getting convinced that the only thing for us to do now is submit a rate increase. Probably they will not approve it, or if they do, most of the other banks will do likewise. And I regret coming to this opinion yet see no other course.

The statement was so long and so indirect that people will not know what it is all about, and it said nothing about rate policy or prices! This is the sort of situation which needs very thorough discussion and exchange of views - but the above is my best, all things considered.

If we do increase our rate, or apply to, we should try to get the Board to hold up a general increase for a time; and certainly should keep in touch with Gilbert, but not be finally controlled by his views. His present danger, as I wrote you, is to make too low a rate and cause increases in our loans which from past and bitter experience we know will not come down without much pressure. Also I am concerned at the discussion in Washington which hints at a return to the "direct action" doctrine, which has great possibility for harm!

Will you have copy of this made for my files - as of others I send you. The next time this subject is overhauled, it is likely to be "for blood." And I cannot urge too strongly that you and Case and Barrows and Morgan keep the fullest kind of records. Memory grows dim - and my absence makes me a bit cautious on this score, for I am more given to that than the rest of you.

My best to all at the bank. Still doing famously. My throat improving daily and I still hold the record!

Yours,

B. S.

Colorado Springs, May 11, 1923.

Dear Pierre:

Yours of the 7th has just come. Let me have your own views about the rate situation. My objection to the increase without explanation, is that 1920 showed how easy it is to "back" this huge machine, when all it needs is to "slow it down." Successive increase at New York to 5% without prior period of "thought" by the public might cause alarm, - not now warranted. But the country is "thinking," it remembers 1920-1921 and that is a hopeful sign. Also Gilbert has helped us by 4 3/4% rate - although I will not be surprised to see some heavy borrowing as deposits are withdrawn. Much depends upon how fast the Victories come in! I have been especially disheartened by the entire lack of leadership in the System.

The First National is borrowing too much and are riding us. They know how to run the shop without borrowing so heavily and should be shown if they don't play the game!

I don't agree about the rate change awaiting the financing. That is just the thing to avoid - seems to me. The investing public is entitled to as much and more consideration than the banks are, - because they are helpless (the investors).

Where are the "written instructions" I gave on which the galaxy of talent got out that Tribune article. I'd like damned well to see them!

Harding has stirred up a mess over his "happy thought" and I'm anxious we should go slow about embarking on the venture till we know what he intends to do and how! If the hearings are printed do send me a copy!

Am feeling very fit. Up for breakfast now - but "retire" again after sun bath.

My best to you and all at the office.

Sincerely

B. S.

Colorado Springs,  
May 15, 1923.

Dear Pierre:

Thank you for your note about Phil's engagement. I'm sure it is all right - though they are both very young and must go slow a bit! About rates, again, you should read my letters again and your amazement will be dispelled. For some months efforts have been made to get an educational statement, but finally both you and Case admitted it was hopeless; then the bulletin article appeared - then I wrote you that all other efforts failing I was reluctantly forced to the view that a rate of 5 per cent - submitted now, - was the only way for us to have a clear record. I still think my original argument sound! I have no doubt it would have been disapproved. You seem to feel that failing a statement, nothing should be done. There I disagree! And now Mellon's statement slams the door and this opportunity is passed - because of the new issue, etc. Meantime the First rides us for 70 to 75 millions on which I have no doubt they are getting from \$750,000 to \$1,000,000 a year profit (and a good laugh!) I have no word of reproach for you or any of you at the bank. It's the rotten system. But our chance passed between the governors' conference and this issue of securities. Now let us hope that the leadership of our affairs which has been undertaken by Hoover, the Labor Organizations, Chambers of Commerce and the Press will educate the country - we having wholly failed to do so ourselves.

While I don't like to see the First dipping in so deep, I also hate to see our bill a/c piling up. Why not be bold and force the market to take them? Someone should make our Mr. K. step along a bit. The two hopeful developments are Mellon's willingness to pay 4 3/4 per cent. which I had doubted, and the general uneasiness about prices. I long ago wrote Snyder that he and his inflation pals were wrong and still think so - but I would

like to see the Federal Reserve System in the steersman's position instead of being towed along in the dingy.

Look at my letters again and you will see the above, in brief, but I thought unmistakable.

Looks as though you and Case and P. M. W. had handed one to W. P. G. anent Cuba and it did me good to read the papers. Please tell Case. I won't write him just now. Too lazy!

Best to you and the others.

Yours,

B. S.


How about Bob Perkins of the Carpet Co. for board? Also I like Barnes - but that means Hoover. Don't know Woodin so well but Stettinius thinks very well of him. Don't like the way he plays with the City government tho!

Ch. \_\_\_\_\_ to the account of \_\_\_\_\_ \$ \_\_\_\_\_

CLASS	SERVICE DESIRED
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Day Letter
<input type="checkbox"/>	Night Message
<input type="checkbox"/>	Night Letter

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.

Check

Time Filed

Send the following message, subject to the terms  
on back hereof, which are hereby agreed to

Collect

Jay Federal Reserve Bank  
New York City -

Sorry about strike which suggests need  
for care in giving up present quarters.  
Stop. Personally favor Yellen if possible  
to give him work. Stop. By all means  
prefer simple <sup>grill</sup> door on Liberty  
Street but had hoped a solid  
door would cost much less.

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission, unless the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable causes in the working of its lines; nor for errors in cipher or obscure messages.
2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.
6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the company for transmission.
7. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
8. No employee of the company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2:00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understand-

ing and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely, and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

### NIGHT LETTERS

Accepted up to 2:00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rates for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.



Account of \_\_\_\_\_ \$ \_\_\_\_\_

SERVICE DESIRED	
	X
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

2 (Collect)

than amount stated stop am  
 assuming door slides out of sight  
 during day.

Strong

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for confirmation. One-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in whole or in part, whereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruptions in the working of its lines; nor for errors in cipher or obscure messages.
2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.
6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the company for transmission.
7. Special terms governing the transmission of messages under the classes enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
8. No employee of the company is authorized to vary the foregoing.

**THE WESTERN UNION TELEGRAPH COMPANY**  
INCORPORATED  
NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT MESSAGES

Accepted up to 2:00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understand-

ing and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely, and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

### NIGHT LETTERS

Accepted up to 2:00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rates for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

(COPY of TELEGRAM)

May 24, 1923.

Pierre Jay  
Hotel LaFayette,  
Washington, D. C.

My telegram was intended to repeat what I have always held that it will be a mistake to change statement. Stop. Your letter and Case's indicate officers and directors now favor doing so. Stop. If notwithstanding my memos. to Case and Morgan you all now agree that change should be made I would decidedly oppose any arbitrary figure. Stop. Therefore think only possible plan is to put one hundred percent behind notes. Stop. As las does not contemplate this it will invite attack and require much explanation. Stop. If plan to alter figures in statement is dropped then we must rely upon educational program. Stop. A part of that program might include a warning such as you propose for statement foot note but no figures should appear as stated your letter because of confusion which could arise from changes in quality of paying out gold. Stop. Aside from any other reason I have instinctive feeling we would get very bad publicity if figures of statement now changed. Stop. Why not rely upon straight forward simple statement to public and get right at it now leaving figures alone anyway until public reaction can be understood. Stop. I dread the possibility of some obscure and complicated treatment of this matter rather than simple frank publicity.

Benjamin Strong

Cragmor, June 9, 1923.

Dear P. J.:

Our correspondence exhibits the weakness of the written word, and possibly the explanation of my volte face is simpler than it seems to you. The argument against increasing rates, provided the Board made a statement, was sufficiently convincing to you to satisfy you to make no increase even if the Board made no statement. I'm not sure that it has been to me at any time until since May 20. New and rather unexpected events have made a change in the situation, as I wrote you. One is the Treasury's willingness to pay a rate which insured immediate distribution of the May issue, without bank buying or borrowing. I had greatly feared that as I wrote Case, - and please bear in mind that our only protection against that was a prior advance. Had the loan gone to the banks, a subsequent increase by us would have been cruel, and probably out of the question. The other development has been rather humiliating, the Board having failed to tell the story, - about everyone else has done so,- Hoover, the Labor Organization, Chamber of Commerce, Republican National Convention, all the economic writers and organizations, are making explanations of our policy or what it should be for us, and I'm bound to admit, coming on top of our rate increase, and reaching very tender spots, has had an influence. Finally Mr. Mellon slammed the door for the time being.

Also bear in mind that had the Treasury fallen down on the issue, and the country have failed to come to its senses we would now be in a nice pickle with no statement and no chance for a rate change. The outcome has been partly good fortune and partly good sense by the Treasury more than by our Federal Reserve System.

But in any event the Board would have disapproved an increase, as is now clear!

As to the future, you have repeatedly heard me - or Snyder has -

urging that we would likely continue to get gold and that the cry about heavy gold exports in the near future should be viewed with distrust. If I am correct the gold imports are likely to do one of two things. If money eases, which I doubt, - it will start up our stock speculation. If money does not ease, it will liquidate our loan account. In either case it is likely to prevent the pendulum from swinging back into a real business recession.

On the other hand, if gold does not continue to come in, and a business recession does set in, then again we will see our loans go down and again we must go into the open market.

An actual outward flow of gold would call for a decision as to whether we should put our rates up - to arrest it, - down - to facilitate it - or - what may be wiser - leave our rates alone for a time and restore bank reserves by buying in the open market. It needs study and I wish you and Case would give me your views.

Now as to the remainder of your letter, in preference to polishing up the article on prices I may a bit later write a few very short articles on gold, how we make rates, and such subjects as are collateral to prices, letting that come later. Have not wanted to muddy the water - while the Board is as yet untested.

About bills - just let the market find its own level. It will make our discount rate look silly - but that can't be helped, and the harm only arises when discounting grows.

What you write about selling Governments is all right, at the moment possibly - but any day may be a mistake to press down any harder on the market. It depends on the gold movement so largely - as well as upon the extent to which changed sentiment may continue to slow down business - if at all. In a word the situation needs close watching, with reliable figures for the whole

system, the gold movement etc., constantly in mind and kept up to date. If business begins to turn bad, don't hesitate to quit selling and buy. It will start the wheels going again!

So much for now. I'm writing before breakfast, so as to have daylight hours in the sun. My best to all at the bank.

Yours,

B. S.


Copy for my files as usual, please!

To Mr. Pierre Jay,  
15 Nassau Street, New York City.

CLASS OF SERVICE DESIRED	
Telegram	
Night Letter	
Night Message	
Night Letter	X

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Collect

Aug 5, 1935

Jay

Federal Reserve Bank  
New York

Please Consider and transmit to  
Crissinger the following which are  
my best views of Blairborne's clearing  
plan which I have just read

Twist This may be the opportunity  
for a solution of the problem of which  
advantage should be taken therefor

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7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT MESSAGES

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### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

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B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

### NIGHT LETTERS

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#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

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B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.



2 Jay

CLASS OF SERVICE DESIRED	
Telegram	
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Every consideration be shown these gentlemen by withholding decision until fullest possible examination of plan is completed.

Second If as I believe the plan is impossible the data assembled should be conclusive and convincing to bankers to the public and if possible to Claiborne Committee

CLASSES OF SERVICE DESIRED	
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite to the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

3 Day

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Should the investigation would probably require questionnaire to member and non-member banks to disclose following and possibly other information

(a.) Volume of checks and amount both within and outside district

(b.) Probable amount of immediate credit float we would carry

(c.) Probable amount of exchange payable would pay on nonpar checks

4 July  
**WESTERN UNION**  
  
**TELEGRAM**

CLASS OF SERVICE DESIRED	
Day Letter	
Night Message	
Night Letter	
Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM	

Receiver's No.
Check
Time Filled

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Send the following message, subject to the terms on back hereof, which are hereby agreed to

(d) Whether banks would avail of plan and whether they would charge Exchange or not

(e) Probable expense involved to Reserve Banks and Public

(f) Probable amount of inflation resulting from credit extended on uncollected checks

(g) Probable increase in clerical force space and other facilities

5 Jay

either  
teletype  
or  
radio  
station at  
point of  
departure

CLASS OF SERVICE DESIRED	
<input type="checkbox"/> Day Letter	
<input type="checkbox"/> Night Message	
<input type="checkbox"/> Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

required if plan universally adopted and  
 earnings required to cover cost with  
 consequent inflation

(h) Attitude of State banks regarding  
 membership if plan is feasible.

(i) Attitude of merchants and public.

Fourth. As you know I am unalterably  
 opposed to any immediate credit  
 plan which cannot be fair unless

6 Day

# WESTERN UNION TELEGRAM

CLASS OF SERVICE DESIRED	
<input type="checkbox"/> am	
<input checked="" type="checkbox"/> Day Letter	
<input type="checkbox"/> Night Message	
<input type="checkbox"/> Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

not  
1915  
either  
short at  
station of  
patron

Receiver's No.

Check

Time Filed

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Send the following message, subject to the terms  
on back hereof, which are hereby agreed to

unwersal and cannot be unwersal  
without disastrous inflation. Therefor  
this feature of plan should be shown  
as dangerous but opportunity taken  
to make determined effort to  
reach an agreement.

Fifth. No agreement will be worth  
considering which does not substantially  
end controversy and greatly enlarge

7 Day

CLASS OF SERVICE DESIRED	
am	
Day Letter	
Night Message	
Night Letter	

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

membership of devious State Banks  
 Sixth The present investigating Committee  
 on State bank membership should be  
 advised of our investigation and  
 asked to consider results when available  
 Seventh Shall not refer to various  
 minor objections to plan which  
 are obvious  
 Eighth Beyond Everything I hope all

8 Jay

CLASS OF SERVICE DESIRED	
Telegram	<input type="checkbox"/>
Day Letter	<input type="checkbox"/>
Night Message	<input type="checkbox"/>
Night Letter	<input type="checkbox"/>
Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM	

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

necessary time is taken to get all the facts before any decision is made

*Strong*

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. In this case, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration of it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeatable message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.

2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.

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## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

## CLASSES OF SERVICE

### TELEGRAMS

A full-rate expedited service.

### NIGHT MESSAGES

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### DAY LETTERS

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#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

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B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

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CLASS OF SERVICE DESIRED	
Telegram	<input checked="" type="checkbox"/>
Day Letter	<input type="checkbox"/>
Night Message	<input type="checkbox"/>
Night Letter	<input type="checkbox"/>

Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms  
on back hereof, which are hereby agreed to

Jay Federal Reserve Bank  
New York City  
challenging reply regarding  
Bar Collections today  
Strong

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

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INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

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C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

#### NIGHT LETTERS

Accepted up to 2.00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rate for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Night Letters may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Letters at destination, postage prepaid.

B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

copy of telegram

Aug. 5 PM 10 33

Colorado Springs, Colo.

Jay

Federal Reserve Bank New York NY

Please consider and transmit to Crissinger the following which are my best views of Claiborne's clearing plan which I have just read. First, this may be the opportunity for a solution of the problem of which advantage should be taken therefore every consideration be shown these gentlemen by withholding decision until fullest possible examination of plan is completed. Second, if as I believe the plan is impossible the data assembled should be conclusive and convincing to bankers, to the public, and if possible to Claiborne's committee. Third, the investigation would probably require questionnaire to member and nonmember banks to disclose following and possibly other information:

(a) Volume of checks and amount both within and outside district; (b) probable amount of immediate credit float we would carry; (c) probable amount of exchange public would pay on nonpar checks; (d) whether banks would avail of plan and whether they would charge exchange or not; (e) probable expense involved to reserve banks and public; (f) probable amount of inflation resulting from credit extended on uncollected checks; (g) probable increase in clerical force, space and other facilities required if plan universally adopted and amount of earnings required to cover cost with consequent inflation; (h) attitude of state banks regarding membership if plan is feasible; (i) attitude of merchants and public.

Fourth, as you know I am inalterably opposed to any immediate credit plan which cannot be fair unless universal and cannot be universal without disastrous inflation. Therefore this feature of plan should be shown as dangerous but opportunity taken to make determined effort to reach an agreement. Fifth, no agreement will be worth considering which does not substantially end controversy and greatly enlarge membership of desirable state banks. Sixth, the present investigating committee

August 5, 1923

-2-

on state bank membership should be advised of our investigation and asked to consider results when available. Seventh, shall not refer to various minor objections to plan which are obvious. Eighth, beyond everything I hope all necessary time is taken to get all the facts before any decision is made.

STRONG.

August 18, 1923.

Dear P. J.

About my return - Of course my throat has made a really spectacular recovery and my lungs are much better. It's hard to guess just when a throat is "safe". It will be closely watched when I do return. The Throat man here says a few weeks should show definitely. What is now taking place is simply the hardening or fibrosis. It (the cord) looks good and strong and healthy save for a very slight pink tinge and a very little irregularity on the edge. In my own mind I am figuring that sometime before October 1st will be O.K. If our conference could be held last of October it would suit me best. I shall not preside unless absolutely safe, and probably not anyway - but count on stopping at Chicago for a visit with McDougal. Hope the program is all sketched out by then and I'll go over it with him.

Awfully sorry to hear about Shep. Morgan; what is wrong, and why leave without pay? Your letter is cryptic to say the least! Am distressed to be away when needed!

B.S.  
Yours

B. S.

August 13, 1923.

To: Jay and Cass  
Dear P.J. B.S.

My wire about Sec. 14 had to do only with the chance of some alarm arising from the President's death. Am gradually coming to the view however that we shall need to give things a boost - sooner or later - but one needs more data and basis for study than I have out here before saying when!

We must not underestimate the "lag". Our operations are something like T.B. An indiscretion or exertion today may set up a little or big inflammation, which after two weeks or a month will start a temperature, etc. I could easily show how or months later. So in the reverse case! At base some one should be watching every factor. Is anyone? We will be remiss if we permit a wave of unjustified pessimism

Yours,

B.S.

Committee on State Bank membership is sure to get their case, and we can unhorse the whole troop by a thorough treatment of the matter which will show the facts along line of my wire and many other points. Harding's legal point (with due respect to the approval you seem to have given it) strikes me as absurd. He claims that the Reserve provisions under Sec. 19 (which uses the words "actual net balance") will be violated by the member bank, or not observed, in case immediate credit is given. This won't hold water. No matter how the balance is created, it is an "actual net balance" so long as we are obliged to meet it on demand. Even if the balance arises from our own ultra vires act, the member has the balance and does not violate 19. Harding confuses money and credit. If we tell our members we will give immediate credit - if reserve their balance is maintained effectively. I doubt whether it makes a scrap of difference whether in advancing on uncollected check which we hold as agent,

Aug. 13, 1923.

To: Jay and Case of the Act which would make Subject: Par Collections  
 From: B.S.

our part ultra vires anyway! Could any different rule apply to such a balance if it arose from Case's letter of August 6th and Jay's of 9th clear up some uncertainty -

in my mind, but hardly change my views as to what should be done. The brief report of the Claiborne plan I saw in the press was enough to convince me of its folly - but the full text sent by Case is conclusive. Please consider the following points:  
 1. In the past the Board has sometimes dealt with "kickers" in true Bureaucratic style and always with bad results. Having Claiborne over was a good plan; my suggestion however is to take up the matter de novo, and make a serious, thorough study of the entire problem, and keep Claiborne happy thereby.

2. If a questionnaire is unwise, employ other methods. I think you both overlook that our Fabian policy has all along been due to the need of awaiting the Supreme Court decision. These men are sure to go to Congress, the present Committee on State Bank membership is sure to get their case, and we can unhorse the whole troop by a thorough treatment of the matter which will show the facts along line of my wire and many other points. Now let's beat them to it. Had we followed the course of leaving initiative to the other side in 1921 (as some urged) Anderson's Commission would have put us in the ditch! This controversy can be ended now by our showing its absurdity, costliness and selfishness. (It is the one legitimate one now imposed)

3. Harding's legal point (with due respect to the approval you seem to have given it) strikes me as absurd. He claims that the Reserve provisions under Sec. 19 (which uses the words "actual net balance") will be violated by the member bank, or not observed, in case immediate credit is given. This won't hold water. No matter how the balance is created, it is an "actual net balance" so long as we are obliged to meet it on demand. Even if the balance arises from our own ultra vires act, the member has the balance and does not violate 19. Harding confuses money and credit. If we tell our members we will give immediate credit - of course their balance is other maintained effectively. I doubt whether it makes a scrap of difference whether we

are ultra vires in advancing on uncollected check which we hold as agent, or in

10:

11. The only danger I now see is in the silly rule of the Court that lying them and paying the face of them to our members as a principal. Nor do I recall any provision of the Act which would make even either such procedures on our part ultra vires anyway! Could any different rule apply to such a balance if it arose from any other ultra vires act of ours - such as discounting ineligible paper - lending on collateral, etc?

4. Nowhere in Congress has the true inwardness of the "par" matter been fully laid bare. I mean the economic cost, the operating costs, the possible inflation, the check kiting, the false reserve basis, etc. etc. This fall is going to be the trial as to new legislation and we will be missing our chance if we fail to arm to the teeth. Also a questionnaire will make it an issue and that we can now well afford. Why fear it?

5. You say we should minimize this movement and not make it important; It has been important all along. Claiborne's ridiculous presentation of their wishes gives us the best chance we have had to handle them, and the fear of inflation now so general is the best background we could have.

6. The attitude of both the Board and of McF. convinces me of the wisdom of pressing the matter now for the next Congress. Don't let's suffer defection in our own ranks!

7. The Clearing House move, as to "collection" charges, is a good one. But where immediate credit is given, that charge (int.) is the one legitimate one now imposed!

8. You will find no intimation of any "fancy" plan in my wire. Fancywork of that sort never appeals to me as it does to Harding. I'm 100% for going to the mat now and the Southern banks will prepare the way for us by their own efforts to get the Act amended!

9. Don't let Harding's sophistry befog the question in Washington. Catering to the tastes of "legalistic minds" won't help anyone!

10. I disagree with the Governors in their recommendation about agents other than banks. The methods used in Atlanta were approved by the Supreme Court. Best

Keep mouths shut on the subject.



11. The only danger I now see is in the silly rule of the Court that checks may be redeemed or paid by an endless chain of other checks. That point should be reargued somehow, as it leaves check payment in legal tender (so far as state law goes) in bad shape.

So much for now. I so radically disagree with you and Case in this matter that I would like the Board to be fully informed of the way I do feel - and in writing. You can make up a memorandum of my views from this and my wire. I shall not write C. direct as that only causes confusion.

Yours,

B. S.

August 19, 1923.

Dear Pierre:

A fine letter from Miller says they have set the conference for Nov. 11 so that I need not hurry my return, which is fine - relieves my mind a lot! The finishing off process with that vocal cord is rather slow. It is the manufacture of hard tissue, "fibrosis," by which the infection is finally eliminated - is progressing wonderfully well and Webb tells me that the next two months are the best of all 12 for my cure. Should I remain into October it will be only to make assurance doubly sure.

My routine is of course exacting as well as exasperating - good for body and soul no doubt - but hard on the patience. I'll be quite a stranger to you on my return, as I have grown a bit fatter, greyer and yet they say I look younger!

You have all been most good, toting my load and your own and keeping me well posted also.

Sorry you have had such organization problems to meet.

About the hearings, you will find my few thoughts in a letter sent you some time ago - plus remarks re par collections.

Glancing thru your letter, I see you want something definite from me. In view of Miller's letter it may be wiser for me to try and stay on until the middle of Oct. It's hard to tell definitely. I'll be back on the jump when they say I can leave, you may be sure! Just depends on that d--- cord! and it looks good now.

Have already replied as to the Sec. 14 operations I wired about.

Best to you all.

Yours

B. S.

CLASS OF SERVICE DESIRED	
Telegram	<input checked="" type="checkbox"/>
Day Letter	<input type="checkbox"/>
Night Message	<input type="checkbox"/>
Night Letter	<input type="checkbox"/>
Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM	

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filed

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SEP. 3/23

Collect

Jay

Federal Reserve Bank. New York.

Can you get me any word about my friends in Japan, especially the bank and Vicount Shibusawa. Possibly Harrison of State department has reports.

Strong

1923 SEP 3 AM 11 51

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

VA 35 26 COLLECT

1923 SEP 3 AM 11 19

COLORADO SPRINGS COLO 3 841A

JAY

CARE FEDERAL RESERVE BANK NEWYORK NY

CAN YOU GET ME ANY WORD ABOUT MY FRIEND IN JAPAN ESPECIALLY THE  
 BANK AND VICOUNT AND SHIBUSAWA POSSIBLY HARRISON OF STATE  
 DEPARTMENT HAS REPORT

STRONG.

*wired  
 you strong  
 9/8  
 190*


*wired  
 9/10/23  
 wired  
 9/11/23*

*wired  
 9/14/23  
 State Dept  
 Telephone  
 Suburban  
 Safe*

*9/6 9/8  
 Mr. Hutzler stated  
 that they have established  
 communication this morn  
 and hope to get information  
 in next 24 hours*

CLASS OF SERVICE DESIRED	
Telegram	
Day Letter	
Night Message	
Night Letter	X
Patrons should mark an X opposite the class of service desired; OTHERWISE THE MESSAGE WILL BE TRANSMITTED AS A FULL-RATE TELEGRAM	

# WESTERN UNION



# TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

Receiver's No.
Check
Time Filled

Send the following message, subject to the terms on back hereof, which are hereby agreed to

*Prepay*

*Pierre Jay*

*care Federal Reserve Board  
Washington D.C.*

*Your letter twenty second November first will undoubtedly be safest if everyone is agreeable but shall probably not need that much stop. Have just received a letter from Governor which pleased and touched me very much. Stop wont you thank for me if he has returned*

*Strong*

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. In this, one-half the un-repeated message rate is charged in addition. Unless otherwise indicated on its face, this is an un-repeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the un-repeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued*; nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.
2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.
5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.
6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the Company for transmission.
7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages under the classes of messages enumerated below shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the company is authorized to vary the foregoing.

## THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

### CLASSES OF SERVICE

#### TELEGRAMS

A full-rate expedited service.

#### NIGHT MESSAGES

Accepted up to 2.00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such Night Messages at destination, postage prepaid.

#### DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard Night Letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

#### SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding that the Company does not undertake that a Day

Letter shall be delivered on the day of its date absolutely and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

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B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

To Mr. Pierre Jay

From B. S.

Here is the situation about my throat, etc.

Yesterday we had the leading throat man in Colorado Springs, Dr. Frank L. Dennis, come out for consultation with Dr. Forster and Dr. Webb's throat man, a Dr. Chapman, who treats my throat every day. The result is satisfactory and I'll summarize my understanding of it as follows:

1st. There are various types of laryngeal T.B., and mine is the least dangerous, or serious. In other types, the tissues soften, break down, ulcerate, etc. In my case, fibrosis simply hardens and enclosed the lesion in a compact mass of scar tissue. This has now progressed to a point where Dr. Dennis said that he could hardly have diagnosed it as tuberculosis, looking at it in its present condition, had he not been given the history beforehand.

2nd. Such cases are of the "chronic" type, rather than the sharp "flareup", with rapid extension. It will on that account be a long time before my voice can be fully used, and entirely free from hoarseness. The process of hardening the tissue, especially in the vocal cord, is a slow one.

3rd. I have probably passed the point where there could be any "flareup" except as the result of a brand new "invasion".

4th. I am to gradually begin using my voice - very cautiously at first.

5th. It will be all right for me to return next month, but everyone must be patient with me for some months, as to voice, and office hours, and strain of work.

6th. The outlook is that I shall fully regain normal voice and cords - provided I do nothing foolish and watch conditions carefully and constantly.

7th. All the doctors agree.

8th. All think it will be better not to attempt office duties until November first.

9th. The improvement in the last three weeks has been unusually pronounced.

As to lungs. Dr. Forster has just made a careful examination for comparison with previous ones. I had the misfortune to pick up a mild streptococcus infection in my trachea which gave me quite a cough and some temperature; - and he wanted to be sure that no clinical change had taken place in my lungs on that account. The examination showed that there had been constant and progressive improvement in both lungs, since my arrival. When Dr. Sewall went over me he said I was better than he had ever seen me. A very eminent man (a Dutchman) from Vienna, was here, and after an unusually careful overhauling, he said I was in good shape, had many active years ahead of me, but of course a pair of badly scarred lungs and <sup>a</sup>more or less chronic condition. My heart had not been touched by these years of struggle with impaired lung area.

So barring accident, you may expect to see me sometime in October. I may find things so favorable as to anticipate November first, but possibly it will be wiser not to count on it just yet.

Mrs. Davison has asked me to move over to the house she has taken, and if Dr. Webb approves, I shall probably do so sometime after his return on the 16th.

copies from  
original MSS  
Sept. 14, 1923  
MMcC



FEDERAL RESERVE BANK  
OF NEW YORK

## OFFICE CORRESPONDENCE

DATE \_\_\_\_\_ 192\_\_

To \_\_\_\_\_

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

FROM \_\_\_\_\_

Dear Pierre:

Herewith is a non-professional report on my case. The directors should get it and of course Governor Crissinger. Also will you have it copied on receipt and send one to Ben Jr. soon as you can, to save my repeating the story.

Could you also get for me, two copies of Dr. Rollier's new book on Heliotherapy, printed in English, and give one of them to Harrison with my urgent recommendation that he read it and then under proper expert advice, use the Alpine (actinic ray) lamp for his knee! Rollier has done wonderful things in Switzerland and is revolutionizing the treatment of extra-pulmonary infections, including bone, - with the possible exception of the gastric type. The other copy Dr. Crawford should study!

I'm feeling tip top now. That infection was a bother but has about cleared up. Shall polish off some mail in a few days.

My best to you and all at the office.

Yours,

B. S.

copied from  
original MSS  
Sept. 14, 1923  
MMcC

CLASS OF SERVICE	
Telegram	
Letter	
Day Message	
Night Letter	X

If no class of service is designated the message will be transmitted as a full-rate telegram.

COPY OF  
WESTERN UNION TELEGRAM

Pre pay

9/7/53

Jay

Federal Reserve Bank

New York

Am writing fully in reply to  
your wire. Greatly appreciate  
the concerns expressed in your  
wire but believe you will agree  
when you receive my letter  
Struma

Jay

Sept. 19, 1923

B. S.

Dear Mr. Jay:

Thank you for your wire about my return. I could hardly send a satisfactory reply by telegraph but hope this will be sufficient. Since my earlier letter I see no reason to modify what I wrote; in fact am convinced that it is quite all right for me to return next month. Here are my reasons:

1st. Since writing, Dr. Webb has returned. He went over Dr. Dennis' report with the other doctors and tells me that there is no doubt at all that I can do so. Further - he says that Dr. Dennis is the best man to give an opinion that he knows.

2nd. A T.B. larynx is not like typhoid, or pneumonia, where one has a distinct condition for a definite time, and when it clears up the condition is ended and one is well. Such cases as mine are chronic, in the sense that long periods are sometimes required for restoring a wholly normal situation, (if that ever is completely accomplished) but once activity ceases, as with me, and after a reasonable period of watching, the larynx gradually resumes its normal function. My vocal cords having been involved, it will mean sparing my voice and gradually training them to function so as to overcome the hoarseness. That is now progressing rapidly. By November first I shall never notice any change in my voice from its normal condition. Dr. Dennis says that a few months of care are necessary. It would be necessary just the same no matter how long I delayed my return. So that is really more a case of asking indulgence from family and associates, for a short period, than anything else. Home cooking and surroundings are also overdone!

3rd. I am no longer willing to continue these recurrent absences on account of my health. All the doctors say I may return. It will be easy enough

Pierre Jay

Sept. 19, 1923

B. S.

-2-

to detect immediately any evidence that they are wrong, before damage is done. Should that happen, though I do not think it is possible, then it will be time for me to quit and be an invalid! But by that time we will be in our new building, and I shall not feel so badly at leaving my job partly done.

4th. I'll bet you or any or all of our directors 10 to 1 - that I never have any return of trouble with my larynx, and that I shall be in better health than for the past eight or ten years!

5th. Even if some New York doctor did not feel satisfied with my throat, which I cannot believe possible, what further treatment is needed would only be the restricted use of my voice, which is what I propose for a time anyway!

6th. In this and my earlier letter I have endeavored to give you an exact picture as I see it. But the important opinion is the one given by Dennis and Webb and I shall be safe in following that.

Hope this is satisfactory! Again many thanks for the wire.

Yours,

B. S.

9/6 ~ 1.30 ~ 11.1

✓ 2 ~ 131

ANSWERED

OCT 4 1928

P. J.

FIFTEEN NASSAU STREET  
NEW YORK

Broadmoor. Sep. 30/23.

Dear Pierre -

Dr. Jimmy Miller is stopping here  
this week on his way home from California,  
and will go all over me in detail, and be  
able to tell you all about me. Have just  
had an X-ray Exam. & pictures so as to  
be ready for him. With thanks my throat is  
in fine shape. I shall, as I wrote you, be  
exceedingly tender with it for a long time.  
If Mrs. Davison continues her ministrations  
with present results, much longer. - You  
won't know me on my return. With light  
clothes, - 5 or 6 lbs. weight - I tipped the  
scales at 191 1/2 a few days ago - and  
I can free myself from around the

Wheat and Flour positions

I strongly suggest we analyze the estimates of surplus wheat! It as I suspect - they include in the 200000000 bushels - the usual - and necessary, working stock of unmill'd wheat, and omit all reference to low stocks of flour.

Let's undertake they are 50% over in their figures at least, of true surplus & if the real facts came out, wheat would go up 5<sup>f</sup> or 10<sup>e</sup> or more a bushel!

Ask Snyder what he finds! My bet to you all. Let's roughly plan my return around the 20<sup>th</sup> to 25<sup>th</sup> (leave here) so as to be in New York for some days prior to deals at the bank. I shall need that at least to readjust & may spend part of it in but as a precaution against

The  
of  
unavoidable strain of the mile (plus)  
variation in altitude!

FIFTEEN NASSAU STREET  
NEW YORK

Give all the love at the bank my  
best. Hope you all keep well. I wrote  
Shepard Morgan before he sailed. Use him  
if you can as Sydney's local correspondent.  
The contact will encourage him.

Yours,

B.S.

# TELEGRAM

PRIVATE WIRE-INCOMING

RECEIVED

OCT 29 1923

P. J.

144fbo ✓ Chicago 1110a 26th

Jay and Case

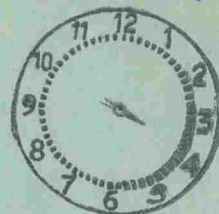
Here we are safe and sound. Greetings to you all at the bank.

Please advise family shall arrive Grand Central nine forty<sup>S</sup> Sunday morning.

Strong,

1224p

TELEGRAPH  
SECTION



OCT

P. E. P. MR. W.



December 10, 1923.

Dear Pierre:      Re - Par Collection Plan.      Credit Association.

Replying to your letter, it confirms me in the belief that we could be charged with instigating the plan; but can reply that it was designed to head off more drastic measures. My point is really this. With a conference coming on, with special committees of the Governors dealing with this perplexing matter, with the Board jumpy about regulation J, - failure on our part to go through the usual procedure exposes us to the charge of lack of team play. If the plan has a kick, we, and possibly Cleveland, are in the position that Atlanta once was. Individual conference in this matter does not take the place of a meeting in Washington. I doubt if the Board grasps the plan and what it will or might do.

Therefore, while you are the best one to do the job, and while it is well done, I would infinitely prefer to have had it formally considered for our and your protection. Let's confer on these matters before going too far.

Yours sincerely,

Mr. Pierre Jay,  
~~15 Nassau St.,~~  
New York, N. Y.

BS.MM