

10

Estes Park, Colo., July 31, 1916.

Mr. Archibald Kains,  
% Federal Reserve Bank,  
San Francisco, Calif.

My dear Mr. Kains:

Your letter of July 24th has just reached me here and has given me a great deal of pleasure indeed. You can imagine how distressing it is to be laid on the shelf, even for a limited time, and particularly at this time when it seems as though the fruit of the last two years' work is just beginning to ripen. Your good wishes and sympathy are very much appreciated, although expressed in that savage Scotch way which you affect and which I know comes right from the heart.

I am not going to be able to play any golf this year but it will be possible for me to do some fishing and I am hoping to commence this week in a very excellent trout stream that runs right through this valley.

All of the Governors have written to me or to the office, expressing their good feelings and sympathy at which sometimes I am inclined to wonder on account of the rather ruthless manner in which they have been treated occasionally at our conferences by the Chairman. I do not need to tell you that the greatest pleasure I have had in the association with the governors has been to watch the development of good feeling which has enabled us to accomplish many things that would have been impossible had we been working quite independent of each other.

About that fishing you mentioned, if it should come back to your mind next spring, I would be strongly tempted to run over to the McCloud River and join you there for a little fishing, if you are able to arrange it. It would not be possible for me to travel that distance this year before the fishing is over. I am not afraid of the Scotch or the Indians, or the combination, for I assume that there is a proper supply of mountain dew and the other accompaniments of good fishing, but best of all what is needed is good company, which I would look to you to provide.

We are delightfully settled here in a little cottage attached to the hotel, where I have an office and from which I keep up an active correspondence with New York. Just now I have been working up the Bank of England arrangement which the Board at Washington must act upon pretty soon.

Drop me a line now and then when the spirit moves you.  
With warmest regards,

Very truly yours,

235

BENJ. STRONG, Jr.  
PERSONAL.

February 9, 1915.

My dear Governor Kains:

Thank you for your letter of the 4th in regard  
to the distribution of the gold fund.

After consideration, the Committee decided that  
it would not be fair to make the distribution without giving  
the contributors the privilege of accepting New York exchange,  
and of course, most of them will take advantage of that  
opportunity. I am very sorry that it could not be arranged  
the other way, but we did the best we could.

With kindest regards, believe me,

Very truly yours,

Governor.

Archibald Kains, Esq.,  
Governor, Federal Reserve Bank of San Francisco,  
San Francisco, Cal.

BS-Jr-RAH-26

59

January 29th, 1916.

My dear Kains:

Thank you for your nice note and good wishes sent from Chicago.

I shall certainly take the opportunity to become acquainted with the Bank of Scotland people through the courtesy of Mr. Cambie and, of course, will see Mr. Jones at the Hong Kong & Shanghai Bank and the officers of the Chartered Bank.

I wonder what kind of a fix I will be in if the voluminous notes in connection with my trip should be "scooped" by the censor.

Once more, my sincere regrets that you are not going with me. We could accomplish more and besides that have a good time.

You can, of course, consider yourself one of the "regulars" at 1718 H Street.

With best regards and prosperity to you and to your bank, I am,

Sincerely yours,

Al Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

CONFIDENTIAL.

May 31st, 1916.

Dear Governor Kains:

Your favor of the 25th inst. is just received.

Since I saw you in New York, I have discussed quite fully with the Federal Reserve Board, the various terms of the memorandum which I showed you confidentially, and subsequently have submitted to them a request for some action with respect to operations contemplated by the terms of the memorandum.

You will, of course, recognize that an account of that character involves some responsibility when it seems necessary to purchase bills abroad. It might be that some of the Federal Reserve Banks by reason of an ample demand for discount from their members, etc., would be disinclined to continue their participation.

Likewise, when we bought bills in New York for our foreign correspondent, it would be necessary to have all twelve banks obligated to assume their share of the responsibility for the payment of such bills. So I have suggested to the Board that whatever arrangement is made for the management of the accounts in behalf of the whole system should be sufficiently formal and binding that they could rely upon the partnership holding together even when it involved some sacrifice in the interest of the country as a whole to conduct such operations.

May 31, 1916.

I am loath to make a definite suggestion as to the character of the relationship or the agreement abroad as we will be assuming a good deal of responsibility here and I would like to share it as much as possible with others who are familiar with business of this character. Would it not, therefore, be possible for you to prepare an outline of an arrangement to be entered into by the twelve reserve banks, or those who care to join it, which would protect all parties and enable us when the time came to operate with the assurance that we could count upon the permanency of the arrangement?

In view of the confidential character of the memorandum which I showed you, I do not feel at liberty to disclose it to other members of your Committee, but it hardly seems necessary to do so as the principles involved are simple and can be covered by a memorandum in general terms.

I am returning the enclosures sent with your letter and thank you for your cooperation.

*[See June 1st]*

Very truly yours,

Governor.

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS Jr/VCM-5

Estes Park, Col.,

September 2nd, 1916.

My dear Kains:

I have three letters from you unanswered and hasten to make my apologies. The principal reason has been a slight indisposition for a week or so which prevented my keeping up with my mail. Your letters have given me a great deal of pleasure and I hope my own lapse will not discourage you about writing.

Reports of the Boston meeting have reached me and I judge that while <sup>not</sup> many important decisions were made, it did clear up a good deal of misunderstanding between the banks about various features of the collection system. I am sorry, as I know you are, that it is developing with a certain lack of uniformity, which later is bound to cause trouble. I do not like the idea of one bank, like Atlanta or Chicago, exhibiting too much enterprise in developing short cuts before the other banks are ready or willing to undertake similar departures. The difficulty you refer to about the Wells-Fargo Nevada National Bank has been experienced in New York where relations between the big New York banks and the big banks of Chicago seem to throw things out of balance. As I understand it, the New York banks all have ~~the~~ Chicago accounts and their Chicago correspondents object to their sending items through the reserve banks. On the other hand, the Chicago banks do not hesitate to use the services of the reserve system, so the ex-

To A. Kains, Esq.

Sept. 2, 1916.

exchanges are naturally thrown out of balance.

The par list is a formidable document but, of course, for the present something of a bluff. It is a good answer to Mr. Glass, who was threatening all sorts of attacks upon us for our failure to start the collection system in real earnest.

If you get your directors to give you a month's vacation and then run over the mountains here and spend it with me, I will divide the time between fishing and par collections and believe we could work out a scheme of some kind that would be satisfactory. Up to date, we have had too many cooks on the job.

You and Charlie McIntosh should be able to work something out of your controversy over the state bank situation in your district, but I do not believe you can afford to recede from your position, so long as you remain a Scotchman.

A friend of mine, Jim Drake by name, of the Los Angeles Trust Company, wrote me about the Jinks. I wonder if you know him? They have asked me for the last four or five years to attend, but unfortunately, business interfered.

In regard to the English arrangement: I was sorry not to be able to write you before the Conference in reply to yours of the 18th. Your proposed report covers just the ground we have discussed from time to time and puts the Committee on record as opposed to the development of the foreign exchange business along lines which will be competitive with our own membership. Your suggestion about handling the matter in

To A. Kains, Esq.

Sept. 2, 1916.

The question of compensation to the New York reserve bank is of no consequence. We really do not make any money in handling the investment account for the other reserve banks. Our total commission account of \$24,000 looks big on paper but if the work involved were really charged with the actual cost, plus overhead, I doubt if it could be shown that there was anything but an Irish dividend of profit in it. Of course, we would handle the foreign account just as economically as possible, but rates of interest abroad are just now so much higher than here that the commission would appear to be larger and possibly, a lower rate would be justified from the start.

My suggestion of a committee to supervise the business I had hoped would meet all reasonable objections as to the New York bank handling too large a proportion of the business, and so far as compensation goes, we will agree to anything that that Committee or the Governors Conference determines.

Another objection to having an agent in New York is the question of responsibility. Who would decide the policy and really take the final responsibility? Would it be the agent or the New York bank? If I were an officer of a reserve bank in another district, I would much prefer to rely upon the Federal Reserve Bank of New York than any individual agent. You have covered the ground in your report by providing that the agent shall conduct his operations under the supervision of the Governor of the Federal Reserve Bank of New York and the responsibility will rest on that bank notwithstanding that each of the banks has an agent of its own in New York, which seems to me to be anomalous.



To A. Kains, Esq.

Sept. 2, 1916.

Further, I do not believe that the Federal Reserve Board desires, or that the Federal reserve banks would agree, that the actual business transactions should be subject to the direction of the Reserve Board. Their power of supervision is clear enough and their authority extends a long way, but when it comes to determining all the questions which arise in buying bills, that must always rest with the management of each bank.

I have stated above, my impressions quite frankly about your report and wish you would write me with equal frankness, criticising the scheme which I had laid out and with which you are now thoroughly familiar.

Your letter from Chicago rather encouraged me to believe that your influence had been strongly exercised with Harding and Delano to complete the English arrangement as promptly as possible and letters from New York indicate also that these efforts were successful. I do not care what reaction this may have upon our Teutonic friends. We have got to go ahead and operate as the law directs and authorizes and, of course, whenever Germany is in position to deal with us, we can make similar arrangements there, if they are willing to put the account on a gold basis. Otherwise, I would not do business with them or with France or with any other country.

Don't let us worry about the commission matter which you also refer to in your last letter for we want no more than to get our reasonable expenses back.

To A. Kains, Esq.

Sept. 2, 1916.

I don't mind saying to you personally that it would suit me infinitely better to have the Federal Reserve Bank of New York go it alone on all foreign business. It is a delicate and difficult account to handle. There are only two or three men in the System who really understand the business and the idea of handling money belonging to the other banks in transactions of that character and incurring the responsibilities involved, does not appeal to me a bit. The important thing is that the arrangement as outlined has long been needed between the London and New York banks, it is absolutely sound in principle and when fully in operation will be of benefit to the entire System and add immensely to our prestige. The rest is all detail and can, I am sure, be worked out. I wish you were in New York to work along with us on these things. It is sickening to be cooped up out here just at the time when the finishing touches should be put on these important matters.

Before the next meeting takes place in Washington, why can't you figure on spending two or three days with me so that we can go over the program together before the meeting? I will likely be in Denver by that time which will save you at least two days time if you are willing to travel on that old Western Pacific.

Your letters are like a breeze out of a Bohemian grove and I hope you will write me whenever you get opportunity.

I hope that you are planning to attend the Convention of the American Bankers Association in Kansas City this month.

To A. Kains.

Sept. 2, 1916.

It is more than likely that some attack will be made on us and I think our representation should be as strong as possible so as to prevent any hostile movement which might be made. Certainly, there should at least be some one from your bank.

My best regards, old man, and many thanks for not forgetting me.

Faithfully yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

COPY

B.S. Patten  
101

Estes Park, Colo.,

September 11th, 1916.

My dear Kains;

Yours of the 6th is just received and I am mighty glad to get what you describe as "half baked stuff", which really represents your best opinion I know about the foreign arrangements.

After reading through your letter a couple of times, I find there is really no disagreement between us at all. We both agree that an account of the importance of this one must be operated as one account and not as twelve, notwithstanding your remarks about the bank in which you served and in which you carried various accounts with the Bank of Scotland. The bank to which you refer, of course, did a regular commercial exchange business through all their agencies, buying and selling exchange from and to their customers in the usual way. The Federal reserve banks will have no customers dealing in foreign exchange. All of our business will be done in the open market. The only open market of any importance where exchange in large volume can be purchased when we are accumulating balances, and sold when we are liquidating balances, is New York. Every one of the twelve banks could start a foreign department and they would do their business through New York, just the same as they would under the proposed arrangement.

To A. Kains, Esq.

Sept. 11, 1916.

You and I must not blink at the facts in this matter and there are really only two points open to discussion or debate: one is the question of compensation, which we can both dismiss because the New York bank does not want to make this the means of adding to its net revenue at all. We simply do not want to divide our own field of operations with the other eleven banks except upon terms which justify our doing so, and the principal obligations which we want to put upon the other eleven banks is not to pay us profits, but to assume their share of the responsibility and furnish their share of the capital required to make the account a success.

The other point is that of management and responsibility. If each of the eleven banks joins in appointing one man as a manager in New York, it necessarily must be arranged that he will receive his instructions and be subject to the supervision, not of eleven different institutions, but of some one of the twelve institutions. Stating the matter frankly, I think you will agree with me that no one of the officers of the reserve banks outside of yourself and, possibly, one or two in the New York bank are capable of conducting this account successfully and safely, and looking at it as you may, it will result under any plan in the New York bank undertaking the management and giving the necessary directions.

Your letter rather implies that the reserve banks are going into the foreign exchange business in the same fashion that the National City Bank or the Guaranty Trust Company does a foreign exchange business. I am sure that this will never be the

To A. Kains, Esq.

Sept. 11, 1916.

case. This account will be operated, as stated in the last part of your report, for the purpose of protecting the position of the country as a whole in the foreign exchanges. To do it successfully, we must have united action. We must avoid competing in London and we must make every dollar employed in the account as effective as it can be by all operating together.

There is one point, however, that puzzles me a good deal and on which I would like to have your suggestions: In case we accumulate a large portfolio of bills in London, those bills must be reported either as individual investments by each of the reserve banks according to such allotments as are made, or else the entire investment carried, say by the New York bank, for the account of all twelve of the banks, the interest of each being an undivided and unsegregated interest in all bills purchased. In the former case, if a loss occurred, it would hardly be fair to have it borne by the bank which had a specific bill that went to protest. In the latter case, losses would automatically divide themselves. While I do not apprehend the possibility of any loss whatever, on the whole, I incline to the second plan of having undivided interests in the account, having the bills reported to Washington en bloc by New York and having each Federal reserve bank report simply the amount of capital which they have contributed.

Your influence in Boston was effective in crystallizing the opinions of not only the Governors, but members of the

To A. Kains, Esq.

Sept. 11, 1916.

Board and I am very anxious to have your continued cooperation to help put this plan through. The matter has now been generally approved by the Reserve Board, but requires consideration by some of the other authorities in Washington. If we get that approval, I am hoping to be able to start business this Fall. How would that strike you? Our Teutonic friends will not, I believe, be disposed to resist this plan and we should accumulate our exchanges at present rates rather than wait until costs of transportation, insurance, etc., have returned to normal and the gold point begins to crawl back to \$4.88½.

I enjoy your letters very much but would still more enjoy a visit from you here when we could thrash this out. By the time of the next Conference in Washington, I will be located in Denver and there will really be no excuse for your not stopping off on your way through.

Another matter where I would like some advice from you is in locating a man who understands foreign exchange, to tackle this job in New York, in case the plan is arranged. Do you know a man whom you can recommend as having all the necessary qualifications?

I am glad you know Jim Drake. He is a good old mariner. I have seen so much of him in past years that I did not realize that there were any spots on the main brace that were capable of being spliced, but if any one could find them, I know you could. With best regards,

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

101

Estes Park, Colo.,

September 15th, 1916.

My dear Kains:

Where did you ever come across that letter of Lord Macaulay's to Mr. Randall? I am particularly interested because somewhere recently I saw it quoted. It was either in a book called "The Cult of Incompetence" or more likely, in Bryce's "American Commonwealth." At any rate, it looks as if Lord Macaulay fifty-nine years ago had expressed in very positive fashion some views about a purely democratic form of government, which views are just now gradually filtering into the heads of some of our people in the shape of doubts and misgivings. You must be an omnivorous reader.

At least, you and I know what it is, as you express it, to be "in the bonds of servitude" under a democratic administration and under a democratic form of government. What a mess this country would be in if now and then in a crisis, some big man did not take it on himself to forget the constitution and the poor people which it is designed to protect, and do a little protecting along lines of his own! I recommend for your consideration the above mentioned book by Lord Bryce, if you have not already read it. It is the best criticism of our institutions that I have yet read.



To A. Kains, Esq.

Sept. 15, 1916.

Incidentally, and not bearing at all on the above, don't you think that \$35,000,000 float is a pretty big chunk to take out of the reserve of the reserve banks? That is the figure reported as of September 1st.

I had another brief epistle from you the other day which I will acknowledge longhand. The best wish that I can send you is that you preserve your sense of humor, democracy or no democracy.

Sincerely yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

LETTER OF LORD MACAULEY TO HON. H. S. RANDALL OF NEW YORK

London, May 23, 1857

Dear Sir:

You are surprised to learn that I have not a high opinion of Mr Jefferson, and I am surprised at your surprise. I am certain that I never wrote a line, and that I never in parliament, in conversation, or even on the hustings, - a place where it is the fashion to court the populace, - uttered a word indicating the opinion that the supreme authority in a state ought to be intrusted to the majority of citizens told by the head; in other words, to the poorest and most ignorant part of society. I have long been convinced that institutions purely democratic must, sooner or later, destroy liberty or civilisation, or both.

In Europe where the population is dense, the effect of such institutions would be almost instantaneous. What happened lately in France is an example. In 1848 a pure democracy was established there. During a short time there was a strong reason to expect a general spoliation, a national bankruptcy, a new partition of the soil, a maximum of prices, a ruinous load of taxation laid on the rich for the purpose of supporting the poor in idleness. Such a system would, in twenty years, have made France as poor and as barbarous as the France of the Carovingians. Happily the danger was averted; and now there is a despotism, a silent tribune, an enslaved press, liberty is gone, but

civilisation has been saved. I have not the smallest doubt that if we had a purely democratic government here, the effect would be the same. Either the poor would plunder the rich, and civilisation would perish, or order and property would be saved by a strong military government, and liberty would perish. You may think that your country enjoys an exemption from these evils. I will frankly own to you that I am of a very different opinion. Your fate I believe to be certain, though it is deferred by a physical cause. As long as you have a boundless extent of fertile and unoccupied land, your laboring population will be far more at ease than the laboring population of the Old World; and while that is the case, the Jeffersonian policy may continue to exist without causing any fatal calamity. But the time will come when New England will be as thickly peopled as Old England. Wages will be as low, and will fluctuate as much, with you as with us. You will have your Manchesters and Birminghams. Hundreds and thousands of artisans will assuredly be sometimes out of work. Then your institutions will be fairly brought to the test. Distress everywhere makes the labourer mutinous and discontented, and inclines him to listen with eagerness to agitators, who tell him that it is a monstrous iniquity that one man should have a million while another cannot get a full meal. In bad years there is plenty of grumbling here, and sometimes a little rioting. But it matters little, for here the sufferers are not the rulers. The supreme power is in the hands of a class, numerous indeed, but select, of an educated

class, of a class which is, and knows itself to be, deeply interested in the security of property and the maintenance of order. Accordingly the malcontents are firmly yet gently restrained. The bad time is got over without robbing the wealthy to relieve the indigent. The Springs of national prosperity soon begin to flow again; work is plentiful; wages rise, and all is tranquility and cheerfulness. I have seen England three or four times pass through such critical seasons as I have described. Through such seasons the United States will have to pass, in the course of the next century, if not of this. How will you pass through them? I heartily wish you a good deliverance. But my reason and my wishes are at war, and I cannot help foreboding the worst. It is quite plain that your government will never be able to restrain a distressed and discontented majority. For with you the majority is the government, and has the rich, who are always a minority, absolutely at its mercy. The day will come when, in the State of New York, a multitude of people, none of whom has had more than half a breakfast, or expects to have more than half a dinner, will choose the legislature. Is it possible to doubt what sort of legislature will be chosen? On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers, and asking why anybody should be permitted to drink champagne and to ride in a carriage while thousands of

honest people are in want of necessaries? Which of the two candidates is likely to be preferred by a working man who hears his children cry for bread. I seriously apprehend that you will, in some such season of adversity as I have described, do things which will prevent prosperity from returning; that you will act like people in a year of scarcity, devour all the seed corn, and thus make the next year, a year not of scarcity, but of absolute failure. There will be, I fear, spoliation. The spoliation will increase distress. The distress will produce fresh spoliation. There is nothing to stay you. Your Constitution is all sail and no anchor. As I said before, when society has entered on this downward progress either civilisation or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand, or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth; with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without, and that your Huns and Vandals will have been engendered within your country by your own institutions. Thinking this, of course, I cannot reckon Jefferson among the benefactors of mankind.

Estes Park, Colo.,

September 21st, 1916.

Dear Kains:

I thoroughly understand the feeling which is inspired by the Federal Reserve Bank of New York in declining to make settlement through the Gold Settlement Fund when their balances due to the other reserve banks run too heavy. But they really do not seem to understand the situation that arises in New York due, if you please, to the practice of taking New York exchange in such large volume for immediate credit when New York exchange is at a slight discount.

So long as we have about \$1,600,000,000 in circulation which cannot be immediately converted into gold (except one is willing to give grave offence to the Secretary of the Treasury), the Federal Reserve Bank of New York will experience difficulty at times in avoiding an undue accumulation of silver certificates and United States notes. As an illustration: For a period commencing with the settlement of August 9th down to, and including September 12th, the balances due to other reserve banks have aggregated \$72,384,756, in detail as follows:

August	9th.....	\$709,730
"	16th.....	11,450,017
"	23rd.....	3,840,474
"	30th.....	6,050,485
Sept.	6th.....	30,191,172
"	12th.....	26,442,878
	Total.....	\$72,384,756

To A. Kains, Esq.

Sept. 21, 1916.

Confidentially, the only way by which we have been able to get rid of all the silver certificates and U. S. notes paid into us at the Clearing House in settlement of these balances was by making private arrangements through J. P. Morgan & Company, through which we get the gold imported from Europe. The Federal Reserve Bank of New York has now paid about \$200,000,000 to other Federal reserve banks in settlement of these exchange balances, for the greater part of which we have received silver and legal tenders at the Clearing House, and if it had not been for the huge importations of gold from Europe which enabled us to effect these swaps, the Federal Reserve Bank of New York might to-day have been completely denuded of gold in its general reserve.

This is no theory which we are facing, but a real condition and one which illustrates the weakness of the system, under which the Federal Reserve Bank of New York is forced to receive payments from its debtors in silver certificates and U. S. notes and is forced to make payment to its debtors (the Federal reserve banks), always in gold.

You may wonder why it is that New York exchange always runs against us and that we are constantly shipping through the Gold Settlement Fund to other centers. One reason is that the other reserve banks take New York exchange for immediate credit, thereby creating a considerable float, and we are not willing to add our contribution to this destructive policy by taking exchange

Copy

To A. Kains, Esq.

Sept. 21, 1916.

on other Federal reserve cities for immediate credit. The float three weeks ago was \$35,000,000; week before last was \$28,000,000 and this last week, \$29,000,000.

Another reason why exchange is running against New York since the collection system was inaugurated - and it might be expected to give us enough offset to wipe out these balances - is the attitude of the interior banks to their New York correspondents. The big banks in other Federal reserve districts do not hesitate to dump their New York items on to the Federal reserve banks of those districts, but they seriously object to their New York correspondents doing the same thing. Consequently, the big New York banks that have all of these reserve accounts from interior institutions, in order to retain their connections, are still sending their items direct and we do not get the offset to the items that the interior banks collect through their reserve banks.

Mr. Calkins is doubtless correct in saying that this difficulty will in a measure be corrected if the Federal Reserve Bank of New York places its facilities without limit at the disposal of, not only the reserve banks, but all the member banks of the country, in making telegraphic transfers for nothing. We could do all the business in the world on that basis, but I think we have reached a point where we ought to consider these operations in the handling, not of a few millions of dollars, but hundreds of millions of dollars, in fact, I think the totals are now into the



To A. Kains, Esq.

Sept. 21, 1916.

thousands of millions of dollars, justify some charge or some compensation, at any rate, sufficient to pay for clerk hire.

As Mr. Calkins says in his letter, New York is the hub and when the axle stops, it is inevitable that there should be some jolt in the machinery. I like his simile. I do not know any wheel that will revolve on its hub without some grease and, furthermore, if it is not greased it will wear out. The best way to handle this matter is retire the greenbacks and to have all silver certificates issued in the form of one or two dollar bills. Then they won't bother us. If the reverend fathers at Washington won't do that, then we might as well quit the Gold Settlement Fund, and whenever we accumulate too much chicken feed in New York, we will ship it to you at your own expense. If that cannot be done without a howl, then maybe Congress will amend the law and permit the issue of U. S. notes and silver certificates in \$10,000 or \$200,000 pieces to order, so that you fellows who build up balances on us could be paid in kind and by the same process we now employ in the Settlement Fund.

What we will not do in New York is what has been frequently suggested, and always discouraged, to cover the matter by taking exchange on the other reserve cities without limit, without time allowance, without exchange, and so debauch the whole system.

Won't you ask Brother Calkins to think of some remedy for this puzzle which the holy fathers in Washington will consider and see if we cannot get it fixed up?

To A. Kains, Esq.

Sept. 21, 1916.

Do you recall Treman's statement at the Boston meeting that between July 1915 and August 1916, credit balances of the New York Federal Reserve Bank at the New York Clearing House had aggregated \$292,000,000, and the debit balances, \$20,000,000? What would you do in a case like this?

Also, please tell Calkins that I am not mad but will be mighty interested in any suggestion he can send.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

101

Estes Park, Colo.,

September 21st, 1916.

My dear Kains ;

Yours of the 16th, enclosing Calkin's letter is just received.

About that episode in English history, the application is all right in this particular case, if there has been any slip in manners or methods, but I had a feeling that on the whole, whatever wooing has been done originated in New York and was rather more expensive to the wooer than the other way around.

Ignoring any unfortunate slip that may have occurred as to the method by which this matter had been approached (which you and I can both do), I still think that your conclusions about this business are based upon some misconception of what our program contemplates.

You refer to profits of 1/64, which for a long time represented approximately the shave on exchange at New York (just now it is somewhat higher), as though the commission to be imposed by the New York bank would have to be paid out of this trifling exchange profit and that the business would not be a little unlike Abraham Lincoln's steamboat, with such a big whistle that the wheels stopped every time they blew at a landing; in other words, it would be all commission and no division. That certainly is not the case.

To A Kains, Esq.

Sept. 21, 1916.

If the Federal reserve banks, either in New York or anywhere else go into the open market to buy long bills, such as you refer to and undoubtedly have in mind as the basis of this business, we will incur the everlasting animosity of all our member banks which are in the foreign exchange business, and if we are successful in making the business profitable, we will drive them out of business. Their money at a minimum will cost them 2 % less than ours does and how can they ever compete with us in buying such long bills as copper and grain, meat and cotton bills, etc. The Federal Reserve Act and the recent amendments to it were designed to encourage national banks to extend their field of operation into foreign countries. How can they possibly do it if the Federal reserve banks are eating into the profits of their foreign departments by throwing countless millions of their funds into competition in buying long bills that are really the basis of their present foreign departments?

What I had proposed for the New York Bank was simply to accumulate sterling by the purchase of demand exchange and cable transfers, buying gradually whenever the market was weak, and below the present gold import point, say, \$4.76, and as sterling was accumulated, invest it in London through the Bank of England in long sterling bills, selecting by preference those of American origin and endorsement, rather than those which are purely English; not necessarily confining ourselves to American bills drawn on English acceptors.

To A. Kains, Esq.

Sept. 21, 1916.

Under present conditions, the investment of this money in London would realize an average of  $5\frac{1}{4}\%$  to  $5\frac{1}{2}\%$  discounted. The commission to be charged by the Federal Reserve Bank of New York, I had proposed to be at the same rate as that which applied to bills which we purchase in New York on which  $2\frac{1}{2}\%$  discounted is earned. Under the arrangement as to commissions, our charges would not increase with the higher rate of discount on English bills as against American, so as a matter of fact, the reserve banks would be having these services performed for them for the same compensation, although they earned from the money employed twice as much.

Aiken wrote me from Boston, indicating that he had it in mind that we would be shaving sixty-fourths on this business and I suppose he got it from you, because Aiken has had no experience whatever in that business.

If it is this proposed commission that worries the Scotchmen of San Francisco and Chicago and the thrifty New Englander of Boston, why let me remind you that the question of fixing this commission has always been left to a Committee of Governors and has not been fixed by the New York Federal Reserve Bank anyway.

So much for your letter in which I can see evidences of some slight change of heart. The best part of your letter, however, is the postscript. You say you are looking forward with joy to seeing me soon. Does that mean by possible chance you

To A. Kains, Esq.

Sept. 21, 1916.

may be able to get out here on your way to the next Conference? I will be in Denver by that time and we can have some grand visits if you will carry out your plan. Stop on your way through, if possible, and we can go over the program together and do not be skimping on your time.

I am taking the liberty of writing you separately about the Gold Settlement matter referred to in Calkin's letter to New York.

My best regards to you, old man, and many thanks for your letter.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

4100 Montview Boulevard.

Denver, Colorado,

October 20th, 1916.

Dear Kains:

By the time this letter reaches San Francisco, I may have had the pleasure of seeing you ~~again in Denver~~ and I have not written you since the party left believing that you might stop over on your way back. If you do, a warm welcome awaits you at 4100 Montview Boulevard. Your visit, although much too short and unfortunately interrupted by the arrival of those other visitors, gave me a great deal of pleasure and I am keen to have it repeated.

I have just been reading over your letters of September 25th. The matter of telegraphic transfers seems to be the subject of direct correspondence between Calkins and Hendricks so I won't "butt in". They will doubtless work it out to your satisfaction.

About the foreign business, however, I thought you would be interested in the enclosed copy of a letter from Mr. Forgan. There seems little prospect of doing anything just now as the authorities at Washington still refrain from taking any action on our application. What would your idea be of the amount of money that we could safely employ in London under the arrangement with which you are familiar? How much, for instance, would San Francisco care to invest in that way. I would be glad of your judgment on this.

To A. Kains, Esq.

Oct. 20, 1916.

Please give my regards to Mr. Calkins and Mr. Perrin. You fellows on the Pacific Coast have such a keen sense of humor that it may be, although I doubt it, that some of your friends in the East think it safe to take liberties with you.

Did you notice that the President has come to the conclusion that the naughty bankers of New York are trying to get control of the Federal Reserve System? I have not yet seen any real evidence.

With best regards,

Sincerely yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

COPY



101

Denver, Colorado,

October 30th, 1916.

Dear Kains:

Thank you for your letter of the 26th.

Your comment on Mr. Forgan's letter is too accurate to justify my replying. But why this humbleness about the San Francisco "Branch", as you call it? Next to Atlanta and Kansas City, it is as independent as any reserve bank on the list.

I am glad to get your advice on the question of quantity. I had in mind about \$25,000,000 total myself.

You have given me something of a shock in what you say about your own health. Won't you send me further particulars? What is the matter? If your machinery is in need of repairs, Denver would be a splendid place to spend the Winter.

I am not at all surprised at your turning down the Vanderlip offer, but for goodness sake, why put it on the ground of health? I can't imagine your health anything but above par.

There is a plan on foot to have another Governors Conference next month. If they have one, please cut out enough time to make me a visit both ways.

I enclose a little picture of one of the Governors, sent by Aiken, which it seems to me is good enough to pass along to our Scandinavian friend at Minneapolis with instructions to add his initials and pass it on to the next one.

To A. Kains, Esq.

Oct. 30, 1916.

I await with anxiety some definite information about  
your health.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

COOPY

101  
November 6th, 1916.

Dear Kains:

While I was delighted to get your letter of the 1st, I am a good deal distressed by the suggestion that the doctors have you in their clutches. I am making such good progress myself that I am not able to extend to you the sympathy that arises from sharing the misery about health. Besides that, your trouble seems to be mental as well as physical and doubly hard to bear. I am glad to see, however, that they have not cut you off from business activities.

Treman writes me that he suspects some effort may be made to persuade the reserve banks to conduct the check collection business free of any charge to the member banks. Irrespective of any question of economy involved, I think this would be a disastrous move, establishing precedents which will forever arise to bother us and costing us so much of the advantage we have already gained.

Take my advice, follow the doctors orders and take good care of yourself. Otherwise, you may be paying the penalty that I am.

With warmest regards,

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

November 7th, 1916.

Dear Kains:

Yours of the 2nd arrived just after I wrote you yesterday and contains some little encouragement about your health, but not as much as I had hoped. When a man has to forego alcohol, tobacco, tea, coffee, golf and most of the other things worth having, he is either in a bad way or shortly will be. I am reminded of what you said in reply to an inquiry as to what would happen to our gold if the Germans captured London. I think your remark was that you would not care much as you would probably be dead or want to be. I can smoke a bit, manage to sneak a drink of whiskey now and then, have coffee with my breakfast and don't care a rap about tea. I can't play golf but that is no great deprivation. Just take care of yourself and you will be all right again.

The Governors Conference is called for December 11th. If you can snatch a day or two to spend with me here, I shall be more than delighted.

Your information about Miller is correct. He has been taken into the fold of the Roman Catholic Church and from what we know of his character and habits I should say he would make a very good Catholic.

I omitted yesterday to answer your inquiry about the government bonds. Personally, I would like to see a very large amount of the 2s withdrawn and converted and the long 3s sold.

To Mr. Kains.

Nov. 7, 1916.

To do it comprehensively and at the same time to avoid getting tied up with too many one year notes, we should first have an arrangement with McAdoo by which a larger percentage of the bonds could be converted into long 3s. Why don't you suggest this for the program and give them a good lecture on the subject at the next meeting? Personally, I would not mind seeing all the national bank notes retired just as promptly as possible. We have too much currency in the country now.

Best regards to you, old man. Don't be discouraged about your health and be sure and let me know the final verdict of the doctors.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

101

November 14th, 1916.

Dear Kains:

Again I seem to be guilty of using loose language in my correspondence with you. It was not my purpose to suggest that you were afflicted with wheels in the head but that certain mental conflicts had arisen on account of denials in certain directions which you found to be disturbing to your mental equilibrium. If you come here and make me a visit, I will administer such comforts as are possible in this dry state.

It really is a shock to me to hear that you have some trouble with your heart. Lungs can be dealt with - a man's heart, however, is an unstable affair and I presume necessitates treatment rather more irksome than even I am now suffering. Above all things, take good care of yourself.

I have written Treman urging that he submit a set of questions to the Governors in regard to our currency situation, with a view to having them fully discussed and some recommendations made at the next meeting. If you find it possible to attend and can save out a few days to spend with me here on the way, I would like to go all over the questions with you and see if we can't agree on what kind of a program should be adopted.

To Mr. Kains.

Nov. 14, 1916.

California seems to have dumped Hughes into the ditch. I cannot feel as badly about it as I would have had the Republican candidate been a different man. What you say about the vote of the hyphenates probably applies to the whole country.

We have been having zero weather here and I have been freezing my nose nights sleeping out doors.

Best regards and good wishes.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

P. S. Since dictating the above, I have yours of the 10th. Take a good crack at those fellows on currency matters at the Washington meeting.

B. S.

101

November 20th, 1916.

Dear Kains:

My letter about the California outcome crossed yours of the 15th. Further comment seems unnecessary.

I have passed your last contribution of mirth along to Wold. You and he divide the humor of the System rather equitably and I am glad to be half way between you.

I don't believe the System can accumulate and permanently hold a very large amount of gold either behind the note issue or as a result of the amendment permitting the deposit of all reserves of member banks until the character of the note issue has been changed by amendment to the Act. Has it occurred to you, however, that to the extent that we do manage to collect and hold gold, we are prepared in advance with gold to use in any emergency which might arise under conditions which would probably result in Congress passing almost any amendment which we ask them to. The gold under present conditions is in "cold storage". If we can hang on to it, however, we are better off than if we had not collected it. I am in favor of doing what we can to hang on to what we have and increasing it, relying upon the efforts of our friends in Washington in time to get through the amendment.



Let me know about the Washington conference. I am

-2-

To Mr. Kains.

Nov. 20, 1916.

We seem to be losing gold to Japan, to Argentine, to Cuba and occasionally a little to Canada. All of these movements I think are normal except possibly, to Canada. Unless, as is quite possibly the case, England is paying for Canadian products out of credits raised in New York.

Nothing can be done to stop these shipments and I do not believe the effort should be made. Can you confirm a rumor I have heard that Japan has put a prohibitive freight rate on shipments of gold from Japan to this country? With no liners going to Japan under American flags, it insures the movement being only one way. Those fellows are too smart for us and we are going to discover it some day.

Let me know about the Washington conference. I am hoping that it will bring you through here.

With best regards,

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

101

June 26th, 1916.

Dear Mr. Kains:

This letter will introduce to you my  
older son Benjamin Strong, 3rd, whom I have asked  
to call and see you on his way through San Fran-  
cisco from a vacation trip spent in California,  
near Santa Barbara.

Very truly yours,

Archibald Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

VCM

December 9th, 1916.

Dear Kains:

Thank you for yours of the 5th and for what you say about that letter to Miller. He is a ~~hard nut to crack~~ and the best evidence of that is probably the fact that he saw no humor at all in my letter. Nor, in fact, did it get under his skin a bit.

Your state of discontent arouses my deepest sympathy. I know all about it and, figuratively speaking, I hold your hand.

It is too bad you can't get to Washington. This is an important meeting and I think will deal with the question of our foreign connections which you are more competent to discuss than any of them, and I am distressed that you cannot do so.

Please don't answer this and other letters from me for I know you are not up to much work and should be sitting in the sun imbibing health.

Warmest regards and a speedy recovery.

Faithfully yours,

A. Kains, Esq.,  
Governor, Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

# WESTERN UNION NIGHT LETTER

Form 2289

GEORGE W. E. ATKINS, VICE-PRESIDENT

NEWCOMB CARLTON, PRESIDENT

BELVIDERE BROOKS, VICE-PRESIDENT

RECEIVER'S No.	TIME FILED	CHECK
----------------	------------	-------

**SEND** the following Night Letter, subject to the terms  
on back hereof, which are hereby agreed to

December 11th, 1916.

Miss Sarah E. MacDonald,  
Care Federal Reserve Bank,  
San Francisco, Cal.

Am distressed to learn of Mr. Kains illness. Stop. Will you kindly express my sympathy to Mrs. Kains and give my love to Mr. Kains if he is able to receive messages. Stop. Will appreciate your keeping me posted as to his condition.

Benj. Strong.

Charge Paid,  
Benj. Strong,  
4100 Montview Boulevard.

101

December 14th, 1916.

Dear Miss MacDonald:

I am very grateful indeed to you for your letter of the 9th and your telegram received yesterday giving such good news of Mr. Kains' progress.

With this, I am enclosing a check for \$15 and hope you will not mind executing a little commission for me. I would like to send Mr. Kains some flowers that he would enjoy and leave it to your discretion and knowledge of his taste just what to get. Am also enclosing a card to go with them.

With many thanks for your advices, I am,

Very truly yours,

Miss Sarah E. MacDonald,  
Care Federal Reserve Bank,  
San Francisco, Cal.

BS/VCM

101

R.A. Fr.

Denver, Colo.,  
December 18, 1916.

D-13

Miss S. E. McDonald,  
New York City, N.Y.

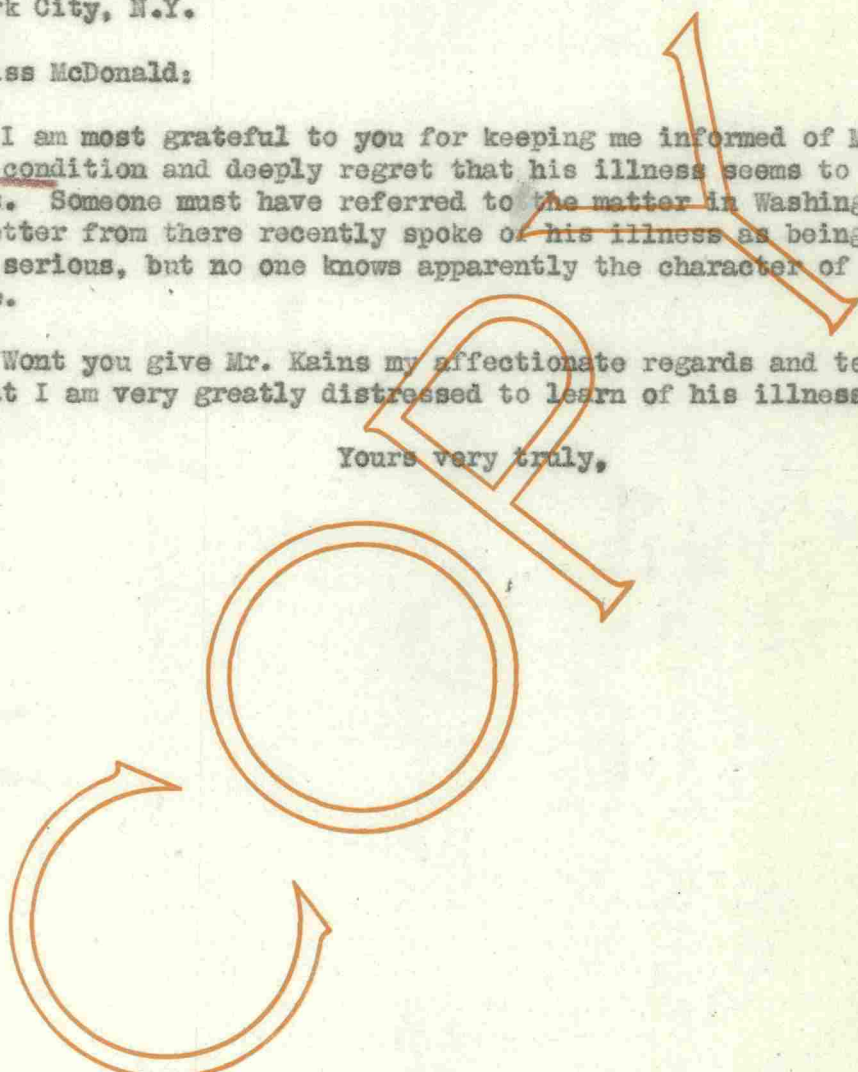
Dear Miss McDonald:

I am most grateful to you for keeping me informed of Mr. Kains' condition and deeply regret that his illness seems to be so serious. Someone must have referred to the matter in Washington as a letter from there recently spoke of his illness as being rather serious, but no one knows apparently the character of the trouble.

Wont you give Mr. Kains my affectionate regards and tell him that I am very greatly distressed to learn of his illness.

Yours very truly,

BS/CC



Denver, Colorado,  
February 26, 1917.

Dear Kains:

The enclosed offers opportunity for a pun when sent to a pillar of the Church, like your good self. I hope you are getting along all right and am delighted to know that you are going home, so this letter is being addressed to the bank with instructions to forward. Curtis is now back home on the job and my bully visit with him is a thing of the past.

The situation with Germany is to my mind most unsatisfactory. Frankly, out in this part of the world there is no enthusiasm and no great amount of interest in the country's position. If we really have war with Germany, it may give the Reserve System something to do and, of course, I am wondering what will be Warburg's attitude and position.

Our amendments are doomed I fear at this session of Congress.

Hendricks has stirred up a hornet's nest back home by concluding arrangements with the Express Companies and sundry Notaries Public to collect checks on about 113 non-member banks. I guess the time has come when we must put the screws on in our district and I know of no other way to do it except through the postmasters, which would be the height of folly.

I am glad to be able to balance a good report of your progress with an equally good one of my own.

My best as always. Faithfully yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Calif.

Denver, Colorado,  
March 22, 1917.

Dear Kains:

Please don't forget my injunction to the effect that you are not to answer my letters unless for recreation you find it some diversion. To have such good word of your progress in your own hand writing really makes me rejoice and you are now going through just that stage of abasement which occupied so much of my time last summer. But don't get discouraged - you will be back at the bank and at the presidio before you know it.

In the way of news, since Curtis left I have made a trip to Chicago in order to have a conference with Alfred Aiken and, of course, took the opportunity to look in on the unregenerate Schottmen of that town; I must say they looked well and prosperous. They have got quite a bank and, personally, I have no doubt they regard it as much more the center of things than little old New York, but they are fine fellows and it did me good to see that speaking smile of McDougal's when he witnessed the outward and visible effect of a year's rest and 24 pounds in weight. I had a bully visit with him and among other matters we discussed the trials and tribulations of our Washington brethren ad nauseam.

Today I expect to meet Fred Delano on the 12:20 train and keep him with me for two days. Incidentally, I have purchased an outfit of golf clubs, joined the Country Club here and propose shortly to be back on the turf. The doctor has just left the house after a social call and informs me that he sees no reason why June should not see me back in the saddle, but he admits that he finds his job a hard one just now to keep me subdued.



To - Mr. Kains.

March 22, 1917.

In conformity with my custom, I give the following report on weight: My low point was 129 lbs.; last night I weighed 154-1/2. As this weight has been put on in a climate where people of middle age don't acquire weight readily and, furthermore, without any stopping, I shudder to think what will happen to me when I get back to sea level.

Best regards to you, old man, and continued improvement.

Faithfully yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Calif.

BS/CC

COPY

Denver, Colorado,  
March 29, 1917.

Dear Kains:

I am delighted to learn by yours of the 26th that you are able to take Homeopathic doses of office work again; don't overdo it. You and I are living examples of the strenuous life, but there is nothing to brag about in being alive if nothing goes with it. But your recovery has been really wonderful and I am delighted and relieved.

Not to make you feel badly but really to encourage you, I played golf all the morning with the professional out here. It is really three years since I played and I was amazed to find that with a little assistance from him, I could whack them out 250 yards almost every crack. After a few more practice days, which I propose to indulge in almost every day, I am hoping to go around the course and will send you my card, - again not to make you feel badly but to cheer you up.

I have just had a visit from Delano, after having made a short run to Chicago, where I met McDougal, Aiken and Broderick, as well as the underlings in the bank. It seems to be my mission in this job of ours to preach just the sort of stuff that you preached to me. Delano is a sympathetic and intelligent audience and if he had his way, our work would be immensely easier and the development would be along bigger lines I believe.

A little later, as soon as the weather settles down your way, I am going to treat myself to a short visit with you, but the doctor is still a bit cautious about my getting out of this climate and subjecting myself to sudden changes near the ocean, but he is rather optimistic of the possibility

To - Mr. Kains.

March 29, 1917.

of my going home in June.

With lots of good wishes,

Faithfully yours,

A. Kains,  
Federal Reserve Bank,  
San Francisco, Calif.

BS/CC

COPY

Denver, Colorado,  
April 6, 1917.

Dear Kains:

Just a line to shake hands with you over our alliances. I feel pretty happy about matters and only wish I were able to put in some licks alongside our good friends abroad.

If possible, I will have a look at those flowers with you before going east and, any way, I deeply appreciate the sentiment which led you to establish "Benjamin's bed".

My affectionate regards,

Faithfully yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Calif.

BS/CC

Denver, Colorado,  
May 22, 1917.

My dear Kains:

It was cheering to get your letters, forwarded to me here from New York, and the evidence in your firm and scholarly hand-writing that you were your vigorous self once more.

I took a flyer to New York for a couple of weeks, to help along on our Liberty Loan organization, came back here for another two weeks' golf, which has been largely defeated by bad weather, and next Monday I am off again to New York for a fairly indefinite period. I am much disappointed in not being able to visit you, but let us consider it only postponed because of the war; what better cause of postponement could there be?

The Page correspondence explains itself. We wanted to keep posted on what was doing in other districts and to exchange information, etc.

Faithfully yours,

A. Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

BS/CC

101

June 19th, 1917.

My dear Kains:

Thank you for your favor of the 6th enclosing the two replies to your letter which you sent out in connection with the Liberty Loan. They afforded considerable amusement to Curtis and myself.

Faithfully yours,

Archibald Kains, Esq.,  
Federal Reserve Bank,  
San Francisco, Cal.

101

June 28th, 1917.

My dear Kains:

Thank you for your favor of the 23rd regarding Mr. Pierce. I shall be very glad to meet him while he is in New York and give him whatever information I can.

Faithfully yours,

A. Kains, Esq.,  
Care Federal Reserve Bank,  
San Francisco, Cal.

VCM

101  
12

August 7th, 1917.

Dear Miss MacDonald:

Many thanks for your letter regarding the Canadian recruiting posters, reply to which was delayed by my absence during a vacation.

As you probably know, Mr. Strong went back to Denver for another month and has just returned to the city, so Mr. Kains has not been in evidence around the bank. Now that Mr. Strong is back, we will probably have the pleasure of seeing him here occasionally, and at the first opportunity I will take up with him the matter of the posters.

I can just imagine how you feel about Mr. Kains leaving San Francisco and know there are a great many people who appreciate San Francisco's loss and New York's gain.

Cordially yours,

Secretary to Mr. Strong.

Miss S. E. MacDonald,  
Care Federal Reserve Bank,  
San Francisco, Cal.

VCM



101  
x30

January 3rd, 1918.

My dear Kains:

While absent from New York I was still able to write letters to both the Metropolitan and the Down Town Association and trust that they may improve your prospects for admission in both cases and not blast your hopes.

Membership in the Metropolitan Club does not take so long but I think it is a seven year school with the Down Town Association and your proposer and seconder should put this matter on their ticklers, as otherwise your name might come up for action and not be properly pushed.

With best personal regards,

Faithfully yours,

Archibald Kains, Esq.,  
American Foreign Banking Corporation,  
56 Wall Street, New York City.

BS+VCM

Kains

Palm Beach, Fla.,  
February 9, 1925.

Dear Kains:

Not all things move as rapidly in New York as they are sometimes said to.

A notice has just been forwarded to me here from the Down Town Association saying that November 1915 proposals for membership are now being considered, and asking whether you still desire to be considered when your name is reached.

My best guess is that you no longer have a very active interest in becoming a member, - but of course you might be back in the course of the next decade, and it seems to take about that long! However, I have today written to the Trustees that I will send definite word as soon as I hear from you. How do you feel about it?

The best of good wishes to you,

Sincerely yours,

Mr. Archibald C. Kains,  
Federal International Banking Corporation,  
New Orleans, La.

MSB

February 16, 1925.

Dear Kains:

I am just in receipt of your favor of the 13th instant, and must first congratulate you upon finally being able to retire. I often wish I enjoyed the same good fortune.

As you will not remain a candidate for membership in the Down Town Association, I shall do the needful there.

X In the meantime, I hope that the years of your retirement will be happy in every way. I know they will be, for you have capacity to get a lot out of life which is denied to many who have attached themselves too closely to business and the making of money.

My best regards to you as always.

Sincerely yours,

*B/S  
mlh*

Archibald Kains, Esq.,  
Federal International Banking Co.,  
New Orleans, La.

BS.LS

BENJ. STRONG, Jr.  
PERSONAL.

RECEIVED

FEDERAL RESERVE BANK

FEB 9 1915 2 44 PM

OF SAN FRANCISCO

FEDERAL RESERVE BANK  
OF NEW YORK

A. KAINS, GOVERNOR

4th February 1915

*B. S. Jr.*  
FEB 9 1915

My dear Governor Strong,

Your letter of the 30th ultimo is received, together with a set of circular letters and forms issued by the Gold Committee, containing harrowing details, with the net result that as far as District No. 12 is concerned there will be none of these cashiers' cheques deposited in San Francisco.

Perhaps ten or a dozen of our banks are the only ones that have taken advantage of your goodness in cashing their cheques on us at par. The indications are that we will soon be able to reduce largely, if not entirely wipe out, our debit balance with you.

Yours faithfully

*A. Kains*  
Governor

Benjamin Strong Jr Esq're  
Governor, Federal Reserve Bank  
New York City

*Diffen*  
292

FEDERAL RESERVE BANK  
OF SAN FRANCISCO



11th January 1916

A. KAINS, GOVERNOR  
**FILING DEPT.**  
JAN 17 1916  
FEDERAL RESERVE BANK

My dear Governor Strong:

Your letter of 3rd instant came duly to hand, and I take due note of the particulars of the audit of the Gold Settlement Fund.

With regard to the comment of Mr Gamon I am in hearty agreement, and I observe that the authorities in Washington evidently recognize the force of what he has to say, because they have enclosed cipher words to authenticate telegraphic orders from this Bank operating on the Gold Settlement Fund. I understand also that the Federal Reserve Agent here has received another list of cipher words, probably covering similar funds at his credit.

Yours faithfully,

*A. Kains*  
Governor

Benjamin Strong Jr Esq're  
Governor, Federal Reserve Bank  
New York City

NEW YORK CITY  
FEDERAL RESERVE BANK  
BANKERS BUILDING 11 WALL ST.

COMMERCIAL

Handwritten scribbles and illegible text.

RECEIVED

Faded, mostly illegible text, likely a letter or report. Some words like "Federal Reserve Bank" and "New York City" are faintly visible.

RECEIVED  
FEDERAL RESERVE BANK  
ST. LOUIS  
MAY 1 1961



ST. LOUIS

FEDERAL RESERVE BANK

it to <sup>2</sup> introduce you  
to the Bank of Boston  
people, as well as  
the Charter. N. Bk. He  
will be delighted to  
be of any use.

I arrived here  
an hour ago. While  
awaiting my train  
to the Wild West  
have been discussing  
matters generally with  
that excellent representative  
of North Britains  
Mr. Douglas. With all  
the courtesies for yourself

*George H. ...*

Aug 1/29/16

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

Chicago 25<sup>th</sup>  
January 1916

My Dear Strong

This is simply  
a line to wish you  
good speed and to thank  
you very much for  
permitting me to share  
in that joyous feast  
at H. Street Washington  
the other evening.  
When you  
see Bamie in London  
got him if you have  
not otherwise arranged

Chicago, 25th January 1916

My Dear Strong

This is simply a line to wish you God speed and to thank you very much for permitting me to share in that joyous feast at H. street Washington the other evening.

When you see Cambie in London get him if you have not otherwise arranged it to introduce you to the Bank of Scotland people as well as the Chartered Bk. He will be delighted to be of any use.

I arrived here an hour ago, and while awaiting my train to the wild west have been discussing matters generally with that solemn representative of North Britain McDougal.

With all salutary wishes for yr self,

---

Yrs faithfully

Archie Kains

B. Strong Esq  
N.Y.



The Canadian Bank of Commerce

Head Office.

Toronto 25th January 1916

101

My dear Kains:

Referring to our conversation this afternoon, in my opinion a visitor to London seeking information on banking and exchange should not fail to call on the following gentlemen who are the leaders in their profession in the City :

Lord Cunliffe, Governor, Bank of England  
Sir Edward Holden Bart, London City & Midland Bank Limited  
Sir Felix Schuster, Union of London & Smith's Bank Limited  
Henry Bell, Lloyds Bank Limited  
H. H. Hambling, London & South Western Bank Limited  
Lord Milner, London Joint Stock Bank Limited  
R. M. Kindersley of Lazard Bros & Company  
Christopher Nugent of Union Discount Company  
Philip H. Wade of National Discount Company Limited  
R. C. Wyse of Guaranty Trust Company  
C. Cambie, and  
A. R. Phipps of The Canadian Bank of Commerce

One could go on adding to a list of this sort almost ad infinitum as various phases of the subject present themselves to one's mind, but the above should suffice to answer any enquiries along the lines of our discussion. If information is desired on South American, Indian and Far Eastern subjects other names occur.

If I can be of any service to your friend by way of intro-

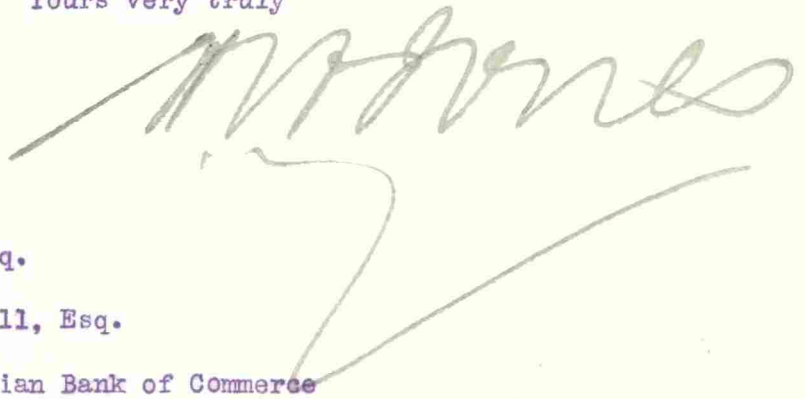
A. Kains, Esq.

2.

duction to any of the gentlemen mentioned above, please  
command my services.

Hoping to see you again in a few weeks' time, I am

Yours very truly

A large, cursive handwritten signature in dark ink, appearing to read 'A. Kains', is written over the typed name and address below.

Archibald Kains, Esq.

c/o H. P. Schell, Esq.

The Canadian Bank of Commerce

16 Exchange Place

New York

2  
Rockies, and if I had  
any influence with the said  
Rockies they w<sup>d</sup> do their  
work speedily and well.

I am keeping in a  
state of rude health by  
daily divorcing myself from  
the office @ 4<sup>30</sup> P.M. & playing  
golf till 7 and the climbing  
rounds the hills of our  
course at the Presidio  
is making me as hard  
as nails.

We are so far from  
the centres of things that  
we almost speak another  
language to that prevalent  
in New York but I feel  
that from <sup>even other</sup> the Governor's

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

24<sup>th</sup> July 1916.

My Dear Strong.

Ever since hearing  
that you had been laid  
aside for repairs I have  
had a feeling of sorrow  
and sympathy which I  
should like to express  
but being an uncount  
Scotch Savage cannot do  
it very well. Mr Perrin  
gave me a kind message  
from you this morning  
with the information that  
you were recuperating in the

of the Federal Reserve Banks. There will  
arise a sigh of relief not to mention  
a note of praise and thanksgiving  
the day they hear that you are again  
doing business at the old stand  
and that it will not be long before  
they can gather together under your  
leadership. -

I hope you are able  
to get a little good fishing. I  
w<sup>d</sup> like to send you up on our  
McCloud River running off Mount  
Shasta. Where a few of us have  
a club house and about 10 miles  
of river. Surrounded by mountains  
a fine place to recuperate. The  
population is very sparse confined  
to Scotch Indians and their  
progeny. The marriage ceremony  
is almost unknown on the McCloud  
and yet the halfbreeds are as  
kind considerate as good Christians

With all good wishes

Yrs  
Wm. R. King

24th July 1916

My Dear Strong

Even since hearing that you had been laid aside for repairs I have had a feeling of sorrow and sympathy which I should like to express, but being an uncouth Scotch Savage cannot do it very well. Mr. Parrin gave me a kind message from you this morning with the information that you were recuperating in the Rockies and if I had any influence with the said Rockies they would do their work speedily and well.

I am keeping in a state of rude health by daily divorcing myself from the office @ 4:30 p.m. & playing golf till 7, and the climbing round the hills of <sup>all</sup> ~~and~~ course at the Presidio is making me as hard as nails.

We are so far from the centre of things that we almost speak another language to that prevalent in New York, but I feel sure that from the eleven other Governors of the Federal Reserve Banks there will arise a sigh of relief not to mention a note of praise and thanksgiving the day they hear that you are again doing business at the old stand and that it will not be long before they can gather together under your leadership.

I hope you are able to get a little good fishing. I would like to send you up on <sup>with</sup> ~~and~~ McCloud River running off Mount Shasta where a few of us have a club house and about 10 miles of river, surrounded by mountains a fine place to recuperate. The population is very sparse confined to Scotch & Indians and their progeny. The marriage ceremony is almost unknown on the McCloud and yet the half breeds are as kind & considerate as good christians.

With all good wishes  
Yrs

Arch. Kains

Benj. Strong Esq  
Estes Park

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

1916  
8th Sept 2-1916

MAINS, GOVERNOR

My Dear Mr Strong

Yr. of 5 insts had just arrived and I am glad the disertation amused you

Somebody had called a meeting of the Governors at Boston on 22<sup>nd</sup> inst. Why Boston?

I suspect Mr Curtis. I wrote Mr Aikens that I thought a meeting at this time premature in view of the short time the Collection System has been in force

too much as if, having planted some beans, we wanted to dig them up to see if they had sprouted. Our Collection

System has been in force too much as if, having planted some beans, we wanted to dig them up to see if they had sprouted. Our Collection

arrangement is not much of a success. as far as the amount or number of cheques handled by us is concerned. Our member Banks in the City are only depositing with us their miscellaneous stuff upon expensive and difficult points being timorous as to depositing with us items drawn upon Banks in the principal towns of the district lest they sh<sup>d</sup> lose their correspondents thus the Wash Sturgis Nevada Natl BK receives an item from the East of say 50,000 on Seattle Natl Bank Seattle wh. it c<sup>d</sup> collect through

for 2¢ instead of which

it sends it direct & submit to a  
charge of 10¢ per hundred, but some of  
these days the Seattle Bank may fail to  
keep its compensating balance and we  
will get the item. The W.F. Nevada will  
use no and pull in its balances kept  
all over the country for exchange purposes  
and invest in commercial paper  
digits for discount. Local pictures  
We have been trying to make as many  
State Banks as possible collect at par  
the items received from our members,  
and by dint of coaxing cajoling &  
even threatening a good many have  
assented but there are many stalwart  
protestants who cannot be got to see that  
it is a good thing for them to give up.  
What they have felt was a legitimate  
profit and are not at present impressed  
with the "quid pro quo" these protestants  
are both within the charmed circle  
of the members and without amongst  
the buccaneers. — Charlie. McIntosh was  
telling me today of the immorality of  
our attempt upon these State Banks &  
feel quite like an improper person

I am glad yr office is working & we are delighted to have a few "pearls of thought" from you. — Where next I can. I haven't the Presidio. I played a game with "Uncle" John Perrine yesterday and made one hole in 2, another in 3 and a lot of 4's & 5's but I regret to say that on one hole I got into 3 bunkers. (all there were possibly to get into).

On Sunday the Bohemian Club had its low jinks coupled with the cremation of base. which ceremony creditably performed.

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

AINS, GOVERNOR

He says we are the only F.R. Bank to succeed the instructions of the F.R. Boards in this matter and that we have no business to do it. but I told him that it was on a part of the member Banks that we did it so that they would be forced to give part of the state Banks a charge. — We may have to recede from our position which of course would not be a good thing. as far as the efficiency of the system is concerned. What do you think?



the mourners <sup>6</sup> at the funeral making  
a brave effort to drown their grief  
later in the evening. I find I sh<sup>d</sup>  
not have said Sunday, it was really  
Saturday evening that the ceremonies  
took place. Next Saturday the  
high jinks and grove play will be  
made to. I'll try and beguile  
a few minutes of yr time by giving  
you an account of it later on  
I'll try and beguile  
Pray pardon this  
I hope that yr  
plan arranging for an account  
with the old lady of Threadneedle Street  
will soon be out. So that I  
can take a hack at it.

With kindest regards

Yr faithfull friend  
Wm. Lams

Benjamin Strong Esq  
Old Park

8th August 1916

My Dear Mr. Strong

Yrs. of 5th inst. has just arrived and I am glad the dissertation amused you.

Somebody has called a meeting of the Governors at Boston on 22nd inst. Why Boston? I suspect Mr. Curtis, I ~~was~~ <sup>was</sup> Mr. Aiken that thought a meeting at this time premature in view of the short time the Collection System has been in force, too much as if, having planted some beans, we wanted to dig them up to see if they had sprouted. Our Collection arrangement is not much of a success as far as the amount or number of cheques handled by us is concerned. Our member Banks in the City are only depositing with us their miscellaneous stuff upon expensive and difficult points being timorous as to depositing with us items drawn upon Banks in the principal towns of the district lest they should lose their correspondents thus the Wells Fargo Nevada Na ~~or~~ <sup>or</sup> Bk receives an item from the East of say 50,000 on Seattle Na ~~or~~ <sup>or</sup> Bank Seattle Wh. it could collect through us for 2¢ instead of which it sends it direct & submits to a charge of 10¢ per hundred, but some of these days the Seattle Bank may fail to keep its compensating balance and we will get the item. The W.F. Nevada will use us and pull in its balances kept all over the country for exchange purposes and invest in commercial paper eligible for rediscount, lovely picture. We have been trying to make as many State Banks as possible collect at par the items received from our members, and by ~~point~~ <sup>point</sup> of coaxing cajoling & even threatening a good many have assented but there are many stalwart protestants who cannot be got to see that it is a good thing for them to give up what they have felt was a legitimate profit and are not at present im ~~pressed~~ <sup>pressed</sup> with the "quid pro quo" these protestants are both within the charmed circle of the members and without amongst the buccaneers. Charlie McIntosh was telling me today of the immorality of our attempt upon these state Banks & I feel quite like an improper person. He says we are the only F.R. Banks to exceed the instructions of the F.R. Board in this matter and that we have no business to do it, but I told him that it was on a/c of the member Banks that we did it so that they would not be forced to give par while state Banks could charge. We may have to recede from our position which of course would not be a good thing, as far as the efficiency of the System is concerned. What do you think? I am glad yr office is working & would be delighted to have a few "pearls of thought" from you. Whenever I can I haunt the Presidium I played a game with "Uncle" John Perrin yesterday and made one hole in 2, another in 3, and a lot of 4s & 5s but I regret to say that on one hole I got into 3 Bunkers (all there were possibly to get into): On Sunday the Bohemian Club has its Low Jinks coupled with the cremation of Care which ceremony was creditably performed the mourners at the funeral making a brave effort to draw in their grief later in the evening. I find I should not have said Sunday it was really Saturday evening that the ceremonies took place next Saturday the High Jinks and Grove play will be ~~acted~~ <sup>acted</sup>. I'll try and beguile a few minutes of yr time by giving you an account of it later on.

Pray pardon this ~~drivel~~ <sup>drivel</sup>. I hope that yr plan arranging for an account with the old lady of Threadneedle Street will soon be out, so that I can take a hack at it.

With kindest regards,

Yrs faithfully,

Benj. Strong Esq  
Bates Park

Arch. Kains

101

OVERLAND LIMITED  
EXTRA FARE TRAIN  
CHICAGO - SAN FRANCISCO  
DAILY VIA  
Chicago and North Western  
Union Pacific  
Southern Pacific

August 18th, 1916.

*R.A.V.*  
SEP 2 - 1916

Benjamin Strong, Jr., Esq.,  
Estes Park, Colorado.

Dear Mr. Strong:-

I am just on my way to Boston to attend a conference of the Governors of the Federal Reserve Banks on the 22nd, and only wish that I had a couple of days at my disposal to run down and see you.

Just before leaving San Francisco, I had a letter from Mr. Curtis, who said not to forget that they were expecting a recommendation from me on the subject of foreign exchange. This matter I understand you have taken up thoroughly with the Federal Reserve Board, but in order to preserve continuity I have today written out my ideas, which I will submit to the committee named by you to consider the matter, and if they approve, will present it to the conference.

*Copy enclosed*

With kindest regards, I am

Yours faithfully,

*A. O. Evans*

*The road is rough. my writing  
ditto I can't tell you how  
we shall miss you, not alone  
up guiding hand. but also  
yourself. whom I preserve*

REPORT OF THE  
COMMITTEE ON QUESTIONS SUBMITTED BY FEDERAL  
RESERVE BOARD TOUCHING FOREIGN OPERATIONS.

It is evident that under subdivision "E" of Section 14 of the Federal Reserve Act, Federal Reserve Banks have power, with the consent of the Federal Reserve Board, to enter the foreign exchange market in a very full degree, provided an amendment to the act passes giving authority for dealings in ninety day or three month sight exchange, exclusive of grace, and your committee considers it prudent to prepare at once the machinery for the exertion of an influence favorable to this country, in accelerating or retarding the ebb and flow of gold internationally. Further than this your committee does not consider it wise to go, at least for the present, being of the opinion that except for fiscal reasons, the Federal reserve banks should not enter into active competition commercially with other banks, whether members or non-members. As the benefit derivable from the exercise of this function is common to the commerce of the whole country, it seems advisable that all of the Federal reserve banks should join in the undertaking, which it is conceivable might sometimes have to be accomplished at a financial loss for the benefit of this country's trade. Therefore participation in this activity should be shared proportionately, based upon the capital and deposits of each Federal reserve bank, and operations be undertaken through one agency

for the Federal Reserve Banks collectively. Your committee does not think well of the establishment at this time of foreign agencies belonging to the system, but rather inclines to the belief that the object can more easily be attained by arrangements with the national banks of foreign countries, which might in some cases, be reciprocal, under which purchases or sales for account of our system might be made, while on the other hand, through our agency, purchases or sales on account of these banks could be accomplished. Consequently, we would appear in the market, generally speaking, at all times, and your committee would propose that the agency for our operations be situated in the Federal Reserve Bank of New York under the supervision of the Governor of that bank (which latter would have so large a financial interest in our operations) as well as the Federal Reserve Board. The agent of the Federal reserve banks united for this purpose should of course be a foreign exchange expert, and he should manage the affairs of his office quite independently of the affairs of the bank, making an accounting and settlement of profits or losses at regular intervals. There would, of course, be many details to be worked out, but it is believed that before long a working arrangement might be had including the principal European countries as well as ultimately those of South America, which would not only afford profitable employment of our funds, but also wield a large influence in regulating the price of exchange and consequently the flow of gold.

*A. C. Reavis for the Com.*

# Hotel La Salle



La Salle at Madison St.

Chicago <sup>12.4.1916</sup> Feb 2 - 1916

My dear Mr Strong I arrived at this place from New York an hour or so ago and am much grieved that I cannot get a train for Seattle before 10<sup>15</sup> tomorrow morning hence I am inflicting a letter upon you. I mis spent a couple of years in this place and generally speaking have no great love for it but it is fairly cool just now and I am in a forgiving humour having been stewed & boiled & rizzled & fried in Boston & New York during the last four days. The only redeeming vice the Boston meeting had was a dinner that Arken gave us at the Stcharb Club. at which you may be sure you were well remembered.

# Hotel La Salle

2

Chicago

1911



La Salle at Madison St.

Through Mr Curtis' kindness I was handed a copy of your lucubration in the matter of foreign exchange connections but had not had a chance of reading it over carefully before I was summoned to the presence of their High Mightinesses Messrs Harding & Delano and asked for my opinion as to these proposals to which in effect I said that I considered it expedient to get ready the machinery at once if possible but I was somewhat doubtful as to the effect upon some of our patriotic friends if we went much further at the moment though it is the prettiest thing of its kind I ever heard of and your reasoning is cogent. The poison however is all in the tail where you propose that the FRANK of N.Y. shall act as a sort of syndicate's manager. The idea of charging also to take each transaction

# Hotel La Salle

3

Chicago \_\_\_\_\_ 1911



La Salle at Madison St.

which I do not consider the best policy. I should be very glad to see you name the man and supervise him and to have you paid a good salary for such supervision but the Holy Federal Reserve System should act through its own hired representatives and pay no commissions specifically otherwise I am in abso godamnite agreement with what you have written + w<sup>d</sup>. like to see you get the American equivalent of the order of St. Michael & George or la grande croix de la légion d'honneur for bringing it about. I do hope you are "patiently abiding" or if not that you will be given grace soon so to do. Bide a wee and drink be weary. is a pretty hard task I fancy for you. but what is the world to a man when his wife is a widow.



# Hotel La Salle



La Salle at Madison St.

Chicago

191

I am confident that with  
care & patience you'll be quite  
good enough for the road for many  
years to come though like King Hezekiah  
you will have to go a little "softly"  
Little Seay & I travelled together on  
Thursday eve from Boston to N.Y. and  
talked a blue streak. We reached  
the Biltmore about midnight after a  
prowl up 5th Avenue to try & get cool  
when he said he could not get it  
out of his mind that it was Sunday  
this was owing to the Scripture  
I had been quoting to him. -  
We lunched <sup>yesterday</sup> with Messrs Gay & Reman. -  
has a pleasant time of it. - It is a  
terrible thing to be alone in a  
great city. I knew crowds of people  
here but am afraid of "stirring  
anything up" as I have to leave  
soon. 'Little Olaf' Wold is expecting

me to stay over at Minneapolis on  
Monday to play a game of golf with  
him but also I shall be on my  
way through his diocese to the  
west by that time. I think there  
is some sort of understanding that  
we meet at Washington in Nov.  
after the elections. If I go I'll  
take a couple of days off from  
over to get some inspiration from  
you "en route" if you will allow.  
me. Well good night. I told them  
the other evening that you gave the  
accidental note or dash of colour  
that raised our song or picture out  
of the ~~old~~ realm of mediocrity & there  
were no contras minds.

"God give thee joy so deep  
that no change can alter it  
or do fear annoy.  
For only so can life itself fulfill  
God give thee joy"

B Strong  
Sales Park

Pat & bis cur  
apparently  
Nov. 7/1912

26 Augt 1916

My dear Mr. Strong

I arrived at this place from New York an hour or so ago and am much grieved that I cannot get a train for Seattle before 10:15 tomorrow morning hence I am inflicting a letter upon you. I misspent a couple of years in this place and generally speaking have no great love for it but it is fairly cool just now, and I am in a forgiving humour having been stewed & boiled & sizzled & fried in Boston & New York during the last four days. The only redeeming vice the Boston meeting had was a dinner that Arken gave us at the Nahant Club at which you may be sure you were well remembered. Through Mr. Curtis' kind ~~will~~ I was handed a copy of your lucubration in the matter of foreign exchange connections but had not had a chance of reading it over carefully before I was summoned to the presence of their High Mightnesses Messrs. Harding & Delano and asked for my opinion as to these proposals, to which in effect I said that I considered it expedient to get ready the machinery at once if possible but I was somewhat doubtful as to the effect upon some of our ~~genu~~ tonic friends if we went much further, at the moment though, it is the prettiest thing of its kind I ever heard of and your reasoning is cogent. The poison however is all in the tail where you propose that the FRBk of N.Y. shall act as a sort of syndicate manager, the idea being also to tax each transaction which I do not consider the best policy. I should be very glad to see you name the man and supervise him and to have you paid a good salary for such supervision but the Holy Federal Reserve System should act through its own hired representatives and pay no commissions specifically otherwise I am in ~~absogodamlute~~ agreement with what you have written & would like to see you get the American equivalent of the order of St. Michael & George or la grand croix de la legion d'honneur for bringing it about. I do hope you are "patiently abiding" or if not that you will be given grace soon so to do. Bide a wee and dima be weary is a pretty hard task I fancy for you, but what's the world to a man when his wife's a widow & I am confident that with care & patience you'll be quite good enough for the road for many years to come though like King Hekeziah you will have to go a little "softly" Little Seay & I travelled together on Thursday evening from Boston to New York and talked a blue streak, we reached the Biltmore about midnight after a prowl up 5th avenue to try & get cool when he said he could not get it out of his mind that it was Sunday. This was owing to the Scripture I had been quoting to him. We lunched yesterday with Messrs Jay & Preman, had a pleasant time of it. It is a terrible thing to be alone in a great city. I know crowds of people here but am afraid of "stirring anything up" as I have to leave so soon. "Little Olaf" Wold is expecting me to stay over at Minneapolis ~~and~~ Monday to play a game of golf with him but alas I shall be on my way through his diocese to the west by that time. I think there is some sort of understanding that we meet at Washington in Nov. after the elections. If I go I'll take a couple of days off ~~from~~ over to get some inspiration from you "enroute" if you will allow me. Well good night. I told them the other evening that you gave the accidental note or dash of colour that raised our song or picture out of the realm of mediocrity & there were no contract minds.

"God give thee joy so deep that <sup>no</sup> change can alter it of no fear  
annoy. For only so can life itself fulfill, GOD give thee joy"

Pax Vobiscune

Yours faithfully,

B. Strong Esq.  
Estes Park

Archie Kains

B.S. P. 101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

SEP 11 1916  
6th September 1916

My dear Strong:

Your letter of 2nd instant reached me yesterday just after my return from Seattle and the North Coast which I was visiting on my way home from Boston.

Our people in Seattle are clamorous for a branch there, and I was urging them to hold their horses for a little while until we could swallow down our spittle!

You are quite correct in your diagnosis of the Boston meeting, matters discussed there being for the most part of the class which should be disposed of by the head acolytes. I could wish there was some central authority that could speak ex-cathedra, after mature consideration, and have us all accommodate our local and petty feelings to the central utterance for the sake of uniformity.

I only wish I could get away for a little holiday this year, but considering the fact that I was away so long on the South American trip, not to mention these little Governors' conferences, I think it will be difficult for me to leave here at all. But what I have said before regarding uniformity goes with regard to par collections.

With reference to your friend Jim Drake, I remember sitting by his side in the "Wee sma' hours" in front of the camp fire at the Jinks, discussing everything, from his early nautical career to the present attempt to par collections. He is a very decent fellow and we have spliced the main brace together very satisfactorily.

As to the foreign arrangement, Solomon says, "If you bray a fool in a mortar using the pestle, yet his foolishness will not depart from him," and our dear old friend Bill Shakespeare calls God to witness how hard it is for the truth to come out of a Jew! Naturally, I do not mention these little matters with any reference to you, but just to shew that other people are tenacious in the same degree as the acclimated New Yorker is tenacious of his opinion and good naturedly and tolerantly contemptuous (perhaps that is too harsh a term) of the opinion of the outsider. For my part, situated as we are, I should prefer such an arrangement as I outlined with such modifications as seem necessary, to having the Federal Reserve Bank of New York act for the whole Federal Reserve system. We could have the whole thing centralized under your

supervision and the cost of doing business reduced to a minimum under the most favourable auspices. I think as a matter of fact that the agent who would be in your office would be practically under your control and might well represent the outside banks in buying warrants and acceptances. I do not apprehend any serious trouble arising, although naturally, no doubt, he would have to spend some of his time explaining matters to you and to the other governors, as we have often seen done before. The strongest objection to this system, in my judgment, lies in the fact that the law does not authorize the establishment of agencies of one reserve bank in the district of another, but practically under your proposal you would be the agency of the other banks. However, I fancy if we desired to do so we could overcome this difficulty, which would cover the great and fundamental difference between Tweedledum and Tweedledee. In the matter of the question of compensation, it seems to me that each bank (yourself included) should undertake to pay its pro rata of the expenses, which latter would of course include all costs overhead and otherwise. Your suggestion of a committee to supervise the business if the same is to be composed of our governors, does not carry much weight with me. In the first place, they have troubles of their own on their hands, and, in the second place, they would be about as useful as a sore thumb in mixing up in matters of which they know very little.

With regard to your objection to having an agent in New York on the question of responsibility, I think we should all be glad to have you decide the policy and take the financial responsibility. The liability of loss to be shared pro rata. What is sauce for the goose is sauce for the gander! And as you would have such a large interest in the affairs of the foreign agency I am sure that the other Federal reserve banks would be only too glad to defer to you and have you act for them as well as for yourself, compensating you therefor.

Now in relation to its suiting you infinitely better to have the Federal Reserve Bank of New York go it alone on all foreign business, - though as being a little cumbersome I should prefer the former plan, - it would appear to me that there should be no difficulty as to this, only that the other Federal reserve banks should have the same privileges. It would mean that the London bank would carry 12 accounts instead of one; but this presents no great difficulties. I am sure they would be glad to have the accounts. I know that in the case of the bank in which I served for many years, that the Bank of Scotland carried a great number of such accounts, for instance; accounts with our agencies at New York, San Francisco, and Portland, as well as the branches at Montreal, Toronto, Hamilton, London (Ontario), Winnipeg, Vancouver and Victoria, B. C. These accounts all received the same terms, and there is no reason whatever why the Federal reserve banks could not arrange to keep accounts in a similar way; which would answer many of your objections. I will enlarge on this, if you like, later on.

All the influence I had was as strongly exercised as possible to favour the completion of the arrangement made by you as promptly as possible, but I was timorous as to the effect the bruiting abroad of the knowledge that such an arrangement had been made might have among our pro-German fellow countrymen. I remember being asked what chance, in my opinion, there would be for a German army reaching England and capturing the capital? My reply being that my opinion on the subject was probably not worth much, because for my own part I would rather be dead than see such a thing come about; but that I felt there was no probability of such a catastrophe happening.

I shall certainly make every possible effort to spend a few days with you on my way to the next meeting. I am only sorry that I did not consider the possibility of doing so on this latest occasion before it was too late.

With kindest regards,

Yours faithfully,

*Wm. F. Fraser*

Benjamin Strong Jr Esq're  
Estes Park  
Colorado

*This is all, half  
back stuff. but just  
what I think is  
the moment of  
writing.*  
*W.F.*

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

KAINS, GOVERNOR

Sept. 11<sup>th</sup> 1916.

My Dear Strong

RECEIVED  
SEP 15 1916  
R.A.H.

Just a word

of an endeavor to entice  
you away from your dreams  
of evolving the safest and  
best plan for the painless robbing  
of the public and to lead  
you to the consideration of  
higher things I am  
enclosing a copy of a  
letter by Lord Macaulay  
to a friend living in  
N.Y. in 1857. How can a

man be other than an  
oligarch, if possible, unless  
he can swing things alone.<sup>2</sup>

Yours in the  
service of democracy

Wm. C. Cramer

Ed. Sturgis  
P.O. Box 100



Sept. 11th 1916

My Dear Strong

Just by way of an endeavors to entice you away from your dreams of evolving the safest and best plan for the painless robbing of the public and to lead you to the consideration of higher things I am enclosing a copy of a letter by Lord Macaulay to a friend living in New York in 1857. How can a man be other than an oligarch, if possible, unless he can swing things alone.

Yours in bonds of servitude,

Arch. Kaines

B. Strong Esq.

101

D.A. Fr.  
SEP 21 1916

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

16th September 1916

My dear Strong:

Your letter of 11th instant came to hand last night and I have attentively noted its contents.

Of course there is really no disagreement between us at all as to the desirability of operating the account as one and not as twelve. My observation regarding the twelve or more accounts that the Canadian Bank of Commerce kept with the Bank of Scotland was only called for to shew that it was quite possible to deal in that way, and desirable also in case we could not do any better; but, nevertheless, one account is the most desirable way to have the business handled.

My position with reference to your proposal is simply like that of the old Earl of Huntly, when the English people desired to make a match for their young King, Edward VI, with Mary of Scotland, and sent an army up there to dictate terms,- he disliked not the match, but only the manner of the wooing. Of course I know that New York is the only large open market for exchange where transactions can be cleared; but having spent five years in the South buying cotton bills in five different States, I realize the possibility of accumulating immense quantities of exchange which need never see New York; and the same is true with regard to the grain bills originating North and West of Chicago, and in many other places. But you look upon these transactions as naturally belonging to your field of operations, and I do not desire to object, although strictly speaking they only belong to you in respect of the function of New York as a clearing house for foreign exchange.

As I stated before, I think it is of extreme importance that our transactions should not be individually taxed; and I speak with some little experience, having been sent down as a stranger to New Orleans and hooked up with a respectable old broker there who knew all the ropes and whose charge for intervention was  $1/32$  of 1%. This was in the dark ages and before  $1/64$  was a desirable commission to chase, the result being that I was only able to make about \$5000 over expenses, whereas later on by doing business without this charge I was able to increase the amounts handled as to shew a profit of something like eight times that amount next season.

With regard to the joint agency which I re-

commend, I realize that the consummation of it calls for the exercise of magnanimity on your part, but am confident that it is the most scientific, economical and safe way to handle it. Naturally, you would establish the policy and whoever you had to manage the purchases and sales would also be one for whose mistakes we would be jointly responsible. Personally I would consider the risk of loss mighty small, but it would be the same under a joint agency as under the sole management of the Federal Reserve Bank of New York, and under your proposal of taxing individual transactions with regard to business of which you would have a monopoly, as far as the Federal Reserve System would be concerned it would only seem reasonable for you to assume all the risk as you would probably expect your European correspondent to do. But the joint agency under your control could well afford, as I have said, to pay all the costs overhead and otherwise and apportion such cost pro rata, and you would have the satisfaction of being "primus inter pares" in doing a beneficial work in a manner that could not be unfavourably criticised with a contented body of associates for the benefit in proper proportion of our banking system as a whole. Any other course is, I think, under our circumstances unsound, but rather than have competition among twelve powerful banks and economic waste I would personally be inclined not to gag at your iniquitous proposal as being the next best thing.

Yours faithfully,

*Wm. F. Fraser*  
Governor

Benjamin Strong Jr Esq're  
Estes Park  
Colorado

I also enclose copy of a letter written by Mr. Watkins at my request to your office regarding a suspension of specie payments. I hope the consideration of these matters does not affect you unfavorably physically and am looking forward with joy to seeing you soon. Kindest regards

*W.F.*

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

September 25, 1916

Dear Strong:

Your letters of the 21st instant reached me in due course and found me sitting like a sparrow alone on a house top and meditating over a game of golf. I say alone, because my acolytes, Calkins and Bordwell, are away, the former in Kansas City, where he has gone to help swell the noble representation you thought the Federal Reserve Banks should have on the occasion of the meeting, and the latter somewhere in Oregon on a vacation. But why should I say I am alone, when I have beside me, or rather, in the next room, the comforting presence of dear old Uncle John, who I suspect has made enough money in the long-sustained bull market in New York to enable him to buy another thick coating as a defense against assaults upon what was already an almost impregnable citadel.

Be this as it may, I was truly concerned at the horrible exposition of the ravages made by that reprobate old Gold Settlement Fund upon the peace and happiness, not to say potentiality, of the eldest daughter of the church (I mean <sup>the St. Louis Branch of</sup> Federal Reserve System,) -- You'll excuse my French-, I've been so much abroad -- and, moreover, having given myself up principally to prayer and good works of late, I had become oblivious to the consideration that our dearly beloved children in the faith, the member banks, have not yet appreciated the necessity of carrying their end of the log, which is indeed a very saddening consideration.

The way this works as between New York and San Francisco is as follows, to-wit: San Francisco gets gold on balances for all items received from the other Federal Reserve Banks, but loses that gold to member banks when they draw against balances which they fill not with the items on the East which we could naturally expect them to give us, but with their drafts on New York and elsewhere which they sell us on the terms fixed by us in our circular letter, at present a premium of 15¢ per thousand for telegraphic and 20¢ per thousand discount for mail. Naturally they prefer to sell us mail transfers as they get interest on their balances at 2%, and New York is five days off, and we, ceteris paribus, would rather sell them mail transfers because, of course, under the present circumstances as far as we are concerned there is no difference between telegraphic and mail, except that we would have to pay a higher price for the former to get the same effect as we would from a purchase of the latter.

If, as we have endeavored to suggest, (see enclosed letters) your office would allow us to deal in telegraphic in the time-honored way, we would probably reduce our rates to  $1\frac{1}{2}\%$  discount for wire and, say,  $3\frac{1}{2}\%$  for regular as long as we did not get the covering items in place of the exchange drawn in lieu of the same. We would if we got the latter, of course, get the service charges, so that the effect on us would be the same, except that we would be doing more work, but the effect on you would be that you would get gold for the telegraphic, as we would purchase telegraphic transfers under a stipulation to that effect, or buy their mail transfers at a still greater downward spread, our only effective weapon to preserve our gold being by regulation of the rates.

I wish I could solve the riddle satisfactorily, but under the rules

as they now stand it would take a syndicate of wise men giving the matter their exclusive attention. If it could not then be satisfactorily solved, then change the rules.

Pardon this somewhat hasty screed, but we are expecting great things to emanate from the rookery in Estes Park over which you are brooding at the present time.

I think I said before that I am hoping to come along your way during the first week of October, which is now almost upon us, and I will leave the moment Calkins returns.

Yours faithfully,

*A. L. Jones*

*P.S.*

*Now is the time to get  
this thing fixed up before  
the rail loop come*

Benjamin Strong, Jr., Esq're,

Estes Park, Colorado

*Pho*

as they now stand it would take a syndicate of wise men giving the matter their exclusive attention. If it could not then be satisfactorily solved, then change the rules.

Pardon this somewhat hasty screed, but we are expecting great things to emanate from the rookery in Estes Park over which you are brooding at the present time.

I think I said before that I am hoping to come along your way during the first week of October, which is now almost upon us, and I will leave the moment Calkins returns.

Yours faithfully,

*A. L. Jones*

*P.S.*

*Now is the time to get  
this thing fixed up before  
the rail loop come*

Benjamin Strong, Jr., Esq're,

Estes Park, Colorado

*Pho*  
→

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

25th September 1916

*R.A. Jr.  
OCT 20 1916*

...taken get anything from me, but it is quite possible, because we did have a conversation regarding the business generally.

...I am concerned as being considered a ... but have ... the best I could get it under the ... of ... a father and mother born ... Canada between eighty and ninety years ago, a paternal ... was a boy-legged English officer in the Royal ... and a maternal grandfather who was a fox-hunting Irish ...

Dear Strong: Your letter of 21st instant twitting on exchange matters is at hand, and I have been trying to get hold of my misconception of what your programme contemplates. You say yourself that you do not wish to make any profit upon this business beyond the 40 % or more to which your proportion of the investment would entitle you; now, that being the case, of course the expense of the business should be paid for, and should be paid for by each of us in proper proportion.

*See Copy of  
Jensen letter*

The Federal Reserve Bank of New York in the imposition of a charge on the individual transactions would be charging all the Federal reserve banks, including itself, a fixed rate which in all probability would be either too high or too low, if the most efficient method at the lowest cost is the desideratum. I never had an idea that the Federal reserve banks should go into active competition with their members, but I only mentioned the possibilities open to Federal reserve banks under the Act.

Your proposition for the New York bank is exactly what I should propose for all the Federal reserve banks of the system as a joint account proposition. You admit that in the event of loss you would expect this Bank, or any other Federal reserve bank, to assume its proportion of loss; and, therefore, I should say, that makes it practically a joint account proposition in which the Federal Reserve Bank of New York should not add a super tax to the business.

I think with regard to selecting by preference bills of American origin, that your proposed correspondent in London, if it were inclined to guarantee payment, could be trusted to select bills that would be paid on due date. I should not care whether they were purely of English, or partly American, or partly Russian or other origin.

With reference to the amount the investment of this money would realize, I have a lively recollection of a very extended period when money in London was less than 1%. However, the whole matter is a question of the principle which should be applied in handling this business. I do not think



101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

25th September 1916

*B.A. Jr.*  
OCT 20 1916

Dear Strong:

*See copy of Strong letter*

Your letter of 21st instant twitting on exchange matters is at hand, and I have been trying to get hold of my misconception of what your programme contemplates. You say yourself that you do not wish to make any profit upon this business beyond the 40 % or more to which your proportion of the investment would entitle you; now, that being the case, of course the expense of the business should be paid for, and should be paid for by each of us in proper proportion.

The Federal Reserve Bank of New York in the imposition of a charge on the individual transactions would be charging all the Federal reserve banks, including itself, a fixed rate which in all probability would be either too high or too low, if the most efficient method at the lowest cost is the desideratum. I never had an idea that the Federal reserve banks should go into active competition with their members, but I only mentioned the possibilities open to Federal reserve banks under the Act.

Your proposition for the New York bank is exactly what I should propose for all the Federal reserve banks of the system as a joint account proposition. You admit that in the event of loss you would expect this Bank, or any other Federal reserve bank, to assume its proportion of loss; and, therefore, I should say, that makes it practically a joint account proposition in which the Federal Reserve Bank of New York should not add a super tax to the business.

I think with regard to selecting by preference bills of American origin, that your proposed correspondent in London, if it were inclined to guarantee payment, could be trusted to select bills that would be paid on due date. I should not care whether they were purely of English, or partly American, or partly Russian or other origin.

With reference to the amount the investment of this money would realize, I have a lively recollection of a very extended period when money in London was less than 1%. However, the whole matter is a question of the principle which should be applied in handling this business. I do not think

Aiken got anything from me; but it is quite possible, because we did have a conversation regarding the business generally.

I am somewhat amused at being considered a Scotchman; but have been doing the best I could at it under the handicap of having a father and mother born in Canada between eighty and ninety years ago, a paternal grandfather who was a bow-legged English officer in the Royal Navy, and a maternal grandfather who was a fox-hunting Irish squire. The Scotch comes in through the two grandmothers, and evidently seems to have been the most persistent element. I think that the thrifty New Englander you refer to, from Boston, is more Scotch than I am.

As a matter of fact, I am not worried at all about the commission; it is solely the principle of the thing, and, as I stated before, the next best thing is to work along the lines of your plan; beyond registering my opinion, I would fall into line like a good dog, lie, down, roll over, and play dead! Because what we should have above everything is cooperation.

With regard to my movements, as I have intimated, I expect to leave here early in October, say about next Tuesday or Wednesday, if my plans carry, and will be able to be in Denver a couple of days later, when I shall not be long hunting you up and having what you Yankees call a good visit together.

With kindest regards,

Yours faithfully,

*Arch C. Hamlin*

Benjamin Strong Jr Esq're  
Estes Park  
Colorado

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

26th October 1916

*B.A. Jr.*  
OCT 30 1916

Dear Strong:

I found your letter of October 20th when I arrived here on Monday, and was very glad indeed to get it.

To say that I enjoyed being with you in Denver puts it very mildly indeed; it was a great delight to me to see you looking so well and so courageous.

I carefully note what Father Forgan has to say on the subject of foreign exchange. I do not think he ever did very much of a foreign exchange business; but och, man! he's verra soond if he's no' deep.

It is too bad that their high mightinesses in Washington take no note of your humble application; but constituted as they are you could not reasonably expect them to do so at the moment.

Your San Francisco branch would be glad to invest a million or two any old time in the way suggested when conditions are right as they are now, and I should think the system could readily put out thirty million and upwards with the Old Lady of Threadneedle Street.

I had a most interesting and enjoyable trip as far as Omaha with Messrs Vanderlip and Trumbull, the latter of whom was a perfect joy as to the number of funny stories he told. Did he tell you the butterine story? If not, here goes:-

As far as I recollect, he mentioned that he happened to be crossing the ocean with the late Philip D Armour after the latter had been victorious in his fight with Joe Leiter and when the packing houses were perfectly working to full capacity etc etc. He remarked to Mr Armour as they were taking their morning constitutional on deck, "I suppose, Mr Armour, now that everything has turned out so successfully for you that you are satiated, not to say cloyed, with success and are probably getting indifferent. Now, for curiosity, I should like to know whether there is any one thing which you do that gives you more pleasure than the rest?" "Yes," said Mr Armour, "making butterine gives me the most pleasure." "Why?" asked Trumbull. "Because it is the only way I can get the hog down the throat of these damn Jews!"

I wonder if Warburg would appreciate this? I rather think he would but I should not like to write it to him; I should not mind telling it to him on a proper occasion, because while he is a perfectly good Jew, I have no doubt he is also a perfectly good fellow.

Having returned after a more or less strenuous trip I am not anxious for any more travel. I had a fainting fit in New York and felt for a while like an automobile that was missing its stroke, and even now I feel like the breaking up of a hard winter. I have not, however, taken down the sign as I may be preserved for some good purpose yet. Heaven only knows!

I received a most considerate, not to say flattering letter from Mr Vanderlip, making me an offer with regard to which I believe you are familiar. It was a great temptation, as the work would be in my line and the kind I like; but, on my return here I had a thorough physical examination made of myself, which is not over yet; but largely as a result thereof I am firmly convinced of the necessity of lying low here for a while, if I expect to decorate this mundane sphere for any great length of time. Besides, I had not squared matters with my wife, and I find so many ties about here that it is almost impossible to shake off. The salary he offered me \$25,000 was not so tempting as the work. Perhaps he thought I was a cheap skate. But whether cheap or skate, I won't be trotting in his race course, but will probably continue as far as I can be useful to trot along quietly in the Federal Reserve paddock, munching a few oats now and then and going along like good King Hezekiah after he had received his warning, although he had fifteen years of life vouchsafed to him, and I do not expect quite so many; but if some of the years can be useful I will be very glad.

The only consideration that would make another meeting of the Governors attractive to me would be the pleasure I would have in starting a day or two earlier and dropping down to see you, either going or coming.

With kindest regards,

Yours faithfully,

A handwritten signature in dark ink, appearing to read "A. S. Ramsdell". The signature is written in a cursive style with a large, decorative flourish at the end.

Benjamin Strong Jr Esq're  
Estes Park, Colorado

about \$2000<sup>2</sup> per month in costs  
paid to express companies  
for collection of items on  
state banks in this district  
especially in the State of  
Washington but will just  
fight along. -- I expect we  
will be opening an office  
in Seattle before long as  
a starter. which will cure  
some of our evils. -- Do you  
think we are active enough  
in redeeming or taking over  
the 2% bonds & converting them  
into 3% for disposal to  
the public? It seems to  
me that we are c? make much  
more rapid progress without  
steaming ourselves. -- The doctors  
won't let me play  
or drink whiskey - so

NOV 1 1916  
FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

1st Nov. 1916

My dear Strong  
Today being all  
Souls days my mind naturally  
turns to a strong soul in  
durance vile though a  
mile high and I hope that  
before many months roll  
over us that the body  
encasing the soul will have  
become strong enough to  
carry round its impatient  
tenant without inconvenience  
There is very little  
in the way of news. We  
are fighting away on the  
collection problem and losing

So that shows to <sup>3</sup> what a low estate I have  
fallen they don't even look with favour upon  
my moderate use of tea & coffee. However  
I live in hope of better times. One of our  
National Banks in Fresno has been bought out by  
the Bank of Italy, a young, vigorous institution  
with more sail than ballast. Which is under  
state laws and is doing business with many  
branches. all same. Corn Exchange New York  
The high contracting parties have appointed  
me appraiser of the value of the expiring  
National Bank. and I am going down to  
attend the wake on Friday. - this will  
be the first dry wake I ever attended.  
I pray that I may escape all untoward  
accidents. - Uncle John is getting restless  
I think he wants to go East before  
long to tell the Board a few things  
with regards to running Federal Reserve Banks  
The elections are of course hampering proceedings  
at present. If Wilson has the ghost of a  
chance it will be due to racial  
considerations. The hyphen dies out slowly  
of course a blown-in-the-bottle New Englander  
like you does not appreciate this consideration  
like the brand of a later vintage  
My apologies for inflicting all this trash  
upon you coupled with the assurance  
of my most respectful consideration  
your friend  
H. W. Kinn

1st Nov. 1916

My Dear Strong

Today being All Souls Day my mind naturally turns to a strong soul in durance ~~while~~ through mile high and I hope that before many months roll over us that the body ~~increasing~~ the soul will have become strong enough to carry round its impatient tenant without inconvenience.

There is very little in the way of news. We are fighting away on the collection problem and losing about \$2,000 per month in cost, paid to express companies for collection of items on State Banks in this district especially in the State of Washington but will just fight along. I expect we will be opening an office in Seattle before long as a starter which will cure some of ~~the~~ evils. Do you think we are active enough in redeeming or taking over the 2% bonds and converting them into 3% for disposal to the public? It seems to me that we could ~~make~~ <sup>let me</sup> much more rapid progress without ~~detracting~~ <sup>it</sup> ourselves. The doctors ~~dam~~ <sup>is</sup> them, ~~won't~~ completely play golf ~~and~~ <sup>at</sup> drink whiskey. So that shows to what a low estate I have fallen. They don't look with favor with my moderate use of tea and coffee. However, I live in hope of better times. One of ~~and~~ <sup>our</sup> National Banks in Fresno has been brought out by the Bank of Italy, a young vigorous institution with more sail than ballast, which is under state laws and is doing business with many branches. All same Conn. exchange New York. The high<sup>2</sup> contracting parties have appointed me appraised of the value of the expiring National Bank and I am going down to attend the wake on Friday. This will be the first dry wake I ever attended. I pray I may escape all untoward accidents. Uncle John <sup>is</sup> getting restless I think he wants to go to East before long to tell the Board a few things which regard to running Federal Reserve Banks. The elections are of course hampering proceeding at present. If Wilson has the ghost of a chance it will be due to racial considerations. The hyphen dies out slowly, of course a blown-in -the-bottle, New England like you, also ~~not~~ appreciate this consideration like the branches of a later vintage. My apologies for inflicting all this trash upon you coupled with the assurance of my most distinguished considerations.

Your friend,

Archie Kaines

2

I have to be very careful indeed in my actions & go about very quietly. Abstaining absolutely from anything like whiskey beer wine & also tobacco tea & coffee.

The rest of my machinery is in such good order that I am relying upon the bank getting ashamed of itself and falling into line again. In this connection I am

reminded of an interesting ditty entitled "He never blames the booze" whatever that may mean.

Much as I appreciate your kind invitation to look in upon you, which I will do, I trust that the meeting may be postponed.

10

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

*D.A.W.*  
A. W. KANE, GOVERNOR

2<sup>nd</sup> Nov. 1916

Dear Strong

Your note of 30th ult. has just reached me.

There was no humility intended in my inadvertently referring to this office as a branch due possibly to my long association with a proper banking system.

I have no words to express my gratification that you sit in the class us with those bright and shining marks. Kansas City & Atlanta.

With regard to my (I hope) temporary indisposition the doctors tell me my heart is enlarged and slightly dislocated.



3

a bit day till about 7 or 10<sup>th</sup> December  
as at the moment I w<sup>o</sup> look with  
dread upon the prospect of crossing the  
continent. ~~at the moment.~~

I note with much interest  
the picture of our friend "Miller at  
the Cow" When in Boston someone  
said that he had joined the  
Roman Catholic Church. being a convert  
or possibly a pervert. He certainly has  
the look of those brethren, which to  
the practised eye is almost unmistakable  
I will as you indicate forward this  
picture to "Little Olaf" at Minneapolis  
with instructions to read mark  
learn initial and pass on to  
MacDougal. When I get through with  
these dear doctors. I'll let you know  
what they think.

Strong Esq  
Denver.  
Colorado.

Hoping I may be  
given grace to fool  
them with all kind  
of salutary sentiments.

Believe me  
Your humble obedient  
servant who kisses your  
hand.  
A. K. M.

2nd Nov. 1916

Dear Strong

Your note of 30th *ulto.* has just reached me.

There was no humility intended in my inadvertently referring to this office as a Branch due possibly to my long association with a proper banking system.

I have no words to express my gratification that you should class us with those bright and shining marks, Kansas City and Atlanta.

With regard to my (I hope) temporary indisposition the doctors tell me my heart is enlarged and slightly dislocated. I have to be very careful indeed in my actions and go about very quietly. Abstaining absolutely from anything like whiskey, beer, wine, etc. also tobacco, tea, and coffee. The rest my machinery is in such good order that I am relying upon the heart getting ashamed of itself and fall~~y~~ into line again. In this connection, I am reminded of interesting ditty entitled "He never blames the booze", whatever that may mean.

Muchas gracias for your kind invitation to look in upon you which I would fain do, I trust that the meeting may be postponed a bit, say till about 7 or 10th December as at the moment I would look with dread upon the prospects of crossing the continent.

I note with much interest the picture of our friend "Miller at the Cow" when in Boston someone said that he had joined the Roman Catholic Church being a convert on possibly a pervert. He certainly had ~~the~~ look of those brethren, which to the practiced eye is almost unmistakable. I will as you indicate, forward this picture to Little Olaf at Minneapolis with instructions to read, mark, learn, initial, and pass on to MacDougal.

When I get through with these dear doctors, I'll let you know what they think & hoping I may me given grace to fool them & with all kind salutary sentiments. Believe me.

Your humble obedient servant who kisses your hands,

A. Kaines

B. Strong Esq.  
Denver, Colorado

regular habit, again I  
think the head will follow  
suit. - With regard to what  
Ferman says in respect of the  
effort to persuade F.R. Banks  
to conduct cheque collections  
free of charge I would say  
that the chap who desires  
this effort made is  
damnable premature. - If  
we had practically all the  
Commercial Banks, National,  
State & Trust Co's in our  
membership, and to a certain  
extent under our thumb  
and were making plenty  
of money legitimately I  
would rather spend some of  
it for the benefit of  
our members in the

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

NOV 4 1916  
R.A.K.  
101  
Kains  
Nov. 9<sup>th</sup> 1916

My dear Strong  
Yours of 6<sup>th</sup> inst is  
just at hand and I am  
glad to have it even at the  
expense of knowing that  
in addition to other troubles  
I may in my judgment  
be afflicted with "wheels  
in the head". For be it  
from me to attempt to  
deny that this is the  
truth but I am wondering  
just how I supposed myself  
however if my old  
pump will get into its

way of lightening of their collection charges  
than turn it in to Uncle Sam. But  
we are no that length yet. as a politician  
might say and it will be time enough  
to bid the devil good morning when  
~~you~~<sup>we</sup> meet him. Instead of fashing  
themselves about the mint, anise  
and cummin. they sh<sup>d</sup> have these minor  
matters to fry in their own fat for  
awhile. while the "weightier matters  
of the law" receive attention such  
as the making of F.R. notes eligible as  
reserve. financing the green backs etc.  
financing it so that we can collect  
the dispersed gold. However when this  
political turmoil is over. I hope  
something adequate will be done.  
I had a telegram from St. L. that  
Am. Enquiring anxiously as to the  
result in California. It looks like  
Wilson at the moment much to  
everyones surprise. because this state  
properly had to be Rockefeller  
Republican. but Mr. Pinam Johnson  
has horns wagged the community.

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

while nominally for Hughes.  
 has not supported the latter  
 with fervency enough to  
 induce the belief that he  
 was really for him and as  
 he has a wonderful  
 organization for a young  
 state I am inclined to  
 think some trading was  
 done. Johnson for Hughes.  
 just as <sup>Wm</sup> Miller was  
 traded for Ben Harrison  
 and "fell outside the  
 breastworks" except that  
 it is not the Senator  
 but the Presidential  
 candidate that is now

Doing the falling 9. Then again the  
British vote is stronger here than ~~all~~ any  
of the other hyphenates. and when it  
was seen that the German vote was  
going solidly for Hughes. the natural  
thing happened. - Then again I think  
our Holy Father the Pope in some way  
saw his faithful children to understand  
that while both candidates were  
heretics. Hughes was the preferred heretic  
for various reasons. which I may  
communicate to you some day. (if I  
did here you wd be confirmed in yr  
belief that the lunatic asylum was  
my proper domicile) and therefore when  
our Christian Science friends of which  
Southern California is fully realized this  
they also did the natural thing.  
However: politics is a queer bird  
& you never can tell by the length  
of a toads tail how far he  
can jump. - Com mending all  
this nonsense to yr astute mind  
with the best regards.

Believe me,  
Yours in virtue mercy & charity  
Democrat  
Arch & Oms

Nov. 9th 1916

My Dear Strong

Yours of 6th *inst* is just at hand and I am glad to have it even at the expense of knowing that in addition to other troubles I may in *yr* judgment be afflicted with "wheels in the head." Farbeit from me to attempt to deny that this is the truth but I am wondering just how I exposed myself however is my old pump will get into its regular habit again. *I* think the head will follow suit. With regard to what *Treman* says in respect of the effort to persuade F.R.Bks to conduct cheque collections free of charge, I would say that the chap who desires this effort made is damnably premature. If we had practically all the Commercial Banks, National State and Trust Cos in our membership and to a certain extent under our thumb and were making plenty of money legitimately I would rather spend some of it for the benefit of the said members in the way of lightening their collection charges then turn it in to Uncle Sam but we are no that length yet as a Scotchman might say and it will be time enough to bid the devil good morning when we meet him. Instead of fishing themselves about the mint anise and cummin they should leave these minor matters to fry in their own fat for a while while the "weightier matters of the law" receive attention such as the making of F.R. notes eligible at reserve financing the green backs etc. fixing it so that we can collect the dispersed gold. However when this political turmoil is over, I hope something adequate will be done. I had a telegram from N.Y. this a.m. enquiring suspiciously as to the result in California. It looks like Wilson at the moment much to everyones surprise, because this state properly handled is rock ribbed Republican, but Mr. *Hiram* Johnson has hornswaggled the community and while nominally for Hughes has not supported the latter with fervency enough to induce the belief that he was really for him and as he has a wonderful organization for a young state. I am inclined to think some trading was done, Johnson for Hughes, just as Warren Miller was traded for Ben Harrison and "fell outside the breastworks" except that it is not the Senator but the Presidential candidate that is now doing the falling. Then again the British vote is stronger here than any of the other hyphenates and when it was seen that the German vote was going solidly for Hughes, the natural thing happened. Then again I think our Holy Father the Pope in some way gave his faithful children to understand that while both candidates were heretics, Hughes was the preferred heretic for various reasons, while I may communicate to you some day, (if I did here you would be confirmed in your believe that the lunatic asylum was my proper homicide) and therefore when our Christian science friend of which Southern California is full realized this they also did the natural thing. However, politics is a queer bird & you never can tell by the length of a toads tail how far he can jump. Commending all this nonsense to your astute mind & with kindest regards.

Believe me  
Yours in virtue mercy & charity

Benj Strong Esq.  
Denver

Archie Kains

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

November 10, 1916

A. KAINS, GOVERNOR

101  
R.A. Jr.  
NOV 14 1916

Dear Strong:

Your letter of 7th instant is just to hand.

I am getting along as well as I could hope. I suppose I ought to be locked up somewhere to prevent exertion, but I really would pine away and die if I did not engage in a certain amount of activity.

Just now we have had a very exciting time over politics and my most intimate friend here being the representative of the National Committee of the Democratic party, I have had a view of the inside of politics which I have found very interesting.

I enclose cards of a couple of temptations which I will have to forego, that is as far as making any great effort is concerned.

I wish to God we could get an arrangement with McAdoo whereby a larger percentage of the bonds could be converted into long 3's, and at your suggestion I will do the best I can along that line.

The American Bankers Association seems to have taken it upon itself to work out a clearing and collection plan "nation-wide in its scope, and fair and equitable to all banks and to the business interests, which means, I assume, that the country banks are desirous of continuing their old unscientific, but to them profitable handling of check collections. They have written me, in common with all the other officials of the Federal Reserve Banks, for opinions and statistics, but Aiken has forestalled the likelihood of answers being made by writing us, giving it as his opinion that no answer should be made until the conference of Governors has a chance to consider the matter, which is sound enough.



I am not at all discouraged as regards my health, as I intend to  
\* play the game properly, and if dissolution should come along suddenly, I would  
\* be interested in experiencing the various phases.

I had a nice note from Wold this morning anticipating a pleasant  
meeting in December.

With kindest regards.

Yours faithfully,

*W. H. K. K. K.*

Benjamin Strong, Jr., Esq.,  
4100 Montview Boulevard  
Denver, Colorado

that we <sup>2</sup> will be justified  
in trying to ~~stop~~ stop it  
even if we could  
successfully ~~at~~ at this time

I enclose some  
clippings. The first  
being really good if  
you understand how hard  
Scott and appreciate  
the ~~frame~~ mind's workings  
of this worthy people  
(with an disregard)

Yours truly  
A. Kains

Strong Esq  
Denver

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

15th Nov. 1916.

Dear Sir

NOV 20 1916  
P.A.K.

I have not heard  
from you about the  
"Californication" of Hughes  
What do you think  
of making time for  
awhile or do you  
think we are going to  
make progress in  
getting gold under our  
thumb. (how) (if so)?  
Some reports  
of gold to Japan is  
going on but it appears  
legitimate & I don't know

soon bring me back into  
normal condition and you  
can rest assured I am taking  
great care of myself. I  
attend the Governor's Conference  
nothing will give me greater  
pleasure than to stay over a  
couple of days with you on the  
way. Our collection system has  
been working under difficulties  
but we have kept on with coercive  
measures upon the fellows who  
won't play the game. and yesterday  
Spokane our chief recalcitrant  
came into camp. My old Bank's  
branch at Portland stood out  
for quite awhile but we  
drained them of gold pretty  
effectually & they last week  
announced that henceforward they  
won't ~~stand out~~ stick at per-  
sonal items any more -  
this is cheering in this dark

A.P.K.  
NOV 21 1916  
A. KAINS, GOVERNOR

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. Kains

101

15<sup>th</sup> of Nov. 1916.

My Dear Strong

Yrs of 14<sup>th</sup> inst just  
to hand. pray overlook my  
reference to the wheels in the  
head. these little weaknesses  
one ought to keep to one's  
self. - The only trouble with  
my heart is that it has  
been a little so far as  
an uncomfortable. but  
not particularly dangerous  
state of affairs. though  
extremely inconvenient sometimes  
but abatement and  
very gentle exercises will I think

vale of sin. We are to have a visit from His Grace,  
the Secretary of the Treasury who is expected here next  
week. I wish we could divorce this Bank from  
its political connections, or make the latter  
very nebulous. - I am for sending your friend  
the Comptroller as Ambassador to Pahomey  
or some other important place, and as for  
the Secretary I should think that he might have  
a seat without a vote on the Board, like  
certain English Bishops in the House of Lords.  
I am off for a meeting of Bankers in Central  
California next week to talk (or read)  
about 30 minutes on suggested amendments to  
the F.R. Act. So many of the brethren rush  
to point new a-days to indulge in prophecies  
of good and evil that one gets tired  
wasting time upon so much vaporing.  
Do you read all of these lucubrations if  
so pray tell me what you think of Mr  
H. B. Miller's address at Indiana: - Uncle John Kern  
is proceeding to Washington on Sunday to  
a meeting of F.R. Agents which will immediately  
precede our meeting on June 11th. These  
meetings without an inspiring presence  
are too much like salt that has lost its  
savour for my taste.

Ben. Strongby  
Denver

Vale  
M. O. Cairns

17th of Nov. 1916

My Dear Strong.

Yrs. of 14th wish just hand pray overlook my reference to the wheels in the head, these little weaknesses one ought to keep to one's self. The only trouble with my heart is that it has been a little expanded and uncomfortable but not particularly dangerous state of affricate though extremely inconvenient sometimes but abstemiously and very gentle excercise will I think soon bring me back into normal conditions and you can rest assured I am taking great care of myself. -- If I attend the Governors Conference nothing will give me greater pleasure, than to stay over a couple of days with you on the way. Our collection system has been working under difficulties but we have kept on with coercive measures upon the fellows who would not play the game, and yesterday Spokane our chief *recalcitrant* came into camp. My old Bank's Branch at Portland stood out for quite a while but we drained them of gold, pretty affectionally and they last week announced that *heretofore* they would remit at par for items sent them, all this is cheering in this dark vale of sin. We are to have a visit from his grace the Secretary of the Treasury who is expected here next week. I wish we could divorce this Bank from its political connection or make the latter very nebulous. I am for sending your friend the Comptroller and Ambassador to Dahomey or some other important place and as for the Secretary, I should think that he might have a seat without a vote on the Board, like certain English Bishops in the House of Lords. I am off for a meeting of Bankers in Central California next week to talk (or read) about 30 minutes on Suggested Amendments to the F.R. Act. So many of the brethren rush to print new a days to indulge in prophecies of good and evil that one gets tired wasting time upon so much vapping. Do you read all of these lucubrations, if so pray tell me what you think of Mr. A.C. Millers address at Indiana: -- Uncle John Perrin is proceeding to Washington on Sunday to a meeting of F.R. Agents which will *immediately* precede our meeting on Dec. 11th. These meetings *without yr.* inspiring presence are too much like salt that has lost its savour for my taste.

Benj. Strong Esq.  
Denver

Vale

Archibald Kains

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

29th November 1916

Dear Strong:

Yours of the 20th instant came duly to hand and I have also received yours of the 21st with its enclosure, which I have not digested yet owing to the fact that I have been out of town and rather busy with various matters.

I regret to say that I found as a result of my trip to Fresno, where I had to read a paper sitting down being somewhat afraid to stand up, that I was not quite up to the shaking one gets on these transcontinental journeys, so Calkins is going East in my place.

The meeting is going to be a mighty interesting one too, and I think some good results should ensue.

I am quite sure that the System cannot permanently hold anything of consequence in the shape of gold, no matter how much it may be able to accumulate, except in so far as the Federal Reserve Note might be changed for the gold certificate now in the pockets of the people. This latest amendment sounds very well but is about as efficacious as rubbing the stomach of a man who has an ache there with a whiskey bottle instead of giving him a swig of the inside of the bottle; but I of course appreciate the necessity of using all means to accumulate gold, and hope to goodness these farmers in Washington will come to their senses and give us the full equipment for taking care of ourselves. I cannot see that anything short of having the Federal Reserve Note made eligible for reserves, both in State and National banks, will do the trick.

We are of course losing gold to Japan and the other countries who have given us value for it; we can never stop that little game. The rumour which you heard that Japan had to put a prohibitive freight rate on shipments of gold from Japan is not, I think, true; it is true to the extent that she endeavoured to put a prohibitive freight rate a year or so ago on shipments to China when Japan was being bled white; but things have changed out there, as you know. No matter how they change, however, there is nothing that will prevent shipments of gold when the circumstances warrant, and the Japs may be very smart, but they will never be smart enough to prevent that movement by mechanical means.

I hope to be writing you tomorrow or next day.

With kindest regards, yours faithfully,



BENJAMIN STRONG ESQ' RE  
DENVER COLORADO

101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

December 5, 1916

*R.A.H.*  
DEC 9 - 1916

Dear Strong:

What a time you are having, perched up in your mile-high aerie, looking down upon the system and its active angels!

I have just been reading your letter to the Angel of the Church at San Francisco, and return it to you herewith. In the light thereof I can quite appreciate your descent from a long line of blue New England ancestry. I suppose the humor came in through some maternal strain, but the fiendish joy which you took in telling him that his address was the best thing of his which had come to your attention, and then proceeded to skin him alive and hang the skin up to dry, is worthy of the finest old New England witch ducker from whom you descend in a straight line.

Needless to say, I suppose, that I am in hearty agreement with your views, though the Honorable Mr. Miller is to be commended for his industry.

I am in a state of discontent simply because I want to do so many things and can't, owing to a debilitated frame.

We have the branch question on in full vigor in this district just now, and if I were feeling up to snuff I would like to take a trip up to Seattle, Portland, and Spokane and do some converting or proselytizing which, as I dare say you know very well, can not be done unless one puts a good deal of himself into the thing.

Mr. Perrin is at present in Washington, and Calkins, the Deputy Governor, and Clerk, the Auditor, are in Chicago attending a meeting of the lesser fleas, Calkins to go on later and attend a meeting of the great fleas in Washington on the 11th. Bordwell, our Cashier, has just returned from Spokane, where he has been confabulating with the Spokane outfit, and Shepherd, the Assistant Cashier, is leaving to-day for Portland to make a speech at a group meeting. So you see we are fairly active in trying to do our duty to the public.

I noticed a sudden flurry in the rate for call money yesterday to 15%, although I see the close was at 7%. It seems like old times. It gets interesting, however, when it goes to about 50, which some of our member banks seem to think impossible under the Federal Reserve System. They seem to clothe the System with awful powers in cases of this kind.

I dare say Treman and his satellites have a good deal to think about, and I could wish you were sound in wind and limb and had a hand on the throttle.

Pray excuse this disjointed screed, as I am pretty fairly well occupied and lately have had little time at my disposal.

I trust you continue to flourish like the green bay horse we read about in the Scriptures, and with all kind thoughts, believe me,

Yours faithfully,

*W. C. Calkins*

*I'll see to you.*

Benjamin Strong, Jr., Esq.,  
4100 Montview Boulevard  
Denver, Colorado

*Some comment to be made on other  
of our feelings up to it*

*Phy*



8<sup>th</sup> Dec<sup>r</sup> 1916 101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO  
R.A.W.  
DEC 12 1916

A. KAINS, GOVERNOR

Confidential

Dear Mr. Strong,

Mr. Kains is in  
the hospital where he  
was taken last Tuesday.  
The heart misplace-  
ment is apparently  
a trifling matter.  
He is having  
hemorrhages and  
they have not yet  
succeeded in stopping  
them or locating

(The blow comes from what the bowels)  
the trouble. X-Rays were made yesterday but no report as yet.

I am sending this word to you although no one in the Bank knows the trouble, and thinks Mr. K. is at home resting a few days, and no word is being mentioned outside. Our two bank member directors (Mr. Inosh and Lynch)

know the situation.

I will write you a line tomorrow. Today I am to lunch with Mrs. K. & will learn more as to the present outlook.

Yours faithfully  
Sarah E. McDonald  
(Secretary to Mr. K.)

8th Dec. 1916

CONFIDENTIAL

Dear Mr. Strong.

Mr. Kains is in the hospital where he was taken last Tuesday. The heart misplacement is apparently -- a trifling matter. He is having hemorrhages and they have not yet succeeded in stopping them or locating the trouble. (The flow comes from below the bowles.) X-Rays were made yesterday but no report as yet.

I am sending this word to you although no one in the Bank knows the trouble, and think Mr. K. is at home resting a few days, and no word is being mentioned outside. Our two bank manager directors (McIntosh and Lynch) know the situation.

I will write you a line tomorrow. Today I am to lunch with Mrs. K. and will learn more as to the present outlook.

Yours faithfully,

Sarah E. MacDonald  
(Secretary to Mr. K.)

12<sup>th</sup> December 1916

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

D.A.M.

A. KAINS, GOVERNOR

DEC 13 1916

101

to X-Ray but Mr  
K. is too weak to  
stand up. The  
hemorrhages have  
not ceased entirely,  
and he is now  
absorbing nourishment  
but not through the  
stomach.

Mr. Calkins,  
our Deputy Gov<sup>r</sup>  
reaches here  
tomorrow. His

Dear Mr. Strong,

Your telegram  
and your letter of  
9<sup>th</sup> reached here  
this morning and  
both will be handed  
to Mr. Kains at the  
first opportunity.

The assembled  
governors at Washington  
telegraphed affectionate  
greetings yesterday.

I fancy Mr Kavis  
does not want much  
said about his  
illness. A very few  
here know of it. I  
took it upon myself  
to acquaint you,

thinking you might  
be wondering why  
he did not write,  
and knowing of  
his regard for

you and of his  
enjoyment of the  
correspondence  
between you.

The trouble has  
not yet been  
located. The doctors  
think it may be  
what I told you,  
but now they say  
they really do not  
know. They want

brother is at the  
point of death. He  
is a U. S. Navy  
man and is quoted  
as a Manila Bay  
hero with Dewey.

Since writing the  
above I have had  
a talk with Mr  
Kanis and she  
says that today  
he has been taking  
food into the  
stomach and it

seems to go well.  
He had another  
little weak spell  
about 3 o'clock  
this afternoon -  
but the doctor says  
that is just  
weakness. He had  
two of these spells  
yesterday afternoon.

I will write  
you again tomorrow.

Yours faithfully  
J. E. Mac Donald

12th December 1916

Dear Mr. Strong

Your telegram and your letter of 9th reached here this morning and both will be handed to Mr. Kains at the first opportunity.

The assembled governors at Washington telegraphed affectionate greetings yesterday. I fancy Mr. Kains does not want much said anent his illness. A very few here know of it. I took it upon myself to acquaint you, thinking you might be wondering why he did not write, and knowing of his regard for you and of his enjoyment of the correspondence between you.

The trouble has not yet been located. The doctors think it may be what I told you, but now they say they really do not know. They want to X-Ray but Mr. K. is too weak to stand up. The hemorrhages have not ceased entirely, and he is now absorbing nourishment but not through the stomach.

Mr. Calkins, our Deputy Govr. reaches here tomorrow. His brother is at the point of death. He is a U.S. Navy man and is quoted as a Manila Bay hero with Dewey.

Since writing the above I have had a talk with Mrs. Kains and she says that today he has been taking food into the stomach and it seems to go well. He had another little weak spell about 3 o'clock this afternoon-but the doctor says that is just weakness. He had two of those spells yesterday afternoon.

I will write you again tomorrow.

Yours faithfully

S.E. MacDonald



FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

*R.A.H.*

26th March 1917

MAR 29 1917

Dear Strong:

Your letter of 22nd inst is just at hand.

I have been coming down to the Bank every day now for about a week for a few hours, the net result being that I feel a good deal better than I did this time last week. I can notice the improvement week by week, but cannot day by day.

I am just in receipt of a long petition signed by the bulk of the active members of the Presidio Golf Club, requesting that a lounging room which during my absence had been changed for one of the ladies rooms, be restored to its original status, so I shall have to pay the Club a visit today or tomorrow, which is a sad thing to contemplate for one on a diet in liquid of matters consisting only of milk and vichy or water and bicarbonate of soda,- delicious mixtures! Don't you think? I have tasted nothing else since last December.

Did you give Aiken the word of command in Chicago? If we are ever going to be the National bank, we must take a little broader view of certain matters than we have hitherto done.

I understand that our Northwest friends are clamouring for branches, and that we are to have a visit from one of their high mightinesses from Washington, Mr Miller, I presume, to go over this matter. I have no doubt that we need branches up there in connection with the collection system; but they should be branches and not independent banks, as laid down in the Federal Reserve Act, which badly needs amendment in that respect.

I am delighted to hear of your increase in weight. I have not been keeping track of myself in that regard; but as to my blood, which was 45% on December 5th last, I may say that it now registers about 95%, and considering the fact that some people go through life comfortably with 80%, is pretty fair.

This is the time of year that we have the blossom festival, and if you came out this way we could shew you miles of white and pink blossoms at this moment.

I am hoping for the time to come when I can have you out

here and take you about a bit.

With kindest regards,

Yours faithfully,

*Mohd. Kamal*

Benjamin Strong Jr Esq're  
4100, Montview Boulevard  
Denver, Colorado

FEDERAL RESERVE BANK

*B.A. Fr.*  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

APR 6 1917

2nd April 1917

Dear Strong:

Yours of 29th March is just to hand, and I am delighted to hear of your new Golf record. I wish I could whack a ball ~~at~~ 250 yards once; but I fancy I shall have to wait a couple of years before I try. I shall be delighted to see your card after you get going.

We are at present having a visit of from fifteen to twenty bankers from Spokane, Seattle and Portland in connection with branch banks, the matter having been, I fancy, unduly hurried up by certain of their Senators at the request of the bankers in the North.

If we are to handle the collections of this country properly, to do so we shall have to have our membership increased by the State banks; and in that case we would need branches in Spokane, Seattle, and Portland; but under the present going ahead under one bell the Northern part of this State is, at a great disadvantage, and if we open only one branch there is going to be a great deal of bitterness on the part of the neglected cities. But the Board in Washington and the Board here will just have to skin their own skunks and make the decision.

I am delighted to hear that there is a chance of your coming to pay me a visit. My thrifty Scotch secretary, in sending me the beautiful flowers from you at Christmas, in view of the comparative cheapness of flowers here, reserved some money which she invested in bulbs which were planted in a corner of my garden, which I have named "Benjamin's bed" and some of these bulbs are now in full bloom, and against a pretty purple border of heather at the present time. I hope you will come out before they fade away; but we shall have plenty of other kinds of flowers by that time.

I have felt quite sure that if our Board in Washington had a little more of Delano's qualities we should get along swimmingly and on comprehensive and beneficial lines.

With kindest regards,

Yours faithfully,

*Wm. C. Kains*

Benjamin Strong Jr Esq're  
4100, Montview Boulevard  
Denver, Colorado

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

*R.A. Jr.*  
MAY 22 1917

11th May 1917

My dear Strong:

I was delighted to get your telegram today, simply to know that you were back in the saddle.

I thought you said that you would come out to see me before going back to New York, about the first of June. The weather has been heavenly for the last month or more, and the fishing on the McCloud River is prime, I understand. I am sending a chap from Liverpool- whom I knew in New Orleans over twenty years ago and who dropped in on me yesterday- up to the Bollibokka Club, where he can revel in the beauty of nature.

I only wish the question of the opening of three branches and of seeing that our share in this District is done toward the Government financing, did not nail me to my desk at the moment.

With kindest regards and best wishes,

Yours sincerely,

*Mc W. C. Kains*

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

*R.A. Jr.* May 11th 1917

MAY 22 1917

Dear Governor Strong:

Thank you very much for your telegram of today in answer to mine regarding Mr Page's despatch.

I have telegraphed Warburg, as you suggest, also stating that what we want badly and at once is a definite pronouncement officially as to particulars of bond issue and terms of payment therefor, so as to have official assurance that money will not be injuriously dislocated; that everybody worth while was ready and anxious to cooperate actively, but that we must have definite terms authoritatively stated as a basis.

Yours faithfully,

*A. Kains*  
Governor

Benjamin Strong Jr Esq're  
Governor, Federal Reserve Bank  
New York City

FROM FEDERAL RESERVE BANK OF SAN FRANCISCO

COMPANY } WESTERN UNION POSTAL X FEDERAL  
CLASSIFICATION } TELEGRAM UNLESS OTHERWISE STATED

RUSH

May 11

191 7

CHARGES } COLLECT FROM—FEDERAL RESERVE BOARD, FEDERAL  
FEDERAL RESERVE BOARD BUSINESS-GOVERN-  
MENT RATE  
CHARGE X COLLECT

WE CONFIRM OUR TELEGRAM AS BELOW

To Benjamin Strong, Jr.

Governor, Federal Reserve Bank, New York

Telegram R. G. Page received purporting to represent New York Liberty Loan Committee desiring to exchange ideas between committees each district. Stop Owing to lack of official information we have no committee formally organized as yet though this could be done immediately provided we had any official particulars to base it on. Principal people here most anxious to cooperate. Please wire us any information you can give us.

~~KAINS~~

Governor

*PK*



YOUR PATRIOTIC DUTY—BUY A LIBERTY LOAN BOND

LIBERTY LOAN COMMITTEE

101

A. C. KAINS, CHAIRMAN  
F. B. ANDERSON  
JOHN A. BRITTON  
WILLIAM H. CROCKER  
JOHN S. DRUM  
JOHN W. EDMINSON  
HERBERT FLEISHHACKER  
A. P. GIANNINI  
I. W. HELLMAN  
HENRY T. SCOTT  
RUDOLPH SPRECKELS  
R. M. TOBIN  
GEORGE TOURNY  
GEO. K. WEEKS, EXECUTIVE MANAGER

414-416 BANKERS INVESTMENT BUILDING

JOHN J. MILLER, SECRETARY

742 MARKET STREET

TELEPHONE  
SUTTER 4917

SAN FRANCISCO,

25th May 1917  
Dear Strong  
Yrs of 22" just  
to hand: I am having a  
joyous time of it at all sorts  
of committee meetings. I wish  
I were 25 years younger. My  
health is improving but I am  
a damaged article yet. — But  
I look forward with pleasure  
to foregathering with you  
some of these days.  
With all good wishes

Yrs  
J. M. Miller

25th May 1917

Dear Strong

Yrs of 22 "and just to hand" I am having a joyous time of it at all sorts of committee meetings. I wish I were 25 years younger. My health is improving but I am a damaged article yet. But I look forward with pleasure to foregathering with you some of these days.

With all good wishes

Yrs

A.K.



101

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

A. KAINS, GOVERNOR

**FILING DEPT.**

22nd June 1917

**JUN 29 1917**

**FEDERAL RESERVE BANK (COPY)**

Dear Governor Strong:

Permit me by means of this letter to introduce to you Mr Cyrus Peirce of this City, President of Cyrus Peirce & Company, (who was formerly President of N W Halsey & Company.) Mr Peirce is taking a trip to New York and other Eastern centres, and is desirous of acquainting himself with the financial condition at first hand, and if you can do anything to facilitate his desires I shall take it as a favour.

Mr Peirce did some fine work here in the Liberty Loan campaign, addressing meetings in different places throughout the State and in this City with great effect.

With kind regards,

Yours faithfully,

  
Governor

Benjamin Strong Jr Esq're  
Governor, Federal Reserve Bank  
New York City

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

101  
# 142

A. KAINS, GOVERNOR

FILING DEPT

*B.A. Jr.*  
JUN 28 1917

23rd June 1917

JUN 29 1917

FEDERAL RESERVE BANK

My dear Strong:

I have given Mr Cyrus Peirce of this City  
a letter of introduction to you, as per copy herewith.

Peirce is a man who was of great assistance  
in the Liberty Loan campaign here, travelling through the  
country in his motor car, delivering his addresses at all  
the small towns like a patent medicine vendor; but very  
effectively. If you can give him a few minutes of your  
time I shall be very much indebted to you.

Yours faithfully,

*A. Kains*

Benjamin Strong Jr Esq're  
Federal Reserve Bank  
New York City

# WESTERN UNION TELEGRAM



Receiver's No. 107

Check

Time Filed

Message

ight Letter

s should mark an X opposite class of service desired; OTHERWISE THE TELEGRAM WILL BE TRANSMITTED AS A FAST DAY MESSAGE.

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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

Boston, Mass., Aug. 24, 1917.

Benjamin Strong,  
The Lewiston,  
Estes Park, Colo.

For fear the cold blooded New Englanders and other inferior tribes should not have conveyed properly our sentiments we desire to send our love and all good wishes for speedy recovery and joyous reunion.

Aiken, Rhoads, Seay, Miller, Treman,  
Hoxton, McDougal, McKay, McCord, Wold Fancher, Kains.

## ALL TELEGRAMS TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING

To guard against mistakes or delays, the sender of a telegram should order it REPEATED, that is, telegraphed back to the originating office for one-half the unrepeatable telegram rate is charged in addition. Unless otherwise indicated on its face, THIS IS AN UNREPEATED TELEGRAM AND PAID IN CONSIDERATION WHEREOF IT IS AGREED BETWEEN THE SENDER OF THE TELEGRAM 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 UNREPEATED telegram, beyond the value of the telegram received for sending the same; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any REPEATED telegram, beyond fifty times the value for sending the same, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines, nor for errors in cipher telegrams.
2. In any event the Company shall not be liable for damages for any mistakes or delays in the transmission or delivery, or for the non-delivery, of this telegram caused by the negligence of its servants or otherwise, beyond the sum of FIFTY DOLLARS, at which amount this telegram is hereby valued, unless a greater value is written hereon at the time the telegram is offered to the Company for transmission, and an additional sum paid or agreed to be paid based on such value equal to one-tenth of one per cent. thereof.
3. The Company is hereby made the agent of the sender, without liability, to forward this telegram over the lines of any other Company when necessary to reach its destination.
4. Telegrams 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 telegrams until the same are accepted at one of its transmitting offices; and if a telegram 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 telegram 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

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 day rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard day 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.

## FAST DAY MESSAGES

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.

## DAY LETTERS

A deferred day service at rates lower than the standard day message 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 rate 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 may be delivered by the Telegraph Company by telephoning the same to the addressee, and such delivery shall be a complete discharge of the obligation of the Telegraph Company to deliver.

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

FEDERAL INTERNATIONAL BANKING COMPANY

NEW ORLEANS

21<sup>st</sup> July 1928

A. KAINS,  
PRESIDENT

Dear Strong

Some time ago Kenzel  
paid New Orleans a visit and  
we had an opportunity to talk  
over bygone days. and I was  
sorry to hear from him that you  
were again in the hands of the  
Philistines and as one who has  
suffered much from many of them  
I desire to express my sympathy  
and the hope that you will  
soon be doing business again  
at the old stand. As for  
me. I am in my 58<sup>th</sup> year  
playing a game of golf every  
morning before breakfast. &  
though I have scars of bygone  
conflicts & some organs which  
might be improved upon. I am  
reasonably cheerful, unregenerate,

and ready for any thing from  
 "pitch & toss to manslaughter" I am  
 sorry to note the tendency of the  
 Federal Reserve people to get implicated  
 in politics which if it persists  
 may spoil a splendid machine  
 which has been of great use in  
 the past and will continue to  
 be if let alone. — I am  
 presiding over the destinies of  
 a little export & import Bank  
 in reality an acceptance house  
 & it is child's play but as  
 I am no longer in the first  
 flush of youth but rather  
 getting into second childhood  
 child's play suits me quite  
 well and gives me enough  
 occupation to keep me interested  
 fortunately my little economic  
~~in former days~~  
 & their results render me immune

from the necessity to bustle  
 any more. but a job like mine  
 is like keeping the cows out  
 of the cherry trees. I am on the  
 eve of taking my American wife  
 up to the little town <sup>(London)</sup> in Canada  
 where I was born. & where  
 they are having a reunion this  
 year of "old boys" & I suppose  
 we will have a most interesting  
 time of it. then we shall  
 go to Toronto & Ottawa & Montreal  
 then to St. Louis for a  
 couple of weeks then back  
 to this sultry paradise. —  
 Cotton at the moment looks  
 as if it might go down as  
 crop prospects are fairly good  
 & people abroad will fancy  
 go naked another year if  
 necessary rather than promise

to pay more <sup>if</sup> than 25<sup>d</sup> per lb. for  
it. — If you have time &  
inclination disp<sup>t</sup> me a line  
tell me how you are. perhaps  
I might be able to prescribe  
some useful "balm for the  
wounded warrior" I remembered  
with pleasure that though  
your offer to some years ago  
at Denver. I was enabled  
to slake my thirst by the  
grace of a charming lady  
Mrs. White I think was  
the name. I don't know how  
I remember this but I have  
a villainous memory. I  
sometimes wish it were not  
so good. Pray forgive this  
disjoint & screeled written to  
convey my sympathy & friendship  
Believe me, always,  
Your affectionate servant who kisses your feet  
as our Spanish friends say — Arch. Raines



21st July 1923

Dear Strong

Some time ago Kenzel paid New Orleans a visit and we had an opportunity to talk over bygone days and I was sorry to hear from him that you were again in the hands of the Philistines and as one who has suffered much from many of them I desire to express my sympathy in the hope that you will soon be doing business again at the old stand. As for me "I am in my 58th year playing a game of golf every morning before breakfast. And though I have scars of bygone conflicts of some organs which might improved upon. I am reasonably cheerful, unregenerate, and ready for anything from "pitch and toss to manslaughter" I am sorry to note the tendency of the Federal Reserve people to get implicit in politics which if it persists may spoil a splendid machine which has been a great use in the past and will continue to be if let alone. I am presiding over the destinies of a little export and import Bank in reality an acceptance house and it is childs play but as I am no longer in the first flush of youth, but rather getting into second childhood, childs play suits me quite well, and gives me enough occupation to keep me interested fortunately my little economies in former days and their results, rendered me immune from the necessity to hustle any more but a job like mine is like keeping the cows out of the cherry trees. I am on the eve of taking my american wife up to the little town (London) in Canada where I was born, and where they are having a reunion this year of old boys, and I suppose we will have a most interesting time of it, then we shall go to Toronto and Ottawa Montreal then to New York for a couple of weeks, then back to this sultry paradise. Cotton at the moment looks as if it might go down as crop prospects are fairly good and people abroad will, I fancy, go naked another year if necessary rather than promise to pay more than 25¢ per lb. for it. If you have time and inclination drop me a line and tell me how you are, perhaps I might be able to prescribe some useful "balm for the wounded warrior". I remember with pleasure that though your efforts some years ago at Denver, I was enabled to slake my thirst by the grace of a charming lady Mrs. Whited I think was the name, I don't know how I remember this but I have a villainous memory. I sometimes wish it were not so good. Pray forgive this disjointed screed written to convey my sympathy and friendship.

Believe me always.

Your affectionate servant who kisses your feet, as our Spanish friends say.

Archi Kains

FEDERAL INTERNATIONAL BANKING COMPANY

NEW ORLEANS

February 13, 1925.

A. KAINS,  
PRESIDENT

ACKNOWLEDGED

FEB 16 1925

R S

FEDERAL RESERVE BANK  
FEB 16 1925 9 34 AM  
RECEIVED  
GOVERNOR'S OFFICE

Dear Strong:

Many thanks for your kind note of the 9th. instant anent the Down Town Association. I have however, taken the veil, being sixty years of age and am now retired from business altogether. Our stockholders last month decided to liquidate this institution which interesting operation should be completed in sixty days. Henceforth I shall live on my fat, and endeavor to get my score under ninety and also occupy myself in other good works. I am contemplating the erection of a modest but useful house in Ottawa just adjoining the Vice Regal Residence on the Ottawa River, from which I can radiate sometimes South, sometimes to California and other times to England.

As far as clubs go in New York, I belong to three which will render my former desires in respect of the Downtown Association supererogatory, and I shall be much indented to you if you will be good enough to withdraw my name.

Hoping to see you in Ottawa some summer day when you feel like sitting loose to the world, and with kindest regards,

Yours faithfully,

*A. H. Kains*

AK:WW

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

*Kains*

FEDERAL INTERNATIONAL BANKING COMPANY

NEW ORLEANS

February 19, 1925.

A. KAINS,  
PRESIDENT

GOVERNOR'S OFFICE  
RECEIVED

FEB 22 1925

Dear Strong:

Many thanks for your kind favor of 16th. instant and the good wishes therein contained. I am full of trouble just now, as a niece of mine is coming down from the North to participate in the Carnival festivities next week, and I know I should accompany the chauffeur to meet her at the train, but this will prevent my playing my usual Sunday morning game of golf, which will upset three other old guys who will vilify me unsparingly, so you see, even the pleasantest situation has its drawbacks.

With kindest regards,

Yours faithfully,

*A. Kains*

"For dongas, rocks and scuffled greens,  
"Give me the links up North  
"The whins, the broom, the thunder  
  of the surf  
"The three old fellows waiting  
  where I used to make the fourth  
"I want to play a round on turf"

*B*

AK:EE

Benjamin Strong, Esq.,  
33 Liberty St.,  
New York City.

FEDERAL INTERNATIONAL BANKING COMPANY

NEW ORLEANS

FEBRUARY 12, 1925

FEDERAL RESERVE BANK

FEB 22 1925 2 33 PM

RECEIVED  
GOVERNOR'S OFFICE

347 N. YORK

Many thanks for your kind  
favor of Feb. 11th. Instant and the good  
of the Federal Reserve Bank, as a place of  
this is coming down from the North  
to participate in the Carnival  
activities next week and I know  
I should accompany the children  
to meet her at the trials, but this  
will prevent my going by mail  
Sunday morning and will  
will meet there after the game was  
will likely be interrupted, so you  
see even the pleasant situation  
new in Memphis.

With kindest regards,

Yours faithfully,  
P. P. 12

"For comfort, there are several items  
"Give me ten lines up here  
"The other, the other, the other  
of the end  
"The other, the other, the other  
"There I need to know the other  
"I want to play a round on this"

42:25

Benjamin Strong, Jr.  
33 Liberty St.  
New York City