

a. Lawrence F. Abbott

of  
Outlook Co.

1920-1921

# The Outlook Company

LAWRENCE F. ABBOTT  
PRESIDENT

FRANK C. HOYT  
TREASURER

ERNEST ABBOTT  
SECRETARY

LFAMB

Three-Eighty-One Fourth Avenue

NEW YORK

The Outlook

LYMAN ABBOTT  
EDITOR

R. D. TOWNSEND  
MANAGING EDITOR

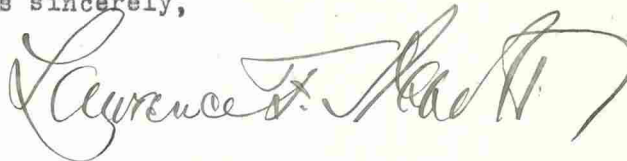
December 30, 1920.

BA  
JAN 21 1921

My dear Mr. Strong:

I wonder if you will be good enough to look over the proof of the enclosed article entitled, "The Income Tax and Liberty Bonds", which explains itself, and give me your views or criticisms regarding it. I am inclined to think that the suggestion of substituting non-interest bearing notes for at least some of the outstanding Liberty Bonds is impractical, but I have ventured to make it with the hope of stimulating public interest among our readers in questions of governmental economics. I should be glad of your permission to print such comments as you are willing to make--or a summary of them--in The Outlook. Is it not important that whatever action Congress may take regarding the acute problems of taxation and finance which the country is now facing should have behind it an intelligent public opinion, and is it not true that the only way you can make the public intelligent on these subjects is to get them to think about them? I am

Yours sincerely,



Benjamin Strong, Esq.,  
The Federal Reserve Bank,  
15 Nassau Street,  
New York City

P. S. I am writing to ten or a dozen other men of financial knowledge and experience and hope to print their replies with yours in a brief symposium.

## THE INCOME TAX AND LIBERTY BONDS

**A**N unpleasant, inconvenient, and in some cases disastrous fact of the present financial situation in this country is the depreciated value of Liberty Bonds. At this writing every issue of these bonds save the two Victory Loans are below ninety.

This means that every man who has a hundred-dollar Liberty Bond and is compelled to get cash for it will lose all the way from ten to fifteen dollars when he sells it, except in the case of the Victory Bonds. The Victories, since they are payable within a year, or two, are nearer par. A corporation which has a hundred thousand dollars' worth of any of the first four issues and has to sell them to get cash for its business or to pay its taxes may lose from ten to fifteen thousand dollars. The small holders who can put their bonds in safe-keeping and retain them until the day when they are payable by the Government will lose nothing. But there are comparatively few people who can do that.

Various plans have been suggested to remedy this situation—a situation which is unsound and unjust. Most of these proposals are based on a plan of refunding all Liberty Loans at a higher rate of interest. A New York financier has recently advocated that the entire issue of Liberty Bonds be refunded—that is to say, redeemed by a new issue of Government bonds to run for fifty years and to pay 5½ per cent for the first five years, 5 per cent for the second five years, 4½ per cent for the third five years, and for the remaining thirty-five years 4 per cent. He believes that such bonds will sell at par or over. This of course means that the Government would have to raise by taxation a much larger sum for interest than it is now paying on the present Liberty Bonds. The result would make it more difficult to reduce the war increases of the income tax. Thus the problem is how to bring Liberty Bonds to par in an open market without increasing taxation. I venture to suggest the following outline of a plan to be considered in solving this problem.

Let the Government announce that all Liberty Bonds will be received at their par value in payment of the income taxes.

The first objection to this plan is that the Government needs the proceeds of income taxes in current money to pay its obligations, that Liberty Bonds are not current; and that the Government would have to sell these bonds in the open market for cash, which would at once depreciate their value and we should be in the same state as before.

My reply to this objection is that the Government might borrow currency from the Federal Reserve Bank to the full par value of the bonds. If this could be done, the advantage to the Government would be that it would substitute its non-interest-bearing notes for its interest-bearing notes, a transaction which every business man would like to perform if he could.

There appear to be two objections to this substitution of Federal Reserve notes for the bonds which the Government will receive in payment of income taxes.

First, there is no <sup>provision</sup> ~~revision~~ in our present financial laws for such a ~~substitution~~. This objection could be met, by proper legislation in Congress. If desirable, Congress in twenty-four hours could pass an act permitting the Secretary of the Treasury to receive Liberty Bonds at their par value for income taxes and issue in their place non-interest-bearing currency.

*substitution*

The second objection is more vital. It might lead to an inflation of the currency, and many students of finance feel that we are now suffering from currency inflation. To this objection I have no reply to make, except that possible inflation might be mitigated by receiving Liberty Bonds at par for only a specified portion of the income tax, such as the surtax or excess profits tax. It may possibly be a choice of evils which the financial experts of the country will have to consider and decide upon.

I briefly restate the problem. A vast amount of money, amounting to hundreds of millions of dollars, is tied up in Liberty Bonds which are now below par. To use these bonds in industry or taxpaying the business men of the country must lose from ten to fifteen per cent. Shall this unjust and unhealthy condition be remedied by increasing the rate of interest on the bonds, thus necessarily increasing taxation, or by the Government's receiving a large portion of them at par from year to year before they fall due for income taxes and issuing in their place non-interest-bearing currency by means of appropriate legislation?

LAWRENCE F. ABBOTT.

PERSONAL:

January 21, 1921.

Dear Mr. Abbott:

I think I must ask you to accept this reply to your letter of December 30, 1920 as a personal one and not for publication.

I am just back from Europe and have not yet had opportunity to discover whether the article of which you sent me a proof appeared in the Outlook or not, but I do think that I should send you a frank comment on the suggestion contained in the article.

The objections to the plan which you propose are numerous, but I shall refer to only one as being, in my mind, absolutely controlling. I assume that when you say "income taxes" you mean the various direct taxes, such as personal income, excess profits, and war profits taxes. These taxes, as you know, produce a very large amount of money indeed. If your plan were adopted, it would mean that more than half of the revenue of the Government would be paid by printing fiat money, - a wholly unsound project and one which would leave in its trail a wreck of distressed industrial and business enterprises when the day of reckoning arrived.

But more than that, the inflation resulting from such an operation would defeat the very object for which it was designed. With rising prices and the reduced purchasing power of money, investment securities would decline, including Government bonds; in the latter case the decline being further stimulated by the sentimental effect of such an operation, which I believe would shock the country and shake the confidence of the general public most seriously in the Government's credit.

The difficulties inherent in war finance on the occasion of such a devastating war as the one just concluded appear to be unescapable, and I think, in general, we must regard the losses resulting as unescapable. The losses sustained by subscribers to Government bonds are serious indeed, but certainly not more serious than those sustained by many others through the various effects of the war, and I am wondering how we can justify making Government bondholders wholly exempt from loss on this type of investment, when we are unable to indemnify other large classes of our citizens, and particularly those who have lost their relatives as well as some part of their property.

I should feel very much alarmed if a project of this sort were undertaken.

You will, I am sure, understand my writing you quite frankly.

Very truly yours,

Lawrence F. Abbott, Esq.,  
President, The Outlook Company,  
381 Fourth Avenue, New York.

b) Bullen, Tracy &

7

Association of Foreign  
Press Correspondents

1919

*[From B. Sweeney]*

ASSOCIATION OF FOREIGN PRESS  
CORRESPONDENTS IN THE UNITED STATES  
APR 22 1919

FEDERAL RESERVE BANK  
April 19th, 1919.

FAREWELL DINNER TO THE EARL OF READING

You are cordially invited to a farewell banquet to the ~~Earl of Reading~~, British Ambassador and High Commissioner and Lord Chief Justice of England to be given by the Association of Foreign Press Correspondents in the United States at the Hotel Plaza at 7.30 P. M. on

THURSDAY, APRIL 24th.

Cheques for twelve dollars per cover should accompany acceptance and be made payable to the Treasurer of the Association,

Percy Sutherland Bullen,  
Secretary,  
66 Broadway,  
New York.

N.B. An early reply is requested.

c) E. P. Deane

editor  
Collectors' Weekly  
1917-1919

39

January 8th, 1917.

Dear Sirs:

Will you kindly enter order for one year's  
subscription to Collier's Weekly, to be mailed to  
Mr. Steve B. Hewes, Hewes-Kirkwood Inn, Estes Park,  
Colorado, sending bill for same to Mr. Benjamin Strong,  
4100 Montvie w Boulevard, Denver, Colo., and oblige,

Yours very truly,

Secretary to Mr. Strong.

~~Collier's Weekly,~~  
416 West 13th Street,  
New York City.

VCH



# The Outlook Company

Three-Eighty-One Fourth Avenue  
NEW YORK

The Outlook

LYMAN ABBOTT      EDITOR  
R. D. TOWNSEND    MANAGING EDITOR

LAWRENCE F. ABBOTT    PRESIDENT  
FRANK C. HOYT        TREASURER  
ERNEST H. ABBOTT     SECRETARY

LFAMB

January 22, 1921.

My dear Mr. Strong:

I appreciate very much your letter of January twenty-first. My brief article on Income Taxes and Liberty Bonds was a ballon d'essai. It has resulted in a large amount of exceedingly interesting correspondence. I quite agree that my interrogatory suggestion as to the payment of income taxes by these bonds received at par is impractical because of the inflation that would ensue. What interests me most in the correspondence is that some first-rate authorities differ as to the propriety of refunding the entire issue of Liberty Bonds at a higher rate of interest. Some good authorities advocate this proposal categorically. The weight of opinion, however, seems to be against it and in favor of letting the natural course of industry and finance bring the bonds back to a par market value.

Again thanking you for your letter, I am

Yours sincerely,



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

SYMBOL
Blue
Nite
N L

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

# WESTERN UNION TELEGRAM



NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

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

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

RECEIVED AT

92b xb I4

Wk Newyork Ny I223p Aug I2

Benj Strong Jr

Woodshoel <sup>M</sup>ass

Have you done anything about article when are you coming  
 home please answer colliers

Peter Dunn

236p

FEDERAL RESERVE BANK  
OF NEW YORK

Sent by

(SEND TO FILES)

# COPY OF TELEGRAM

Woods Hole 8.12.18 W.U. Night Letter

August 12, 1918.

*C. H. P. file*  
~~F. P. Dunn~~  
F. P. Dunn, Esq.,  
Colliers Magazine,  
New York, N. Y.

Am starting on an article this week Will probably finish Friday  
Probably not returning until about twentieth.

BENJ. STRONG

*I see  
Strong  
Address  
Article*

# Collier's

THE NATIONAL WEEKLY  
P·F·COLLIER & SON·INCORPORATED  
416 WEST THIRTEENTH STREET · NEW YORK

F·P·DUNNE  
EDITOR

WILLIAM LEBARON  
MANAGING EDITOR

August 29, 1918

Benjamin Strong, Esq.,  
Woodshole, Mass.

Dear Ben:

In accordance with your request I am sending you the article mutilated by my awkward hands in order to reduce it to an effective length from the standpoint of a publisher and further stained by the industrious hands in our Composing Room.

I also send a proof of the article as it would appear when reduced in size. You will notice that I have taken the liberty to place near the top paragraphs which were near the end of the manuscript. I cannot flatter myself that my changes have improved the article. I would never have thought of making them if you had not suggested that I might and if it had not been necessary to gain brevity.

If you are satisfied with the article as it stands in type, or if you want to substitute another, won't you please let me know at once? In order to be printed in time for the next Liberty Loan the article should be in our hands by next Tuesday, September 3rd.

Please don't forget you promised to call me up when you get back to town. I have some thoughts of political economy which I think might direct your wayward feet into a path becoming to a Governor of the Federal Reserve Bank. I may say that John Fox, author of "Drop Dead" and other serials, agrees with me.

Yours,

*F. P. D.*

fpd-gd  
encs

December 10, 1918.

My dear Peter:

My doctor, Austin W. Hollis, a man of a good deal of intelligence and a personal friend, has written the enclosed *copy not sent to files.* article, which, I presume, is the outlet for four years of contemplation of the war in which he was unable to take any part.

I want you, as a personal favor to me, to read it over and let me know just as promptly as possible whether you think it could be published; whether it is worth publishing; and the best place to have it published. I am hoping to get away the latter part of this week and wish very much you could send me a reply before I leave.

Cordially,

~~F. P. Dunn, Esq.,~~  
c/o Collier's Weekly,  
416 West 13th Street,  
New York.

BS/MSB

# Collier's

THE NATIONAL WEEKLY  
P·F·COLLIER & SON·INCORPORATED  
416 WEST THIRTEENTH STREET · NEW YORK

F·P·DUNNE  
EDITOR

WILLIAM LEBARON  
MANAGING EDITOR

MAILING DEPT.

February 1st  
1 9 1 9

MAR 1919

FEDERAL RESERVE BANK

My dear Ben:

As you may have heard, I have been under the weather for over a month and could not attend much to business. But I will read at once your friend, Dr. Hollis' article on "The Meaning of the Great War to the American Nation" and let you know whether it is available for publication.

Yours sincerely,

F. P. Dunne

Benj. Strong, Esq.,  
Federal Reserve Bank,  
15 Nassau Str., City.

fpd-gd

Lake George, N. Y.,  
February 5, 1919.

FILING DEPT.

MAR 5 1919

My dear Peter:  
FEDERAL RESERVE BANK

I had not heard of your illness and am grieved to learn of it. Kindly accept my apologies for burdening you with that article. It would be a personal favor to me if you could read it and make some disposition of it that would be satisfactory to him.

Sincerely yours,

*Dr. Fuller* —

F. P. Dunne, Esq.,  
Editor, Collier's,  
416 West 12th Street,  
New York.

BS.MSB

FILING DEPT.

Lake George, N. Y.,  
February 7, 1919.

MAR 5 1919

FEDERAL RESERVE BANK

*Letter not sent to Files*

Dear Peter:

Thanks for writing me about Dr. Hollis'  
article. I feared it could not be used, and am writing  
him about it to-day.

I will be in New York about the fourteenth,  
and hope to see you.

Best regards,

Sincerely yours,

*See File  
Dr Hollis*

F. P. Dunne, Esq.,  
Editor, Collier's,  
416 - West 13th Street,  
New York.

BS.MSB



d) Fisher, Beed

<sup>3</sup>  
New York World

1924

[From B. Sherry Jr.]

660 2

June 27, 1924.

Dear Bud Fisher:

You will recall our conversation on the steamer coming home, in regard to my friend "Jeff." I promised to send you a picture of him, and prints are enclosed with this.

The story about the pictures I think will amuse you. In 1920 I was traveling with friends in the East and visited a little known island off the coast of Java, by name Bali. The population is Hindu, and the island is one of the possessions of the Dutch Government; in fact it is a part of the Dutch East Indies, and is governed by a Dutch resident, who has a small staff to assist him in the administration. Other than these, there are no white residents; in fact the Dutch Government, as I recall it, does not permit anyone to settle there, and visits to the island can only be made by application to the Dutch Government in Java. The island is comparatively small, but exceedingly fertile. It consists of the ancient overflow of a great volcano called Kintamani, which had a crater some six miles across and is now gone. On our way to visit the crater, we stopped at a little town called Klung Klung, where we discovered this temple and took a picture of some of the carvings.

I may say that the Balinese people are a very simple agricultural population with a strong leaning towards art and architecture. Many of their residences, and even the stone walls, are carved and variously ornamented. And the island is covered with little Hindu temples similar to the one of which I am sending you prints.

How it happened that "Jeff" found a place there is beyond my imagination. I think you will agree that it must be "Jeff" when I tell you that the Balinese men have no hair on their faces at all, any more than have the Javanese people, whereas "Jeff" in this carving seems to have a pretty well developed mustache and beard, shaved in true "Jeffersonian" style.

If you are at all interested in art of this character, you will observe a curious medley of architectural treatment in the building. Some of the ornamentation appears to be of a very ancient style, resembling both Egyptian and Greek. Another figure in the picture has a distinctly negroid cast, whereas the gar-goyle bears a striking resemblance to the ornamental development of cathedrals in the middle ages in continental Europe.

I am tempted at first to have the enlarged copy framed to send to you, but you may prefer to put it in an album or otherwise preserve it,

Mr. Fisher

6.27.24.

so I am sending it just as it came from the photographer.

Sincerely yours,

Mr. Bud Fisher,  
c/o New York World,  
Pulitzer Building,  
New York City.

BB:MSB

Paul W. Garrett  
7  
NY Evening Post

1925

TELEPHONE WHITEHALL 9000

20-24 VESEY STREET NEW YORK, N. Y.

**New York Evening Post**  
FOUNDED 1801

October 30, 1925

*Mr Schacht*

Mr. Benjamin Strong,  
33 Liberty Street,  
New York, N.Y.

My dear Governor Strong:

Permit me at this late date to express my appreciation of the opportunity you gave me to meet Dr. Schacht at your dinner the other evening.

I for one feel very much closer to some of Germany's problems than I did before your dinner.

Sincerely yours,

*Paul W. Garrett*

J. A. C. G. Hammerfalk  
Sales Manager  
Collector's Weekly

1915

30  
5-30

# Collier's

THE NATIONAL WEEKLY

A. C. G. HAMMESFAHR  
SALES MANAGER OF ADVERTISING  
NEW YORK

October 18, 1915

Mr. B. Strong, Jr., Governor  
Federal Reserve National Bank  
62 Cedar Street  
New York City

My dear Sir:

I am sending you under separate cover a copy of the October 23rd issue of COLLIER'S, on page 14 of which you will find an editorial on the great War Loan which I think will interest you.

Very truly yours

*A. C. G. Hammesfahr*

acgh-k

Mar. H E

J  
Doubleday Page + Co

1915



[From B. H. H. J.]  
48

November 22nd, 1915.

Dear Sirs:

Mr. H. Parker Willis' recent book,  
"The Federal Reserve" arrived safely, and I  
would appreciate your sending me another copy,  
together with statement of cost of same.

Very truly yours,

Messrs. Doubleday Page & Co.,  
Garden City, N. Y.

VCM

[From B. Strong] H8

December 7th, 1915.

Gentlemen:

Please send to Mr. Benjamin Strong, Jr.,  
62 Cedar Street, six copies of the book "The Fed-  
eral Reserve", published by Mr. H. Parker Willis.

Very truly yours,

Secretary to Mr. Strong.

Messrs. Doubleday, Page & Co.,  
11 West 32nd Street,  
New York City.

VCM

THE WORLD'S  
WORK



THE NATURE  
LIBRARY

DOUBLEDAY PAGE & CO.

COUNTRY LIFE  
IN AMERICA



THE GARDEN  
MAGAZINE

THE COUNTRY LIFE PRESS

GARDEN CITY, N.Y.

[From B Strong] 48

NOV 22 1915

November 16, 1915.

Dear Sir:

At the request of Mr. H. Parker Willis, the author, we are sending you a complimentary copy of his little book, "The Federal Reserve" which we have just published as an addition to our "American Books Series." You no doubt are familiar with Mr. Willis's writings on financial subjects through his articles for the Journal of Commerce, the New York Evening Post, and other financial publications.

We hope that you will find the little book interesting and worth while and should you be moved to any comment upon it we should greatly appreciate a line from you.

Yours sincerely,  
DOUBLEDAY PAGE & CO.

HEM.HA

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

*I From B Strong 48*

THE WORLD'S  
WORK



THE NATURE  
LIBRARY

DOUBLEDAY PAGE & CO.

COUNTRY LIFE  
IN AMERICA



THE GARDEN  
MAGAZINE

*195-*

*Willis*

THE COUNTRY LIFE PRESS

GARDEN CITY, N.Y.

December 10, 1915.

Mr. Benj. Strong, Jr.,  
62 Cedar Street,  
N.Y. City.

Dear Sir:

Referring to your esteemed order for six copies of "The Federal Reserve" we regret to advise that this book is temporarily out of stock and shipment will therefore be delayed for a few days. However, just as soon as our stock has been replenished, the order will receive our most careful attention.

Trusting the short delay will cause you no inconvenience, we remain

Very truly yours,

DOUBLEDAY PAGE & COMPANY

F

74) Howard J. Kuersten  
Associated Press

[1925]

# The Associated Press.

NEW YORK

Mr. W. Randolph Burgess,  
Federal Reserve Bank of New York.

Dear Dr. Burgess:

In line with your suggestion, I am submitting  
a question which our office would like particularly to place  
before Dr. Schacht. You are doubtless familiar with the  
story which came from Berlin last week.

*Howard J. Murphy*

# The Associated Press.

NEW YORK

Has your visit been concerned with "a world financial compact" which would ensure Wall Street's control of the world's money markets?

(Berlin dispatches on Nov. 6 reported that such a development was expected from your conferences with American and English financiers in New York.)

In this connection, also, are there any plans for New York and London to give Germany financial accomodation which will enable her to extend credits to Russia for trade purposes?

DAY CABLE—39:

BERLIN Nov. 6. (A P) A "world pact" which will eventually ensure Wall Street an undisputed hegemony in the world's money markets is expected by German financial circles to result from conferences now proceeding in New York between American and English financiers and Dr. Hjalmar <sup>o</sup> Shhaecht, head of the Reichsbank.

BRE 6 1615

GEN. DR.

121p



A D Noyes  
financial editor  
NY Evening Post  
1916-1919

131

BENJAMIN STRONG  
Estes Park, Colorado.

September 20th, 1916.

My dear Noyes:

I have been intending for some time to write you about the discrepancies which appear each week in the calculation of the net movement of currency to and from the interior, and am reminded by an article in the Evening Post that it has been overlooked, this article having been published a few days ago, calling attention to the discrepancy of \$40,000,000 in the cash movement.

I think you will find that this is largely accounted for by the shifting of cash through the Federal Reserve Bank of New York and the Gold Settlement Fund.

If one of your representatives will call at the bank and ask them for an explanation of this operation, I am sure it will be found possible to get a very much more accurate forecast of the bank statement than can be made otherwise.

The following is what sometimes happens: When New York exchange is at a discount, say, in Chicago, St. Louis and other Western cities, the Federal reserve banks at those points accumulate considerable amounts of New York exchange, which is shipped to us for their credit. We collect the checks through the Clearing House, which results, of course, in large credit balances and a considerable loss of cash by the Clearing House banks. On Thursday of each week, we settle the balances owing to the other reserve banks through the Gold Settlement Fund. That is to say,

To A. D. Noyes, Esq.,

Sept. 20, 1916.

gold held in the Fund which counts as part of our reserve, is transferred to the credit of the other reserve banks and then counts as part of their reserve. When these balances run so heavy as they have recently as to exhaust our balance in the Gold Settlement Fund, the New York bank surrenders gold certificates to the Subtreasury in New York which are there cancelled and reissued in Washington in the names, of course, of the banks with which we have settlements to effect. This operation has the same effect as a shipment of currency.

I am sure that my associates will be glad to give your representative such information every week as will enable you to take this movement into account in forecasting the bank statement.

Very truly yours,

A. D. Noyes, Esq.,  
Care New York Evening Post,  
New York City.

BS/VCM

131

Denver, Colorado,  
December 18, 1916.

My dear ~~Noves~~:

Thanks to you, the tedium of my exile out here in Colorado has been broken by a few days which I have been able to thoroughly enjoy while reading - "Financial Chapters of the World".

It is far and away the best thing that I have read on the subject and, as you realize better than most, it deals with so many matters with which I have had intimate relations, that I can appreciate the care and thought that you have given to its preparation. There are a few unimportant inaccuracies not of sufficient moment to refer to unless as I hope and expect, the volume runs through a number of editions, in which case if you would care to have me, I would be glad to write you fully on the subject.

This little book presents a graphic and logical statement of facts concerning everyone of which there could be written between the lines so many interesting stories of occurrences that have never reached the public that I am almost tempted to take the time some day to write them all out and let somebody with your facility of expression work them into a story. As you know, I spent over two months in Europe last winter and while there got much of what might be described as the - "underground story" of the occurrences which you relate and which are of even more human interest than the personal chapters in our own experiences following the outbreak of the war. Someday also we may have opportunity to discuss those matters and should you happen to be in the

To - Mr. Noyes.

December 18, 1916.

neighborhood of Denver before my return, please let me know and try and arrange time to spend a few days here with me.

I cannot close this letter without referring to the reviews appearing in the Chronicle of December 9th and the Chronicle's editorial of that date.

The Chronicle has unfortunately undertaken a determined systematic criticism of the policy of the Reserve Banks in the matter of issues of Federal Reserve notes. Neither that subject nor the one discussed in the Editorial seems to be comprehensible to them. Should you at any time contemplate a particular study of this subject, would you be good enough to let me know and I will see that every facility is placed to your disposal to get the facts, which unfortunately the editors of the Chronicle seem unwilling to investigate.

The Editorial in referring to the gold movement states that - "in some inexplicable way huge supplies of money pass away from the Clearing House banks into the Reserve banks and then disappear never to return". This is about as sensible as blaming the Croton Aqueduct for the exhaustion of the water reservoirs of New York City when all householders are permitting their taps to run day and night. What is happening to the gold is summed up roughly as follows:

1. The Reserve Banks are holding larger amounts of gold in their general reserves because of the increased reserve requirements of member banks, resulting from the general enlargement of deposit liability of all national banks.

To - Mr. Noyes.

December 18, 1916.

2. The Reserve Banks have gradually accumulated \$265,000,000 of gold against issues of notes, which gold does not appear in bank reserves.

3. The general fund of the United States government contains more gold since last July by a considerable sum, due to income tax collections, etc., which have not yet been disbursed.

4. Small denomination gold certificates issued against imported gold are being used in large volume for hand to hand currency.

5. The actual cash reserves of the banks of the country, held in the form of gold certificates, have increased in the Reserve Cities and with the country banks much more rapidly than in the the Central Reserve City of New York, as was shown in the analysis of the last condition report to the comptroller, published by the National City Bank this month.

The Federal Reserve Banks have been the distributing agency for the great bulk of the gold received from Europe, that part which has gone to the Interior being exhibited by the persistent credit balances of the New York Reserve bank, which for a recent period have aggregated \$390,000,000 in excess of the debits. The import gold is sent to the interior to pay for goods shipped to Europe, and it would go anyway when there no Reserve Banks in existence, only the cost of sending it would be considerable, whereas the transfer through the gold settlement fund costs nothing.

Were the Federal Reserve Act in proper form the greater part of this gold would now be held by the Reserve banks and represented by Federal Reserve notes, either in circulation or held by the member banks in their reserves.

4.

Let me repeat how greatly I have enjoyed reading your book,  
which I hope has a very wide circulation.

With kindest regards,

Very truly yours,

BS/CC

COPY

210

# The New York Evening Post

December 26, 1916.

131  
AD 11/20

Benjamin Strong, Esq.,  
4100 Montiven Boulevard,  
Denver, Colorado.

My dear Strong:

I am greatly obliged for your friendly letter regarding my "Financial Chapters of the War", and am glad that it interested so well informed and discriminating a critic. I am aware, better than anyone else, that a number of inaccuracies crept in, and am already making minor, and in one or two cases important, alterations on the plate. What you say regarding information which you could give me is extremely welcome, and I shall certainly take advantage of your offer in case of a general revision of the book. So much of the text was written on the basis of information which was necessarily partial, and so many of the matters discussed have been affected by subsequent developments, that many changes would undoubtedly be necessary.

Like you, I fail entirely to understand the violence of feeling on the part of the Financial Chronicle regarding the policy of the Reserve Banks in the matter of gold and Federal Reserve notes. The Chronicle has curious hobbies, and is very apt to go off on a tangent in matters of this sort and to stick to it even when the facts have been proven against it.

Trusting that you are fully recovering your health,



# The New York Evening Post

#2

and with all the best wishes of the Season, I am

Yours very truly,

adr-sm

A handwritten signature in cursive script, appearing to read "A.W. Hayes". The signature is written in dark ink and is positioned to the right of the typed text "Yours very truly,".

# The New York Evening Post

131

FOUNDED  
1801

RECEIVED  
DEC 13 1917

December 12, 1917.

DEC 18 1917  
W. A. H.



MAIL TELLER  
FEDERAL RESERVE BANK  
of New York

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

My dear Strong:-

The Evening Post expects to include in its Annual Financial Supplement a symposium of brief statements on the financial and economic outlook from a carefully-selected group of well-known economists, public men and financiers. In this I am very desirous of including your views, however briefly expressed.

FILING DEPT.

DEC 19 1917  
FEDERAL RESERVE BANK

I do not wish in any way to confine the expressions of opinion to one or another aspect of the situation. Sometimes a few lines on the extent to which the country's future financial fortunes are at stake in the issues of this war are more impressive than anything else could be. I enclose a set of queries which we have sent to bankers and financiers at various points throughout the country. But you will yourself be the best judge as to what should be the central consideration, even if treated in a few sentences.

I sincerely hope you will see your way to do this. It is not a question of the Evening Post, but of assembling somewhere a group of cool and sane opinions from men of high and responsible position, at a time when the public is sorely in need of just such enlightenment or encouragement.

If, as we hope, you should feel disposed to give us your views, we should like to receive them between now and December 20, when preparation for the special edition begins.

Very truly yours,

*W. A. H.*

# The New York Evening Post

FOUNDED  
1801

FILED DEPT.

MAR 7 1917

FEDERAL RESERVE BANK

(1) On economic and political grounds, do you expect early peace or prolonged war, and why?

(2) How would the business situation and the national prosperity be affected by another year of war, and how would it be affected by the early ending of the war?

(3) What do you regard as the strongest element in this country's economic position, and what do you consider the chief danger to be avoided?

(4) In case of increasing war costs, ought taxes to bear a larger share than now of the total expenditure, or less?

(5) In view of our own financial activities in the war, what, in your judgment, will be the economic position of the United States in the period after the war - both individually and in relation to the rest of the world?

131  
+133

December 18th, 1917.

My dear Noyes:

I am more than sorry to be compelled to refuse your request for a statement for the Annual Financial Supplement of the Evening Post, but the fact is that I have not been very fit since the close of the last Liberty Loan campaign and have found it necessary to be away from the office for some time and leave undone all but the essential things. And while I might make a special effort to get up a short article for you the fact is that I have refused a number of similar requests within the past two weeks and feel that I must be consistent.

Feeling sure that you will understand the situation and with kind regards, I am,

Very truly yours,

A. D. Noyes, Esq., ~~NY~~  
Financial Editor, The Evening Post, ~~X~~  
P. O. Box 794, New York City.

VCM

# The New York Evening Post

FOUNDED  
1801

December 6, 1918.

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

*B. A. Fr.*  
DEC 10 1918

My dear Strong:

The Evening Post expects, after its custom of past years, to include in its Annual Financial Supplement a symposium of brief statements on the financial and economic outlook from a carefully selected group of well-known economists, public men and financiers. In this we hope to include your views, however briefly expressed.

I enclose a set of queries which we have sent to bankers and financiers at various points throughout the country. They will indicate the points on which, as it appears to us, the public is most anxious to get light. You will yourself, however, be the best judge as to what should be the main consideration, even if not included in our query.

If, as we hope, you should feel disposed to give us your views, we should like to receive them between now and December 20, when preparation for the special edition begins.

Very truly yours,

*A. W. Hayes*  
Financial Editor.

# The New York Evening Post

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Hon. Benjamin Strong, Governor,  
Federal Reserve Bank,  
120 Broadway,  
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If, as we hope, you should feel disposed to give us your views, we should like to receive them between now and December 20, when preparation for the special edition begins.

Very truly yours,

*A. W. Hayes*  
Financial Editor.

# The New York Evening Post

FOUNDED  
1801

(1) In the larger view, do you look for continuing prosperity or for industrial reaction in the United States as a result of termination of the war? Will the immediate future differ from the longer future?

(2) What is your expectation as to the course of prices in the commodity markets?

(3) How far will disappearance of the war orders be offset by the filling of postponed commercial requirements for home consumers and neutral markets, and by demands for purposes of reconstruction in the damaged districts of Europe? How soon ought these to materialize? How far will they depend on prices, and, in the case of foreign orders, how far will they depend on our advances of credit to such markets?

(4) Can wages be maintained at the present level? If they can, then how will the market for the products be affected? If not, what will be the labor situation?

(5) Is there a prospect of reducing the present volume of bank loans and of Federal Reserve notes? Have we ahead of us easy money, or high money?

(6) What do you consider the most encouraging facts in the financial, economic and political outlook for this country, during the period which will follow peace? What are the chief dangers, and how may they best be avoided?

December 10, 1918.

My dear Mr. Noyes:

I am just arranging to leave for an absence of indefinite period, and if it is possible for me to prepare something, as suggested in yours of the 6th instant, in time for publication, I will be glad to do so. I am so rushed at the office, however, that I can hardly expect to undertake it until I get away.

Very truly yours,

Alexander D. Noyes, Esq.,  
~~Financial Editor,~~  
~~The New York Evening Post,~~  
New York, N. Y.

BS/MSB



# The New York Evening Post

FOUNDED  
1801

December 13, 1918.

Hon. Benjamin Strong,  
Federal Reserve Bank,  
120 Broadway, N. Y. C.

My dear Governor:

I have your <sup>Rec'd</sup> letter of the 10th relative to the matter of participating in the discussion by well-known men of our economic future in our Financial Annual. I greatly hope that you will be able to do so, as there seems to me to be need of thoughtful and well-considered expression of judgment on such matters and in this way. We can probably handle any communication up to December 28th, though of course the earlier we get it the better it serves our purposes.

Very truly yours,

*A. W. Hayes*  
Financial Editor.

adn/hmh

# The New York Evening Post

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December 13, 1918.

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120 Broadway, N. Y. C.

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Financial Editor.

adn/hmh

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Very truly yours,

*A. W. Hayes*  
Financial Editor.

adn/hmh

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

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

# WESTERN UNION TELEGRAM



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

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

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

RECEIVED AT  
B250 CPD MG 49 NL *27 1918*

DA NEWYORK NY DEC 21 1918

HON BENJAMIN STRONG GOVERNOR 8368

FEDERAL RESERVE BANK EQUITABLE BLDG NEWYORK NY

WE ARE EXTREMELY DESIROUS OF HAVING YOUR ANSWERS TO QUESTIONS RECENTLY SUBMITTED TO YOU WE CAN USE YOUR COPY IN OUR ANNUAL FINANCIAL NUMBER IF RECEIVED NOT LATER THAN DECEMBER TWENTY SEVENTH IF YOU CANNOT SEE YOUR WAY CLEAR TO ANSWER ALL QUESTIONS ONE OR MORE WOULD BE APPRECIATED

NEWYORK EVENING POST

942 PM

RECEIVED  
DEC 23 1918



FEDERAL RESERVE BANK  
OF NEW YORK

December 23, 1918.

New York Evening Post,  
20 Vesey Street,  
New York City.

Dear Sirs:

*see Mr Strong's letter 12/24/18*

Answering your telegram of the 21st, I regret to inform you that Mr. Strong is out of the city and is not expected at the office for some time as he is away for a rest.

I believe Mr. Strong's letter of December 18th to Mr. Noyes explained the reason why he could not prepare a statement for the Annual Financial Supplement of the Evening Post.

Very truly yours,

GB

Secretary to Mr. Strong.

December 24, 1918.

My dear Noyes:

I have been away, as you know, but, so far, have been unable to prepare anything for your financial annual.

To-day I have hastily dictated something which is to be mailed to me in a day or two and if it can be got ready in time I will be glad to have you use it, otherwise, please tear it up.

Very truly yours,

A. D. Noyes, Esq.,  
Financial Editor, New York Evening Post,  
20 Vesey Street, New York.

BS/MSB  
signed in Mr. Strong's absence.

## The New York Evening Post

740  
B. S.

December 15, 1919.

B.A.  
DEC 16 1919

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

My dear Strong:

*not sent to Files*

Your letter of the twelfth reached me while I was laid up at home for a couple of days. I appreciate your feeling in the matter of writing for our annual number, and yet I know you are sure to be so broad and clear in what you write as to remove any possibility of adverse criticism.

I should like above all things to see you and talk matters over; in fact, I have been trying for a week to make sure of an hour or two in which I might be fortunate enough to make such an arrangement with you. I shall look forward to having such an opportunity before long.

Very truly yours,

A. W. Hayes

# The New York Evening Post

B. 5

December 15, 1919.

B.A.  
DEC 16 1919

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

My dear Strong:

*not sent to Files*

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Very truly yours,

A. W. Hayes



j) Nye, Frank B.

7

Associated Press +

Washington Star

1922

[From B. Henry p. 2]  
660.2

June 13, 1932.

My dear Mr. Noyes:

Your note came this morning just as I was about to write you as I had promised Mrs. Noyes.

The courier for Japan is K. J. Nishi. His regular mailing address is c/o Miyako Hotel, Kyoto, Japan. He is really an exceptionally capable man, and while of course one must not let down the bars too far with a person in that position, he nevertheless is quite a companionable fellow, filled with information about Japan, and we found that he added greatly to the interest of the trip. He was recommended to us by Peter Bowditch, who had employed him some years before, and I had him thoroughly investigated by the Bank of Japan officials before I decided to employ him. They gave him a very good report.

As Mrs. Noyes states that you will only be a month in Japan, I hesitate to make any very definite recommendations about your trip. One of the most interesting things that we did was to spend a couple of nights at Koya San, which is no more than a collection of Buddhist monasteries on the top of a mountain with a little village adjacent and a very wonderful old cemetery a mile or more in extent located in a magnificent grove of Cryptomeria trees. To me it was one of the most impressive things that we saw.

I was disappointed in Miya Jima.- A cruise of about a week or ten days that we made in a junk in the Inland Sea was in every way delightful. We were fortunate in having good weather and especially in having a full moon. If you can assure that you will be fortunate and will be repaid for the cruise under these conditions.

To really see Japan one must get away from the coast cities, but there are some exceedingly interesting trips right near the big cities. One of them is to come down the rapids in a river, the name of which I do not recall, it brings you out not far from Tokyo.

I am going to take the liberty of sending you some letters of introduction to friends throughout the East, but in order to avoid a duplication of advices, would you be good enough to give me your itinerary. If you visit Java, I especially would like to give you letters to banking friends there, and would certainly recommend your visiting the Island of Bali, which is the next island east. It is one of the most primitive communities in the East in some ways, and there you will have the experience of travelling over a beautiful volcanic island, magnificent foliage, where there are practically no white people outside of the Dutch Government officials,

June 13, 1922.

and of course you will stay at the Dutch rest houses which you will find very comfortable.

If you travel through Java and go up the Malay Peninsula, it will be desirable to have a guide or courier who can speak Malay, as that is the most common language throughout that section and almost all of the hotel servants and others understand it.

I was unable to visit Siam or Indo China. If you go to Siam, I would like to give you a letter to a Danish friend at Bangkok, who will, I am sure, greatly add to the interest of your trip by giving you a line on what to do.

In Burma, the trip up the Irawadi River - which I was unable to make on account of the heat, but which the other members of the party did make - is not especially interesting; but Mandalay is a most interesting old Eastern community with some of the most beautiful pagodas to be found anywhere in the East. The trip up the Irawadi above Mandalay they tell me is very beautiful and interesting.

If you go up the Malay Peninsula from Singapore, I hope you will not fail to stop off at Qualla Lumpur (please accept reservations as to spelling as I am dictating entirely from memory). The motor trip from Qualla Lumpur over a new road which has been built right through the Jungle is well worth making and there is a splendid railroad hotel in the town where you will be most comfortable. Taking that trip you will probably go on to Penang and there take a steamer to Calcutta. Of course Darjeeling will be cold when you are there and probably not feasible, although the view of Kinchin Junga is one of the most gorgeous in the world.

I would like to send you letters to Lord Ronaldshay, Governor General of Bengal. Lord Reading you already know but I will take the opportunity of writing him if you will permit me. I shall also send you a letter to my friend Mr. Hailey, Finance Member of the Viceroy's Council, and to Sir George Lloyd, Governor General of Bombay. I did not get to Madras, nor did I visit Ceylon. You will certainly want to go to Agra to visit the Taj Mahal, and there are some most interesting old ruins of the Mogul dynasties and of the period of the slave kings in that region. Do not fail to visit Fattipur Sikri. In Delhi you will have some similar interesting trips to old ruined cities now completely deserted, see the capital of the Mogul Kings, and in the walled town visit the great works constructed by Akbar. We enjoyed our stay at Benares, happening to be there, however, when there was a full eclipse of the moon, when they told us there were some hundreds of thousands of pilgrims there to bathe in the river. It was a sight never to be forgotten, and of course you cannot have the advantage of the eclipse, but if you can select a period of pilgrimage, it would be well worth stopping there for a few days.

June 13, 1922.

I told Mrs Noyes that she would enjoy visiting the establishment of Gerdi and Hari Das. They have the best gold and silver brocades in India, and possibly it is not quite fair to Mrs. Noyes to give you this warning in advance for it may be expensive. It is at Benares.

I was unable to get to Udaipur and the deserted cities of that section which they say are <sup>the</sup> most wonderful of all in India. Kashmir will probably be inaccessible on account of the snow when you are there. It can only be reached by automobile or wagon. The Indian Government was still in Simla when we were there, but will be in Delhi in January, and I doubt if the trip to Simla would pay.

Travelling in an Indian train at night necessitates taking some sleeping equipment. You will need your own sheets and pillows and blankets; but we did not find it necessary to take any heavy bedding as the bunks are reasonably well upholstered.

Being there out of the usual travelling season we, of course, encountered more mosquitos than you will, and I should say that generally the things to guard against in travelling in the East are the following:

1. The sun. From the middle of the morning until quite late in the afternoon do not fail to wear a good stout head protection in hot weather. One does not become aware of the influence of the sun until it is too late sometimes, and it is a precaution which every American should take without fail. This is especially true in India.

2. Do not drink any water that is not bottled and of a well-known brand. Tan San in Japan is the best. There are a great variety to be had in the Dutch Indies and in British India that are good.

3. Uncooked food of any kind, I believe is dangerous and any fish which has not been very thoroughly cooked.

4. If there are mosquitos about take precautions that you do not get bitten. The varieties that carry malaria fevers are principally found in the foot-hills of the Himalaya Mountains, but they are dangerous all through the East on account of the rice fields which are breeding grounds for them, and while some people advise you that it is perfectly safe to sleep at night under a fan or punka, I believe myself that it is much safer to have a good mosquito net. Most of the hotels provide them.

I personally believe that a great many people are unduly concerned about these dangers and that reasonable precautions on the points that I have mentioned are all that are required, and travelling is perfectly safe and reasonably comfortable.

June 13, 1922.

I cannot tell you much about China as the weather prevented my getting to the interior.

One of the most important precautions to observe is to book up steamship passage well in advance, make sure that your location on the steamer is absolutely contracted, and that the steamer will sail when scheduled. They have a disagreeable way of changing their schedules and not notifying you. I was delayed some weeks at one point by having that happen.

As to your business arrangements with Nishi. As I recall, we paid him 4 yen per day per person - which is about \$2.00 - and 3 yen per day for his expenses. I think his arrangements are subject to some re-adjustment and he may have changed his rates since we were there. But I was convinced that he was thoroughly honest, never overcharged us, and he keeps the most accurate accounts of the money he spends.

Won't you let me know if the above is about what you want and particularly give me some idea of your itinerary so that I can send the letters. It was a great pleasure to see you and Mrs. Noyes and I wish I might have it oftener.

Yours sincerely,

Frank B. Noyes, Esq.,  
c/o The Associated Press,  
Star Building,  
Washington, D. C.

ES:MM

FRANK B. NOYES,  
WASHINGTON STAR,  
PRESIDENT.

HERBERT F. GUNNISON  
BROOKLYN EAGLE,  
FIRST VICE-PRESIDENT.

*[Frank B. Noyes]* 2  
STUART H. PERRY,  
ADRIAN TELEGRAM AND TIMES,  
SECOND VICE-PRESIDENT.

MELVILLE E. STONE, COUNSELOR.  
FREDERICK ROY MARTIN, GENERAL MANAGER.

KENT COOPER, ASST. GENERAL MANAGER.  
JACKSON S. ELLIOTT, ASST. GENERAL MANAGER

J. R. YOUATT, TREASURER.  
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CHARLES A. ROOK, PITTSBURG DISPATCH.  
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H. V. JONES, MINNEAPOLIS JOURNAL.  
D. D. MOORE, NEW ORLEANS TIMES-PIGAYUNE.  
E. LANSING RAY, ST. LOUIS GLOBE-DEMOCRAT.

# The Associated Press

ACKNOWLEDGED

JUN 13 1922

PRESIDENT'S OFFICE.  
STAR BUILDING, WASHINGTON, D. C.

June 13, 1922.

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

My dear Mr. Strong:

Mrs. Noyes tells me that you promised to give us some information about things in the Orient, including the name and address of a very desirable guide in Japan.

This is to remind you that I am counting on your not forgetting to give me this help.

Our present plan is to sail the latter part of September.

When you write me will you let me know the business arrangement you made with the guide in question so that I may govern myself by your experience?

With cordial regards,

Very sincerely,

Frank B. Noyes



The Evening Star-The Sunday Star  
WASHINGTON, D. C.

[From B Strong]

June 15, 1922.

Mr. Benjamin Strong,  
Federal Reserve Bank,  
15 Nassau Street,  
New York, N.Y.

My dear Mr. Strong:

Thank you very much for your letter of the 13th just received and which I have not yet had a chance to thoroughly read, as I am leaving Washington tomorrow morning to motor to New England and am overwhelmed with work at the moment.

I will write you later as to our itinerary.

I was very good of you to take this interest in our trip.

With cordial regards,

Very sincerely,

Frank B. Noyes



[From B. Strong] *Frank B. King*  
660.2

FILES DIV.  
August 1, 1922

AUG 8 1922

My dear Governor Strong -

FEDERAL RESERVE BANK

I am altogether  
lacking in words with which to  
express my appreciation of your  
kindness in sending the letter which  
I have just received and for the  
very valuable advice you have  
given us as to our journeying  
in the far East, but I think that  
you will understand that we do  
realize to the fullest extent the  
trouble to which you have given  
and the aid that you have  
extended.



Am now looking forward with  
the keenest anticipation to an  
trip and I hope soon to have  
the opportunity to leisurely compare  
our experiences.

With cordial regards,

Sincerely,

Frank B. Weyer

FRANK B. NOYES,  
WASHINGTON STAR,  
PRESIDENT.

MELVILLE E. STONE, COUNSELLOR.  
FREDERICK ROY MARTIN, GENERAL MANAGER.

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KENT COOPER, ASST. GENERAL MANAGER.  
JACKSON S. ELLIOTT, ASST. GENERAL MANAGER

*[From B. Strong to]* 660.2

STUART H. PERRY,  
ADRIAN TELEGRAM AND TIMES,  
SECOND VICE-PRESIDENT.

J. R. YOUATT, TREASURER.  
MILTON GARGES, CHIEF OF TRAFFIC DEPARTMENT.

# The Associated Press.

PRESIDENT'S OFFICE,  
STAR BUILDING, WASHINGTON, D. C.

July 18, 1922.

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

My dear Governor Strong:

I have intended writing you before this regarding our proposed itinerary and your very kind suggestion that you would give me some letters.

In general, our trip will be to the following points:

*Col. S. P. Cheney*

Japan (principal cities)  
China (Pekin, Shanghai, Hong-Kong)  
Saigon,  
Bankok,  
Singapore  
Java  
Rangoon  
Calcutta  
Benares  
Belhi  
Agra  
Bombay  
Ceylon

*Group: Yakai, Nishi, Shibusawa, Megata*

*Sir L. Kneeland -*

*Yokohama, Van den Berg -*

*Lord Ronaldsbury -*

*Reading - Halcy -*

*Sir Geo. Lloyd -*

It is possible, of course, that I may have to omit some of the points particularly Saigon and Bankok. In India, also, it is likely that we will visit other points (Madras, Bangalore, etc.)

Honorable Benjamin Strong--2

While I have some acquaintance with Lord Reading, I would be very glad indeed to have you write him as you suggest.

I will expect to reach India about the middle of January.

I very much appreciate your trouble in writing us so fully.

With cordial regards,

Very sincerely,

Frank B. Noyes

I From B Slough  
F. B. Noyes  
660.2

General Bellings and Van den Berg are the head officers of the  
Netherlands Bank at Batavia, which as you know is the business part of  
Mr. Van den Berg has a charming wife whom I am sure Mrs. Noyes will be delighted  
to meet, and you will find them most hospitable and delightful people. Un-  
fortunately, the Governor General, Count Van Bijsterveld, was to change  
when I was in Java, but left, his term of office having expired July 19, 1922, and I do not  
personally know the present Governor General, but I am sure that Mr. Van den Berg  
will be delighted to make you acquainted with him.

My dear Mr. Noyes:

Here are the notes of introduction, and in addition I have written  
to all of the persons to whom they are addressed, advising of your prospective  
trip so that I believe they will all be on the lookout for you.

Now a word about the letters. Governor Inouye and Mr. Fukai are  
officers of the Bank of Japan, Tokyo. Governor Inouye is one of the ablest  
Japanese that I know. He is especially well informed and speaks English  
quite well, as does Mr. Fukai. They are both warm personal friends of mine.  
I think Mr. Inouye is regarded as one of the ablest men in Japan, especially in  
finance and economics. He belongs to the younger, more progressive and  
enlightened party, and some day I anticipate will be Finance Minister.

Nishi is the guide that I spoke to you about. If you decide to  
engage him, I suggest writing well in advance as he is usually pretty busy  
at the time you are likely to be in Japan. I am sending you not only the  
note of introduction, but the letter of advice as well, so that you may send  
the letter of advice yourself only in case you decide to engage him.

Viscount Shibusawa is one of the leading business men of Japan.  
You probably know him by reputation. He is sometimes called the J. P. Morgan  
of Japan. He is a man possibly 86 or 87 years old, speaks no English, but  
has an excellent interpreter. He is very rich, and now spends all of his  
time in philanthropic work. He is a charming and enlightened man.

Baron Megata is a member of the House of Peers, and has some  
influence in business affairs, although he is now retired from business.  
Both he and Viscount Shibusawa have visited this country a number of times.  
The latter in the early days was private secretary to Prince Ito.

Colonel Cheney, I think you and Mrs. Noyes probably know. He is  
now Military Attache of the American Legation in Peking, and just before leaving  
married Louise Delano of Washington.

Sir Lawrence N. Guillemard is Governor General of The Straits Settle-  
ments and High Commissioner of The Federated Malay States. He and Lady  
Guillemard had only been at that post a few months when I was in Singapore.  
They are charming people and have a beautiful house in Singapore where you  
probably will find them at the time of your visit.

letter on p. 2 of pp. 2 mentioned

July 19, 1922.

Messrs. Zeilinga and Van den Berg are the head officers of De Javasche Bank at Weltevreden, which as you know is the business part of Batavia. Mr. Van den Berg has a charming wife whom I am sure Mrs. Noyes will be delighted to meet, and you will find them most hospitable and delightful people. Unfortunately, the Governor General, Count Van Limburg Stirum, who was in charge when I was in Java, has left, his term of office having expired, and I do not personally know the present Governor General, but I am sure that Mr. Van den Berg will be delighted to make you acquainted with him.

\* Lord Ronaldshay is Governor General of Bengal. We visited him at Darjeeling. He is a man of great energy and ability, and I think is regarded as one of the ablest men in the Indian Government.

Lord Reading you already know.

Mr. Hailey is the Finance Member of the Viceroy's Council. We visited Mr. and Mrs. Hailey at Simla, as the Indian Government was in the Mountains when we were there; but they will be in Delhi during your visit. I am sure that you will be delighted to meet them. They are most hospitable and entertaining, and Mr. Hailey you will find as well posted as any one in India upon conditions and especially upon the Indian Government. He has spent his life in the work.

Sir George Lloyd is Governor General of Bombay, and is one of the youngest men in high office in India. He also is a man of most unusual energy, and although he had been in office but a short time when I was there, he was making himself strongly felt in the more progressive development work of that Presidency.

It has seemed to me better to furnish you with this rather small number of letters to men of more importance, than to give you a large number of letters which might prove to be a burden, as courtesy requires me to advise their having been given well in advance.

I am sure it is not necessary for me to suggest that in the East these gentlemen in the Indian Government find it necessary to make engagements in advance, and I think you will find it a convenience to yourself and to them to send the letters by mail or messenger on your arrival, or if possible in advance of your arrival, so that they may expect you and plan accordingly. It may be just as well also to warn you that not only the Viceroy but the Governors of the States are in the habit of keeping open house. I think if these letters are sent in advance it is quite likely - unless other engagements interfere - that you and Mrs. Noyes will be asked to visit at the Government house in each instance. That proved to be the case when I was there, although we were not always able to accept the invitations.

We found it particularly interesting to stay with the Viceroy, and I may say we had the same experience in Java where we visited the Governor General at the Palace at Buitenzorg.

July 19, 1922.

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July 19, 1922.

These visits give one an exceptional opportunity to learn something of what is going on in the East, and no part of my visit was more enjoyable than these stays at the various Government houses.

I am looking up the name and address of a Danish friend at Bangkok, but am unable to send the letter with this as I seem to have mislaid his address.

Won't you be good enough to let me know if this covers the ground.

Sincerely yours,

Frank B. Noyes, Esq.,  
c/o The Associated Press,  
Star Building,  
Washington, D. C.

BS.MM  
encs.

\* P. S. Since this letter was written, I have discovered that Lord Ronaldshay's term of office has expired and that he has been succeeded by Rt. Hon. the Earl of Lytton, Governor General of Bengal, whom I do not know, and so I have omitted a letter to the Governor General of Bengal.

B. S.

k) Beecher Stone  
Double Bay. Page + Co  
1927





SHORT STORIES DOUBLEDAY, PAGE & CO. COUNTRY LIFE



THE FRONTIER

EDUCATIONAL REVIEW

GARDEN & HOME BUILDER

RADIO BROADCAST

THE COUNTRY LIFE PRESS

GARDEN CITY, N.Y.

March 24, 1927.

195

Dear Sir:

I have learned from Senator Glass that you have read his material entitled "An Adventure in Constructive Finance" and have expressed your approval of it to him. I wondered if you would be so kind as to let us have a comment that we might quote in connection with our efforts to secure an adequate distribution of this fine contribution to the subject.

Trusting this may be agreeable to you, I am

Sincerely yours,  
DOUBLEDAY PAGE & CO.

*Beecher Stowe*

Editorial Department.

Benjamin Strong, Esq.,  
Gov. N. Y. Federal Reserve Bank,  
33 Liberty Street,  
New York City.

LBS:YS

CG 51

X Doubleday Page  
Collection

Hotel Brighton,  
Atlantic City, N. J.,  
April 12, 1927.

My dear Sir:

The delay in answering your note of March 24 could not be avoided on account of my absence and illness.

You ask me for a comment upon Senator Glass's book entitled, "An Adventure in Constructive Finance." Possibly the most pertinent comment is to express the satisfaction which all of Senator Glass's friends feel that he has at last given us the intimate and authoritative account of the legislative history of this masterpiece of legislation.

No one after reading this book, even though they do not know the author intimately as I do, can doubt that it was his energy and devotion to the task which resulted in the construction of the Act and its passage by Congress.

I hope the circulation of the book is as successful as its merit justifies.

Sincerely yours,

Mr. Beecher Stowe,  
Editorial Department,  
Doubleday, Page & Co.,  
Garden City, New York.

CG-52

*no reply necessary*



SHORT STORIES DOUBLEDAY, PAGE & CO. COUNTRY LIFE



THE FRONTIER

EDUCATIONAL REVIEW

GARDEN & HOME BUILDER

RADIO BROADCAST

THE COUNTRY LIFE PRESS

GARDEN CITY, N.Y.

April 13, 1927

Dear Mr. Strong:

I wish to thank you most sincerely for sending us an endorsement of Senator Glass' book. This fine word from you should help us to secure circulation for the book, which, I am sorry to say, is proving surprisingly difficult. I suppose the fact of the matter is that the people have been so bored by economic and financial books that when a man comes along who can write in a human and entertaining way he has to suffer for the sins of his predecessors.

Sincerely yours,

*Beecher Stow*

Benjamin Strong, Esq.,  
Hotel Brighton,  
Atlantic City, N.J.

LBS/EAD

Q. Swepe, H. B.

New York Board

1923-1925

AN ANSWER IS EXPECTED

by the sender of this message. Please give it to the messenger or telephone it to

WESTERN UNION

# WESTERN UNION TELEGRAM



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

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

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

RECEIVED AT

F390CC 1R 85 NL 5 EXTRA

NEWYORK NY OCT 16 1923

BENJAMIN STRONG

15 NASSAU ST NEWYORK NY

FIVE YEARS SINCE SIGNING OF ARMISTICE WILL HAVE ELAPSED NOVEMBER ELEVEN THE WORLD SEEKS FOR PUBLICATION THAT DAY SYMPOSIUM OF OPINIONS OF LEADERS OF THOUGHT THROUGHOUT EARTH ON DEVELOPMENTS THESE YEARS AND THEIR PROMISE OF GOOD OR ILL FOR FUTURE ARE THE NATIONS IN CLOSER ACCORD ARE THEY COMING CLOSER WHATS THEIR GREATEST NEED HOW MAY IT BEST BE SECURED WILL YOU BE GOOD ENOUGH TO TELEGRAPH COLLECT ANSWERS TO THESE QUESTIONS BECAUSE OF SPACE LIMITATIONS BREVITY WILL BE APPRECIATED

NEWYORK WORLD

HERBERT BAYARD SWOPE

EXECUTIVE EDITOR

1204A 17

*Mr. Swope might advise Swope I'm aware. If worth while to get up 100 words or so - see good it was on my return. "Some" the pessimists, quote the 5<sup>th</sup> act of Macbeth - and points out that "head doctors" must deal with trees, before bankers to book keepers can deal with currencies etc.*

POSTAL TELEGRAPH - COMMERCIAL CABLES

CLARENCE H. MACKAY, PRESIDENT

RECEIVED AT

TELEGRAM

DELIVERY NO.

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

Form 16

STANDARD TIME INDICATED ON THIS MESSAGE

53 WD OX 11 PM 83 NL COUNT 4 QUESTION MARKS 4 EXTRA IN SIG

WD NEW YORK OCT 30 1923

1113

CB

BENJAMIN STRONG

1113 15 NASSAU ST NEWYORK NY

MANY LEADERS OF THOUGHT IN AMERICA AND ABROAD HAVE EXPRESSED OPINIONS ON WORLD DEVELOPMENTS DURING THE FIVE YEARS SINCE PEACE WAS DECLARED FOR PUBLICATION IN THE WORLD'S SYMPOSIUM NOVEMBER ELEVEN. MAY WE NOT AGAIN ASK YOU TO TELEGRAPH COLLECT ANSWERS TO FOLLOWING QUESTIONS WITH COMMENT STOP ARE THE NATIONS IN CLOSER ACCORD ? ARE THEY COMING CLOSER ? WHATS THEIR GREATEST NEED ? HOW MAY IT BEST BE SECURED ? BECAUSE OF THE MANY REPLIES BREVITY WILL BE APPRECIATED.

HERBERT BAYARD SWOPE,  
EXECUTIVE EDITOR NEWYORK WORLD

*To New York World.  
for Nov. 11.-*

FIFTEEN NASSAU STREET  
NEW YORK

October 29, 1923

Editor, New York World,  
Pulitzer Building,  
New York City.

Dear Sir:

It is my sincere belief that conditions economic and industrial in Europe and in other countries since the close of the War have been in general persistently exaggerated or misrepresented and have been, broadly speaking, returning much more nearly to their normal paths than anyone would imagine from the overdrawn and sometimes hysterical accounts which have been printed regarding them. Even countries like Germany, Poland, Austria and others, which have been very deeply disturbed by indulgence in wholesale inflation (I can give it no other term) have suffered far less than some of our economic theorists would have us believe.

The dislocations due to the arbitrary chopping up of natural economic units, to satisfy the vanities of "national" or "racial" egos have probably affected European life more seriously than anything else, but even here the adjustment has been steady and considerable.

The rapidity with which a country may recover from the orgies of inflation seem vividly illustrated in the case of Austria, which, in the face of enormous difficulties, appears to be making steady and solid progress. I have sometimes wondered if the endless embroglios which seem the stock in trade of European politics might not be a natural means of effervescence, or sublimation of some sort, of popular and even domestic irritations and animosities, and relatively harmless save where they coalesce with profound economic conflicts to precipitate such a conflagration as the World War. ~~I~~ believe there is scarce any country in Europe that has not shown fairly steady industrial improvement since the Armistice, and that if we could lift the smoke screen engendered by political controversy we should be quite astonished at the general tranquility of the picture. It seems to me that it is the consuming egos of nationalists everywhere that most seriously threatens the peace of nations, and relatively little else.

*and Reparations*

Very truly yours,

*Without in any way minimizing the devastating effect of the French invasion of the Ruhr, after peace had been established,*

*I still*

[From Belmont Jr.]



December 28, 1925.

HERBERT BAYARD SWOPE  
EXECUTIVE EDITOR

ACKNOWLEDGED

DEC 30 1925

B. S.

Dear Governor:-

Because I have regard for your judgment, I am anxious to get from you an expression of opinion as to the workability and general value of the enclosed suggestion. It was written by B. M. Baruch after a discussion with myself and some of my associates on the paper, as to the needs of the present financial and economic situation. As it deals so largely with subjects on which you can speak with authority, from both an academic and an empiric standpoint, I am eager to learn the reaction the memorandum produces on you. I ask for my own guidance. Neither the memorandum nor your reply is intended for publication. I told Baruch I was going to send it to you, and he agreed that your judgment would be valuable from the standpoint of your impartiality and knowledge.

I hope you have a very Happy New Year.

With sincere regard

Faithfully,

*Herbert Bayard Swope*

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

P.S. When you send your reply please be good enough to return the memorandum.

5,



RECEIVED  
GOVERNORS' OFFICE  
FEB 5 1926  
FEDERAL RESERVE BANK  
OF NEW YORK

DEC 29 1925 9 50 AM  
FEDERAL RESERVE BANK

Faint, mostly illegible typed text, likely the body of a letter or report.

Faint, mostly illegible text at the bottom of the page, possibly a signature block or footer.

Copy [From Bellamy Jr.]  
"Rough draft"

MEMORANDUM

The United States is making settlements with our Allied debtors on the basis of their ability to pay. I myself am one of those who felt that we never should have asked the nations to pay all the indebtedness incurred in the prosecution of the war; that that part of the indebtedness incurred for military purposes should have been regarded as a contribution to the common cause. It is possible to find this out from the records of the Treasury Department, the War Industries Board, and the Allied nations. The net result of this would have been very little different from the result of what is being done now; only we have lost the opportunity of doing a fine thing finely.

Our policy having been decided otherwise, I believe we should accept the determination of President Coolidge and Secretary Mellon because they have certainly done what they, the responsible heads, have deemed wise and proper in the circumstances.

We have made these adjustments, or compromises, or lessening of the debts--in fact, a cancellation of a large part of the principal--for the purpose of restoring trade and commerce in the world. Our Allied debtors have come to us and said that their combined ability to pay amounts (depending upon what the French settlement finally is) to between \$230,000,000 and \$250,000-

000 a year. The same nations tell us, in discussing the German reparation, that Germany alone can pay \$625,000,000 a year, plus a certain amount measured by an index of prosperity. To the ordinary man the measure or manner of arriving at these two amounts, the Allies' ability to pay and Germany's ability to pay, seems to be quite different. One set of figures must be wrong, although they are made by the same people. Evidently a different yardstick is being used, because sentiment has been debarred from the whole transaction. Only cold facts are supposed to be taken into consideration.

I think, with trade and industry revived, that even the present debts would become comparatively and astonishingly small in proportion to the burden they are generally supposed to be. But of what avail will be the cancellation of a part of our debt, if our acceptance of inter-Allied indebtedness is based on facts, unless the whole economic circle is closed by placing the German reparation in a position where it cannot be a disturbing cause to American commerce and trade? I say "cancellation of a part of our debt"

because an examination of the present cash value of the arrangements made with the various Governments will show, at 4 1/4% interest, the following results:

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---

Estimated Present Values of Debts Due Under Funding Arrangements  
Expressed as Percentages of the Principal  
Amounts due December 16, 1925.

---

Country	Percentage Relation of Present Values at 4 1/4% to Principal	Percentage Relation of Present Values at 6% to Principal	Percentage Relation of Present Values at 7 1/2% to Principal
Belgium	54.1	38.1	
Czechoslovakia	80.6	56.1	
Great Britain	83.7	62.2	
Italy	26.2	16.4	11.6
Poland	83.6	62.1	
France (offer made by French)	45.		
France (offer made by America)	70.		

If going rates of interest are used, they would have a much smaller value. So a large percentage has been cancelled however we may dress up the phraseology of the transaction.

To make possible the results which we desire to achieve by reestablishing the economic balance through an adjustment of the

FEDERAL RESERVE BANK OF NEW YORK  
 FEB 5 1926  
 DIVISION

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Estimated Present Values of Debts Due Under Funding Arrangements  
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Country	Percentage of Relation of Present Value at 4 1/4% to Principal	Percentage of Relation of Present Value at 6% to Principal	Percentage of Relation of Present Value at 7 1/2% to Principal
Belgium	54.1	38.1	
Czechoslovakia	80.8	56.1	
Great Britain	83.7	62.2	
Italy	58.2	46.4	31.8
Poland	83.6	62.1	
France (other made by French)	48.		
France (other made by America)	70.		

If going rates of interest are used, they would have a  
 much smaller value. So a large percentage has been cancelled  
 however we may dress up the phraseology of the transaction.  
 To make possible the results which we desire to achieve  
 by reestablishing the economic balance through an adjustment of the

debts, there should be an adjustment of the German reparation somewhat on the same scale as the Allies' debts were adjusted if the yardstick determining the Allies' ability to pay is correct.

The greatest difficulty international trade is meeting is the fluctuation in the media of exchange. England has just gone on the gold basis. The difficulties of the French are apparent to all; and so on through the list.

So this plan is suggested: that in order to settle the whole problem -- not as a palliative, but as a curative -- (1) the German reparation, *that is to be totally paid*, should be fixed at a determinate sum, arrived at on the basis of the settlement of the Allied debts. This should not be done by the United States Government; it is a transaction for the governments themselves involved. (2) The French must balance their budget and determine at what price they will stabilize the franc in gold. (3) The German reparation having been definitely fixed by the same yardstick that has determined the Allied indebtedness, there should be an international issue, in gold dollars, pounds, francs at the determined stabilized rate, marks, lira, pesetas, all forms of exchange of a \$2,000,000,000 series A German reparation loan to be secured by sufficient railroad and industrial bonds to make the loan good beyond peradventure. Under the Dawes Plan, Germany has created such mortgages, which rank ahead of those which are now being issued in increasing quantities by American bankers. The balance of the reparation bonds would be held under an arrangement among the

FEB 5 1926  
FEDERAL RESERVE BANK  
OF NEW YORK

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reparations bonds would be held under an arrangement among the

various countries interested and to whom the securities would be coming. If the loans issued by American bankers are good, this loan would be much better; if this loan should not be good, the loans handled by American bankers are not good.

From the proceeds of this loan there would be allotted to the various countries their percentage as they may determine or as has been determined under the Spa Agreement. Under this France would get something over a billion dollars, and the balance would be divided among England and the other countries. This would immediately and definitely stabilize the pound and the franc. The French having balanced their budget and determined upon a gold value for the franc, there would be no doubt in the mind of any one, including the French investors who are now so panic-stricken, that with a credit of over a billion dollars behind them, the franc would be stabilized. Gold money would come out of hiding and international trade would be stimulated because here would be a final determination of three things: (1) the Allied debts, (2) the German reparation, (3) the stabilization of the various media of exchange.

This would be a great economic step to provide for the continuance of peaceful pursuits, which has its political parallel in the Locarno Compact.



FEB 5 1926  
FEDERAL RESERVE BANK  
OF NEW YORK

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This would be a great economic step to provide for the continuance of peaceful pursuits, which has its political parallel in the Locarno Compact.

[From B. Stoney's]

December 30, 1925.

My dear Swope:

I am replying at once and possibly rather hastily to your note of the twenty-eighth, as I am obliged to go out of town today and there would be considerable delay.

You will, of course, understand what I am writing to be purely personal views and sent to you quite privately. This is a subject on which I have never made any statement for quotation.

It seems to me the debts of foreign governments to our government must be considered in three aspects: (1) Moral, (2) Political, and (3) Economic.

As to the moral questions involved, the debts were honestly incurred with every expectation that they would be considered as debts and be repaid. But the developments subsequent to our becoming a belligerent, that is, the prolongation of the war and the immense destruction which it brought and the difficulty which we encountered in rendering prompt and effective aid in a military way, have always led me to believe that upon strictly moral grounds there was justification for at least a generous policy in settling the debts which, on the one hand, would preserve the principle of the sanctity of these international debts, but on the other hand would recognize some moral obligation to be lenient to a debtor who is in great difficulty. This point of view, in regard to the debts, is illustrated by the fact that the allied nations of Europe who were engaged against Germany are all of them recognizing their domestic debts, and not attempting by one or another method to avoid payment or extinguish them, and consequently are laboring under tremendous burdens of taxation; whereas the enemy countries wiped out their debts by inflation and have relieved themselves of a large part of the debt burdens, so far as the government is concerned. We now appear to be in the position of adding fresh burdens to some of our allies, at the same time that we have made a contribution - privately, to be sure - but nevertheless a real contribution to enable Germany to work out her debt to the allied governments. Our efforts, unfortunately, seem to be directed more energetically towards making our own partners in the war pay what they owe, rather than to make the defeated enemy pay, and that feature of the present situation I have never liked.

The second aspect of the question - the political one - is the most difficult. Between 60 and 70 percent. of the people living in this country are of recent foreign origin. They or their parents have come here to escape all sorts of things which troubled them in other countries, such as compulsory military service, heavy taxation, one or another form of what they regarded as persecution - and they considered this a free country wherein by labor and good wages they could enjoy prosperity and comfort. Instinctively they were freeing themselves from a political system in Europe which they distrusted. They learned that we taught the principle of not interfering with

European affairs and they liked it. I think they appreciated that the foreign policy of this country was designed to keep us out of this very war. It was the commonest sort of doctrine taught in schools 30 or 40 years ago.

Notwithstanding this fundamental principle of our political life, we were drawn into the war; we abandoned our isolation; we sent 2 million people to Europe, and spent \$35 billion. When peace was made, I think the people of the country felt that at great sacrifice of our independence, we had made a contribution to a great cause, but that now we were entitled to return to our position of independence, isolation, comfort and prosperity; that those who owed us money should pay. I think most people west of the Alleghanies regarded our war effort as something a little extraordinary, and that it involved great sacrifices which we were neither politically nor morally committed to make. It is therefore easy to explain the feeling in the west that our debtors should pay us what they owe. And politically, I have no doubt that these settlements are necessary even though they seem difficult, and that once made, we may look forward at some time in the future to a readjustment of the whole account when the political atmosphere is more favorable to doing so. It is better to have them settled on some basis than to have them remain unsettled and have stable conditions indefinitely deferred. If they have to be resettled, let us later face that question courageously and take the matter up again.

As to the economic conditions involved in the debt settlements, I consider them about as follows: Germany has become obligated to pay \$625 million a year in a standard year, that is 1928, and to transfer so much of that to her creditors through the transfer organization as is capable of being transferred without breaking down the German economy. If the accumulation of untransferrable funds reaches 5 billion marks, then payments are to be suspended until transfers can be effected. On the other hand, the debts owing to our government by the allied nations, when funded, will probably involve payments of 250 to 300 million dollars a year. Loans made by our private citizens to foreign governments, largely for reconstruction purposes since the Armistice, now or shortly will require payments annually approaching \$250 million, and may even reach \$300 million or more within the course of a year or two. So that some years hence, when the maximum payments on the allied debts to our government are reached, the amount which we are to collect from the rest of the world will just about equal what Germany is obligated to pay, when she can pay, under the Dawes Plan.

But there is this vast difference between the two sets of obligations - Germany will not pay if transfers cannot be effected. I sometimes doubt whether for a long period Germany can be capable of paying more than, say \$200 million a year, or \$300 million a year at the outside, and no default will occur if transfers in excess of that amount cannot be effected. The obligations incurred by the foreign governments and borrowers to our government and to our citizens, however, are fixed obligations. No method is provided for their reduction or suspension in case Germany's payments are not equal to meeting them. These payments doubtless must be made in part by a continuance of our policy of lending abroad. If developments in our finance make it impossible for us to continue that policy, the test of the world's capacity to continue to pay us will again occur. No one can say what the consequences will be. The world has had no experience in making payments of this magnitude. The great war debts of the European nations, with the exception of the French indemnity to Germany, have been domestic debts, and even those incurred by the Napoleonic wars have not been repaid as yet. The payment which France made to Germany is still indirectly forming part of the domestic debt of France, and the payment which France actually did make was largely made by borrowings. These payments must be made not out of the gross proceeds of the

sale of goods, but out of net proceeds or profits. They are a charge on the profits of business, and not on the total sales, and I should imagine that sometime within five or ten years of the present date, a situation is likely to arise where the subject will require review, not as the result of any particular agitation, but as the result of some economic pressure which will force a review. This opinion is, of course, largely speculative and can be based neither upon calculation nor experience.

The underlying economic problem, however, is much more important than the mere payment of these debts. A condition of contentment in the world, which means social and political stability, can only be established and maintained if standards of living are on a supportable basis and are improved over the present basis in many parts of the world. The enormously heavy taxes now being paid in Europe are bound to affect standards of living. If they are continued at a low level, the world's trade will be affected. There will be recurrent periods of unemployment and discontent. I would rather see moderation in debt settlements, full employment, good business and contentment, than a stern policy of debt collection with discontent, idleness and unhappiness. In other words, it would be better for, say, an American farmer to have \$100 more income and pay \$5 or \$10 a year more taxes, than it would be to have his taxes reduced by collecting these debts and then be unable to market his surplus crops abroad.

The above reflections are not directly addressed to Mr. Baruch's memorandum which seems to me calls for comment beyond the above on only one point, namely, his scheme for a loan of 2 billion dollars. In the present situation, I think that would be a mistake. The French domestic debt is 300 billion francs. The French foreign debt cannot be stated because it has not yet been funded. Call it 100 billion francs more or less. If Germany should raise a loan of 2 billion dollars by the plan proposed, France would get 1 billion dollars - say roughly, 25 or 30 billion francs. It would effect a reduction of so small a percentage, that the French debt problem would not be settled beyond a postponement of the day of reckoning in France when their whole debt problem, domestic and foreign, must be dealt with. On the other hand, an annuity from Germany of 100 or 150 million dollars a year, strikes me as affording greater relief to France, pending an adjustment of domestic finance, than would a round-sum payment. In a general way, it strikes me that the time is not yet ripe for such a proposal. If the French finances could be reorganized, and then a smaller loan of this general character be arranged as an aid to a scheme for the stabilization of the franc, with continuance of annuities from Germany at possibly a lower rate than that proposed in the Dawes Plan, I should think the outlook for France would be better than it would be if such a capital operation is proposed.

You know there are some situations which can be cured by some form of normal treatment without a crisis, and others which cannot be cured or dealt with except as the result of a major crisis. It may be that France would be better off if the crisis arose promptly than if it is indefinitely postponed, as might be the case under some such plan as Mr. Baruch proposes.

Now, these are very perplexing and complicated matters on which volumes can be written, and which are no more than touched upon in a most speculative way by the above, but it will give you a general notion of how it all strikes me, and this I send for what it is worth. The immediate danger in this debt matter is that Congress will fail to ratify the funding agreements now made. Congress will take considerable responsibility if the debt question is generally left open with the added possibilities of disorganization resulting from that, in preference to settling the matter now when the opportunity is here, even though some difference of view may exist as to the par-

ticular terms of one or another settlement. I have been amazed by the number of people from all parts of the country who tell me that they want to see the debts settled and are not particular as to the terms so long as a settlement is reached.

With best regards and wishing you also a very happy New Year, I am,

Sincerely yours,

Mr. Herbert Bayard Swope,  
Executive Editor, The World,  
New York City.

I have been obliged to dictate this just before leaving  
for Washington, and will ask my secretary to sign it for me.

HS.LS

Enc.

M) Tomlinson, Paul G  
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1918

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*B.A.W.*  
JUN 18 1918

Princeton, N. J.,  
June 17, 1918.

Dear Sir:

Herewith are copy and proof of the article  
you so kindly contributed to Mr. E. W. Kemmerer's  
book, "A/B.C. of the Federal Reserve."

Trusting you will find it in satisfactory  
shape, we are

Yours very truly,

PRINCETON UNIVERSITY PRESS. X

Benjamin Strong,  
Governor of the Federal Reserve Bank of N.Y.  
15 Nassau St.,  
N. Y. City.

T/B

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Princeton, New Jersey

October 7, 1918

910181100  
M.H.

Dear Mr. Strong-

We are mailing you by parcel post two copies of "The A B C of The Federal Reserve System". One of these is for your own use, and I understand from Professor Kemmerer that you are desirous of forwarding a copy to the governor of the Bank of England, and we are sending the second copy for this purpose.

Yours very truly,

*Paul G. Tomlinson*

Manager.

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

T-F



October 14, 1918.

Paul G. Tomlinson, Esq.,  
Manager, Princeton University Press,  
Princeton, N. J.

Dear Sir:

On October 7th you wrote to Mr. Strong advising that you were forwarding by parcel post two copies of "The A. B. C. of the Federal Reserve System. As these copies have not been received, I am writing to ask if they have been mailed, and on what date.

Yours very truly,

Secretary to Mr. Strong.

GB

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Princeton, N. J.,

October 17, 1918

Mr. George Beyer,  
c/o Mr. Benjamin Strong,  
Federal Reserve Bank,  
New York City

Dear Sir-

Replying to yours of the 14th, we looked up the order for sending two copies of "A B C of the Federal Reserve System" to Mr. Strong, and find that through some error these had not been shipped. We sent them out yesterday however, and trust that Mr. Strong will receive them promptly.

Yours very truly,

PRINCETON UNIVERSITY PRESS

Per

A handwritten signature in cursive script, appearing to read "J. R. Freund".

F-C

George Beyer,

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Princeton, N. J.,

October 17, 1918

Mr. George Beyer,  
c/o Mr. Benjamin Strong,  
Federal Reserve Bank,  
New York City

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Yours very truly,

PRINCETON UNIVERSITY PRESS

F-C

Per

*J. L. Freund*

Mr. George Beyer,

c/o

October 18, 1918.

My dear Mr. Tomlinson:

The two copies of "The A B C of the Federal Reserve System" were received today for which I thank you. I have also acknowledged their receipt to Professor Kemmerer.

Very truly yours,

Mr. Paul G. Tomlinson,  
Princeton University Press,  
Princeton, N. J. X

GB

n) R. L. Warron  
N.Y. Herald Tribune  
1925

Camp  
B.C. Camp

July 14, 1925.

Dear Wasson:

Thank you very much for your frank note of July 10. I am very glad indeed to know the newspaper reaction on matters of this sort and I am sure the Governor will be also. The fact is that the Governor has often made trips to Europe without any comment arising, that he felt it might be possible to do so still. You know that he dislikes exceedingly private publicity and would prefer to avoid it, but I quite agree with you, and the events show, that this is impossible. I am going to pass on your reaction to him and hope that you will give it to him in person when he returns.

Sincerely yours,



W. RANDOLPH BURGESS  
Assistant Federal Reserve Agent

Mr. R. G. Wasson,  
The New York Herald Tribune,  
20 Vesey Street, New York.