

**Collection Title** THE PAPERS OF  
CHARLES SUMNER HAMLIN  
DIARIES

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1916  
November

Volume IV diary.

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Since August - away on vacation - and nothing special to note.

Prior to election Warburg told Harding who told me that he was tempted to vote for Wilson because of Roosevelt's speeches attacking Gen. Hines.

Harding said Warburg told him that Delano told him that he should vote for Hughes. H. said Delano was very prejudiced because Wilson did not consult him as to & cause law trouble.

Mrs Grant Delano's daughter - told Mrs Hamilton at Mt. that she had no vote for Wilson - this was just after her father had returned from San Francisco, and she had evidently been talking w. him.

Mrs Bayard told Bertie Mrs Delano had told her that Mr Delano intended to resign if Wilson were elected.

Since election Delano has said nothing. Warburg showed no pleasure at result of election - has never said how he voted - Sec. Meddow told me he was satisfied W. had voted for Hughes - no matter what he might say.

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Worthington in day said Seligman telephoned in  
from N. Y. just after the election to wish Hughes  
his congratulations but that he believed that  
he was not yet satisfied that Hughes was  
elected.

A few days ago Willis said Worthington had  
just told him he had written Gov Steag  
that it was inevitable that we should  
have a central bank - that the directors  
of the Fed Res Bank were not big to manage  
them

Last week - Nov. 13-20 Belmont & Harding reported  
on purchase of a site in Atlanta camp. They  
said it was done in order to anticipate the  
election and to prevent any future volatility;  
that the site was not a hooker one but was  
shown here. The directors were well influenced  
by Gov director Col. Brown - who owned property  
next to proposed site and who used his relationship  
to the President to over awe the directors etc.

I suggested postponing action for a brief meeting  
of our Board, which was agreed to.

Nov 1. Wed.

Dined with Am Carter. Present: Vernon Amb. & wife;  
Spanish Amb. & wife; Mr Roth of B. Syn. Association etc.

Nov 18. Dined w. Ch. Warren

Nov 19. Saturday

15 942 3 5  
Arrived at office 10.30. Harding sent in word  
that Davidson of W. Morgan & Co was in his  
room & he wanted me to come in. Went in  
& found a meeting in full progress - evidently  
had been in progress for some time.

Later I learned Davidson had telephoned  
Worthington two days before but no notes  
had been given me. Williams was not  
present.

Davidson said he asked no ruling or decision  
from Res Bd - merely wished to let them know  
facts as to proposed issue by Res Bd of  
two million 4 ch. Notes unsecured. Said he  
believed them a safe investment for our  
banks & that they would certainly be  
paid at maturity.

Long discussion - Davidson said Res Bd  
was spending 10 million dollars per  
day in U.S. arranged to have only  
10 million realizations each month. Gov  
had 500 millions in gold in Canada.  
Said our Banks must lose these  
Notes or trade will stop. Seemed  
greatly shocked when information  
was given that perhaps better to  
have a recession of trade than to  
load up our Res w. securities which

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though liquid in form, might have to be  
expanded into 30 or 40 year bonds. Said  
one danger must see <sup>as of 1913, went down 4 times. U.S. would also.</sup> ~~ETB~~ through the  
Board. Harding said if he meant that  
one banks to secure what they had  
last must invest more and more and  
said say this publicly the country  
over ~~1913~~ would be thrown in a panic.

J. said meant only that in long run  
very war facts in all nations. said  
thought war would not last much  
longer: said Kitchener told him originally  
ETB wanted only 50 millions loan on  
U.S. & Morgan firm agreed to take this  
at 2% and further loans at 1 1/2%.

said he thought perhaps 500 millions  
more needed - admitted limit <sup>might</sup> ~~would~~  
come when no longer prudent for our  
loss to invest - if war lasted longer than  
he expected - but we were far from any  
such limit now.

We adjourned for lunch & Harding finally  
was instructed to say to him that the  
Board had no intention of doing <sup>any</sup> or saying  
anything as to their votes for investments  
perhaps by individuals as very likely  
they were good, but it could not be done

such investments to any material extent <sup>5</sup>  
by one Member boards & might have to  
use a word of caution in this respect.

Harding later reported he had seen  
Davidson who said no present action  
was contemplated by him & said he  
should like to confer w. Bd again.

Warburg wanted Harding to warn  
him as to any prospectus which  
might be issued as to investors but  
this was dropped.

Harding early in week had a conference  
w. Sir Lanning who said he wished  
Board would make request for opinion  
as to purchase of exchange this Bd of long  
but Bd should feel free to take any action  
it pleased in the matter; also said  
he felt Bps should go very slow in  
investing in unsecured Gov. Notes wh.  
may prove unliquid.

Nov 20. Monday

Ad. Adv. Council meeting.

Harding told me before meeting he had  
seen Lanning who fully approved  
all he had to say to Ad. Council

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He then opened meeting & put whole question  
to council as to position investments of  
Bos in Gov. securities; also as to any change  
from gold certificates etc.

Evening.  
Fed Adv. Council & Res Board dined w. Warburg.

Nov 21.  
Tuesday. Advisory Council reported on our questions.

P.M. Dr. Willis made draft of proceedings but  
the Pres. It was so startling as to shock  
activity etc & might have almost precipitated  
a panic.  
Board went over it & Harding & Williamson  
appointed a Comm. w. Hoover to prepare a new  
statement and give it out.

Nov 24. Friday.  
Meeting Board. Decided to send each Federal  
Res Agent a letter as to proceedings at meeting w.  
Federal Adv. Council especially as to feeling  
of Board as to bank investments in unliquid  
loans etc. proposed British exch. notes -  
altho latter not specifically mentioned.

Gov Harding referred to article in the Am  
\* N. Y. Tribune announcing probable offer  
of such exch. Notes. Gov H called up  
Davidson in N. Y. He was out but Lammont  
answered.

Gov H. said had read Tribune - that Board  
supported - when Davidson last Sat.  
asked see on a further interview that

\* It said Bos would like 1 billion dollars; this was ~~probably~~  
an earlier statement before Davidson.

no action could be taken before said interview.  
Lammont said Tribune article went too far.  
Gov H said Board might deem it its duty  
to issue public statement as to danger of  
bank investments in such securities. L.  
said if Bd were to come out they might  
have to change their plan. He said  
nothing would be offered before Dec and  
then only 10 or 15 million dollars - for 60  
to 90 days as Best. Gov objected to 30 days.  
Gov H. said, maximum on Davidson deal the  
Board the country to call upon them  
and tell them the situation he felt it very  
proper to tell L. that the Board might  
take action.

L. asked that no action be taken without  
letting them know & H. said he would  
whisk this request to his colleagues.  
It was then voted that Gov H. see the  
President the situation.

Mr. Glass called during meeting and  
said we owed it a duty to the Bureau  
to warn them re such investments  
as they really amounted to almost  
losing part in the war.

8 P.M.

Board had letter to Fed. ? quote into shape.  
Ev. Hurdley said had talk w. Humphreys and  
said very important to hear 5 minutes later  
w. Presid's view foreign credit situation. Humphreys  
did not seem surprised that he could accomplish  
this. No word was received from him during  
the day and late in afternoon Board voted  
to send the letter.

After this Summit telegraphed that his  
own would announce tomorrow morning  
that the Exch. Note issue would be a  
limited one and not unlimited as  
stated by N.Y. Tribune.

Yesterday I asked Compt. for list of foreign  
securities held by N.E. Banks - w. a view to  
turning them over to the Fed. Res. Bank.

Nov 25. Sat.

Met early in morning and went over letter or  
rather a statement for insertion in the Bulletin  
along lines of Aflato's letter. Washburn furnished  
a draft wh. to my mind was offensive  
to Allen - it was complained of the  
prospective of their loans (presumably  
the Russian loans) as bold and misleading  
and laid down rules as to what facts  
the opposing Banks should state in  
the prospectus. It also admitted that  
circulation in purchasing the British  
Exchange Notes would cause our  
exports to bare off, but said that  
as to certain exports (merchandise, &

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substance) it would be a good thing for the country.  
I insisted in sticking out all about prospectuses  
as unnecessary and also as to the Notes  
as investments from point of view of  
individual investors, and pointed out that  
at the interview w. Davidson many of the  
Board - especially Dr. Miller - said they  
were a first class investment say up to  
500 million.

Delano pointed out that the reference to  
falling exports being beneficial would  
give the embargo advocates a great  
weapon.

The President sent word he would see  
Hurdley at 2.30 and finally we had the  
proposed draft in rough shape for the  
President to see.

3. P.M. Ev. H. said had seen President who  
said he agreed w. the Board that great  
caution should be exercised by the Banks  
in issuing in these Notes; that he had  
hoped the Board would make a public  
statement but he had not felt like  
suggesting it; that he would read the  
proposed announcement and return  
it with suggestions Monday.

Washburn is in 7th heaven of delight;  
while he talks fairly I can not but  
feel he is so prejudiced against the

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allus that he will go to almost any extreme  
to injure them & thus feeling has made me  
very cautious as to what we should  
say & insist on conveying our remarks  
to the Banks & not to the investing public.  
If we were to coin the statement as orig.  
drawn by Warburg & an embodiment it  
would have illustrated great confusion  
& trouble financially.

Evening.

Dined with Mrs. McMillen<sup>11</sup>; present Rumson  
& British Amb. & wives, see & Mrs. Lane - Mrs.  
Ball and Mrs. Cortman.

Nov 26 Sunday.

See & Mrs. Hausten took supper with me.

Nov 27 Monday

Board met 11 am. Gov. H. read embed. letter from  
Presdt stating that he had read our prepared  
statement as to the Brit. & ch. Notes and being  
satisfied; the only suggestion he would  
make was that it was not strong enough  
and could be made more positive; that  
he believed it most dangerous for Bank  
to insist in this kind of security as it was  
not liquid & would prove very embarrassing  
if there should be any change in our  
foreign policy.

Board then amended the statement to  
make it stronger.

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Gov. H. suggested an addition as to clear statement  
of facts & conditions in prospectus and advice  
to private investors to obtain all data etc.  
Presdt said whether advice to private  
investors was responsive to Presdt's  
criticisms. Gov. Harding said yes it clearly  
was; that Presdt's remarks pertained  
to private investors as well as to Banks;  
that he specifically mentioned that Kuhn  
Loeb & Co had brought a loan for French  
cities and soon would bring out another for  
German cities & that prospectus failed  
to show <sup>the people in these cities</sup> loans were subject to  
heavy <sup>Nat'l</sup> taxes; that he - the Presdt - had  
obtained figures through our Amb. in London  
showing Nat'l strength of allied countries  
in Britan today as compared to period  
following Napoleonic wars & that the figures  
showed a steeper condition today, but that  
he was not satisfied with them as they  
failed to distinguish between liquid and  
unliquid resources.  
Gov. Harding also said Presdt said if he  
personally advised investors against  
buying these securities it would be claimed  
he was unneutral & that he was glad  
& hoped the Board would so advise.  
Gov. H. said our reference to private investors  
was more moderate than Presdt would  
like to see adopted.

Gov. H. said the President is contemplating trying

to secure peace & this would explain his reference to a changed foreign policy in his letter.

I feel that the reference in our statement to private investors was unwise - however my colleagues could not see this, and Govt. simply misheard us that the President wanted such a statement made.

We voted that Govt. should send J. Thompson the a telegram late in the afternoon merely stating that we had received a statement on tomorrow morning papers. This was done for reason that Lambert asked Harding to let him know if such a statement were to be issued. While we felt we were under no obligation to communicate with him yet we felt we should be scrupulously careful - in view of the statement - to give them no cause to feel we had not treated them fairly, while considering that Davidson came to us voluntarily and told us his plans.

Nov. 9. Wed.

Attended memorial services in honor of late Ambassador of Austria at St. Pauls Church at invitation of State Dept at suggestion of Austrian Consul.

6. P.M.

Sir Cecil Spring Rice called me up and asked if he could come right over to see me. I of course said yes & he came over.

He was very much excited & said he might as well make a clean breast of it - that there was tremendous excitement in England & France over the Res. Board's statement - that it was reported there that it originated out of a German plot to induce the President to mediate for peace - that Warburg and Kuhn Loeb & Co were at the bottom of it - that it was even said over there that there was a German alliance w. the U.S. and the submarine activity was being carried on with the collusion of the U.S. - that of course he did not believe this but merely was telling me what was being said over there.

I at once said to him that the Reserve Board had agreed to say nothing on this subject except through Gov. Harding but that I felt I could say to him as a very old friend that the Reserve Board - as it stated in its published statement - was not referring or even



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thinking of my own Govt but that it was merely a  
banking, internal question - that it was just  
as if an engineer of a train saw mist some  
distance ahead on the track and consequently  
slowed down the engine.

I advised him to speak to Mr. Lansing and  
ask him if he could have a talk with  
Ew Harding & that I felt sure if Mr. Lansing  
asked him he would gladly talk with him.  
He said yes I was to do with him & he  
would tell him of these rumors & ask if  
he could talk w Ew Harding. I said if  
see I give this permission I would gladly  
speak to Ew H. and ask him to see him.

I said that the matter of liquidity for our  
banks was first brought to our attention by  
the statements in connection w. the French  
credits in which Kent and others wanted  
Banks to purchase pointing out that  
ultimately the money could be recovered  
from the Fed Res banks and that we had to  
take notice of this - I did not tell him in  
what manner we took notice.

He said undoubtedly such talk was the  
result of German influence - I told him  
Dawson told him probably all about  
this. He then spoke discouragingly of Dawsons  
said he had all the assurances of the  
older Harper without his genius and that  
he was always inclined to look over.

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I also said the N.Y. Tribune stated that probably  
1 billion dollars of these exchange notes would  
be placed in the U.S. & the Board felt it was  
incumbent upon it to warn the Banks to  
remain liquid.

He said that he knew Warburg & Kuhn Loeb & Co  
were plotting as above etc. of letters the  
Govt had intercepted.

He also spoke of a prominent merchant - I do  
not remember his name, who was working  
for Germany - that he had almost succeeded  
in getting a treaty by which France was to  
cede Calais in return for Alsace Lorraine;  
that this man was sent to S. America but  
had returned.

He said he should cable his Govt that the  
Res Bd would do warning merely as an  
internal banking matter. I at once said  
to cable nothing as result of my talk as I  
had no right to speak with him & had  
only said what our statement said. He  
said "I had already reached this conclusion  
before seeing you & it is my own opinion  
which I shall cable."

I said - go to Lansing & he will I am sure  
talk w. you freely. He said Lansing knew  
nothing - he only spoke as President would  
order - that such attempt he had  
never told him anything - that he never  
knew orders etc.

I said he must see Lansing; that he  
would be offended & justly so if he

16 talked with others & met with him.  
I asked if he had any objections to my speaking  
to Gov H about this & he said he had no  
objections. Finally as above stated he left  
saying he would see Lansing that evening  
when he dined w. him & would let me know  
as to seeing Gov Harding.

Evening.

Dined w. Polk, Comptroller of St. Louis. Present,  
Aunt He & Mrs Peters, Mrs Beckman, Col & Mrs  
Stollens, Mr & Mrs Cockle, Mr Hillman,  
etc etc.

Polk talked about & myself about of Polk's  
place in the place of honor; i.e. Peter had place  
of honor. You must sit on Mrs Polk's left, Judge McKays on right.

Nov 30. Thursday

Telephoned Harding & met him at Melrose Club.  
told him whole story. He spoke of several papers  
which Phelan Lodge - who said Washburn was villain.  
but was circular. This irritated him very much.  
He said the Presd told him at his interview  
that our relations w. Et Britain were more  
strained than w. Germany.

We agreed that Delano should be told and  
I called up his house & found he went to  
N.Y. last night not to return until Sunday.  
We agreed that he in all probability had  
gone on to embass w. Morgan & Co. He never  
told it to myself that he was going.  
Gov H said he gave (Delano) much substance

to a N.Y. Times correspondent over this matter  
last week. I think, however, he said he was  
going to talk w. him.

12th.

Sir Cecil called me in telephone - said had  
talked w. Lansing - he had read paper  
about & was indignant - said would be  
very glad for him to talk w. Harding & he  
would at once call him up.

Evening.

Mr & Mrs, & Mr & Mrs Sheldon dined w. us

Dec 1. Friday.

Gov H. received letter from President saying he was  
much pleased w. the Res. Board statement  
Gov H. told me Sir Richard Crawford called  
on him yesterday & they had a very satis-  
fying talk.

P.M. word received that Morgan had given  
up exch. loan - objection to this object of  
Lansing.

Earlier in day also word that report in N.Y.  
said that his firm defied the Reserve Board  
was utterly unbounded.

Later Gov H. said Polk Comptroller of State  
Dept told him Sir Cecil & Crawford had  
called & asked that Res Board make some  
further statement to remove the injury to  
British credit from our statement and that

he had seen representatives from the N. Y. Sec and other banks w. whom he went over the situation in a guarded way and he thought this would be sufficient without any formal statement.

Every.

Spoke alone w. Justice McPherson. Had a long talk. He seemed very distrustful of the President - said he had made many bad appointments - that his son-in-law says had recently made statements to effect that Amer. people would no longer tolerate rulings of law based on archaic legal principles, or words to that effect.

He evidently feared this came from London.

He also intimated Sup. Ct members were inclined to be too radical - that functions of Sup. Ct were not simply to decide wh. a man had touched the law but they shld take a broader aspect.

He was quite bitter about Brandeis - said his presence but court under suspicion - that wh. true or not - in fact - the people distrust him.

I argued to him that in the middle of our West the West was true - the people somewhat distrust the Court and were

delighted at Brandeis' appointment; that it had strengthened instead of weakening the Court; that during campaign it was said the interest opposite to Brandeis was because the Court itself encouraged it; that it was rumored that the Chief Justice had said that no Jew could interpret the Common Law, - so it was removed.

He spoke of Brandeis' "isms" but I made the prediction that he would be a conservative judge & would be looked upon as one of the strong members of the Court. He said he was glad to hear this as it made him feel better.

Sec. Houston told me of above statement of C. Justice White but I did not tell Judge H. of this.

He also said Charles Warren was not a success in arguing cases before Supreme Court - he was not clear and judges could not tell what the issue was from his argument.

Dec. 2 Sat.

Conference w Glass. Lunched with Dr Miller. Glass said our Amendment did not require AFS to hold 40% gold vs Res Notes and also Paper m to 100%. We assured him we so intended and he said if this were clear he would not object the Amendment, as it really merely reduced the security (reserve and collateral) from 140% to 100%.

Sec. of State told Gov H. that Sec Clark and Gov N. Crawford had called and were still very sore over inquiry to their credit Sec. of our statement & wanted Fed to issue another statement.

Agreed Crawford should see Gov H & State what he wanted us to do & Board could consider it Monday

Dec 3. Sunday.

Conference at Dr Miller's house. Present, Glass, Waring, Dr Miller & C. H. Long discussion as to Fed Res Notes as reserve money. Finally Miller said he would support this if law were passed so as to authorize Fed to require higher reserve than 40%.

Glass is still doubtful.

Glass in principle said he would agree to leaving all reserves carried in Fed Res Notes & the total money could be in any form Res wanted, but impossible to secure this in short session of Congress. Waring said he would accept this.

Glass said he did not see giving Fed greater powers, - that as far as Fed was concerned the system was a central Bk. Miller was adamant at this

Dec. 4. Monday.

Meeting Fed. Res Agents.

at lunch; Perrin - Curtis - Wells

P.M. Gov H. said Br. Amb + Sir R Crawford were entirely content to leave no further statement be Res Bd; said the proposed loan in immediate did not meet their approval as if Gov notes later would do no good and if many later would trust Br. + W. Govts at mercy of Amn. Banks.

6 P.M.

Gov H came in and said Compt. had just told him he was about to issue another circular in condt. of Banks which repeated all sluts as to enormous excess reserves of other sluts. Waring + I agreed that such an optimistic slut at present time would only do harm & asked Gov H to say so to Compt. He came back and said Compt. insisted on putting it out.

Gov H + I went to him & begged him not to do it. Compt said he had wired Mellon who said he saw no objection to issuing it.

Compt then called Mr See of State and read it to him. Waring said he did not object + the Monday told him we were against it - that it would simply enrage Br + Govt - they would say of condt. of Res so sound - only mention of Board in issuing slut must have been to

inquire Br. + French Condt.

Waring then sd it had better not go out. Compt. agreed w. him & was asked if he could not show it to Brt. Ambassador! (Compt)

Finally I told him in my opinion it would only do harm & would hurt Brt in a ridiculous position - to issue a note of warning one day & almost the next day to have Compt. issue such an optimistic circular. Finally Compt. agreed not to put it out at present.

Among other things Compt. said in circular in view of extravagant sluts as to holdings of Gov. securities, it was gratifying to note that only 300 millions in Gov. bonds and Receipts were held!

We do not agree w. sluts in circular - the great development is simply a very extraordinary expansion based on interests of gold.

Furthermore, we had warning from Waring of 1st Natl Bank that many banks had well invested in Gov. bonds, including several purchases of Amn. bonds.

300 millions total may not appear large but undoubtedly many indiv. banks have oversubscribed, not to mention State Bds + U. Co's

Dec 5. Tuesday.

W. did Res Affairs all day.

Lunch: Rick Austin - Bonawille.

\* Walked thru w. Gov H. He said Wash. & Delano continually urged him last summer to go to Pres to demand relation, & that finally he agreed to go in express confidence that they should let the Pres that in the interim I should be reported to the Board. He said that when emergency presented he was not quite satisfied w. the way they speak of me to President, so he said he looked Pres'dt would clearly understand they believed it to be for best interest of the system that I should be reported.

Sheeping of int. of Del & himself w. me after then later w. Pres'dt I asked Gov if my memory was correct that Del. said he was a candidate for Gov - he said he thought Del. said he was not a candidate, but he had previously said to them that coming during next shortest time should be made Gov. He said however he thought that Delano felt that W. being a German would not get it & that he Delano would.

Evening.

Dined w. Mr & Mrs Frank Doyle: present Sen & Mrs Newlands. Mr & Mrs Charles W. W. They gave warm precedents over

me and made Betty & I sit side by side.)

This last week Mrs Dr Grayson called and said she was with the President election night at St. Louis home; that he refused to have a special wire in his house; that all returns were telephoned to him by directly from the executive offices; that all were very quiet except the President; that finally he made them all delay 20 questions for 2 hours he journey with them; that he used the unfavorable message w. Pres'dt in success discussing the colony - that finally he ordered them all to bed & went himself.

Dec. 11. Monday.

Gov Harding said Williams sent him his proposed announcement to the President saying Mudders had given his approval & asking if he had any objection to his publishing it and that the President wrote Williams not to publish it as he wanted first to consult Mudders about it.

Dec. 11. Monday.

Dined w. Mrs Townsend - Lutz dinner - Spanish Ambassador - Dutch Minister etc etc.

B. & I were seated below Mrs Sec. Roosevelt.

Saw Webb in Boston at Langdon Marston's wedding B. heard Franklin Roosevelt say to some people - speaking of my ten year term - "They will not serve 10 years - it will be a 4 year term - plans are on foot wh. will make better use of the lady in the land."

I suppose he meant - Sec. of the Treasury.

Dec. 12. Tuesday

Mrs Malcolm Forbes lunched w. us - also Mrs Mudders. Saw Trumbull and asked of President if Mrs Wilson would not see him.

Dec. 13 Wed.

Lunch. Court & Mrs Williams, Gov & Mrs Rhoades & Gov Allen dined w. us.

Then Mrs Trumbull sent me notes, he gave to President yesterday as to Mrs Forbes. On the latter was written in President's hand -

"Am very sorry (underscored). I did not see this until it was too late. W. W."

Evening

Dined with us Mrs Slay and Gov Slay, Fancher, Mc Dougall, Van Zandt, Wald, Miller, Melchord.

Dec. 14. Thursday.

The other day, in discussing Delano's proposals of having State Bns Assoc. Members of Fed Res system Mr. Warburg in answer to a question from me reiterated the statement that he would not object to all the Natl banks leaving system and again entering as State banks.

In Am. Gov reported conclusions as to questions we first to him. In Harding's absence Warburg presided and made bad impression by cross examining and objecting to recommendations he did not like.

When Gov Allen reported against the associate member matter Warburg heckled him and 3 times insisted that "we" (meaning Board, approved of the plan, utterly ignoring fact that I had vigorously opposed it. Finally I broke in and stated my views on opportunity. I said time had nearly

come to tax checks in Bullwinkle Corn. and thus cause them come in. Mrs. Allen, would have it all of us need unequalled amount. When said the Natl Bns in N.E. would support us. They are all Board would be strange if we lead the way in this matter.

winning.

Dined at Country Club w. Mr & Mrs East Blaw. about 80 people present.

Dec. 15. Friday

winning. Dinner at home.

- Mr. H.P.H.
- Judge & Mrs Holmes
- Sec. & Mrs Houston
- Mr Sec & Mrs Roosevelt
- Dr & Mrs Grayson
- Mr & Mrs Sheldon
- Mr & Mrs Stables
- Mr Johansen. (Sec. Norwegian League)
- Mrs Schofield

Dec 16. Saturday

Dined w. Mr & Mrs Jones. Present, Mr & Mrs Gregory, Judge & Mrs van Drumler, City, City, Sec & Mrs Sweet etc etc

Dec 18. Monday.

Dined w. Mr. & Mrs. Saulsbury.

Dec 19. Tuesday

Board voted to authorize Fed Res Bk of N.Y. to appoint Bk of England as its correspondent and Agent and to open account with it and over it. Waring bought vigorously to prevent any action under the Agreement until the law could be passed but Board voted otherwise. The final vote was unanimous except that Waring did not vote at all.

winning

attended judiciary meeting at White House.

Dec 20. Wed.

Conference w. Secy over funds - he refused to open to redemption of Greenbacks - said he hoped later to reform our currency in a systematic way.

winning.

Dined w. Mr & Mrs Newlands.

Dec 22. Friday

Dec 23. Sat.

Dinner at home. to Judge & Mrs Brandeis, Present: Mr. H.P.H. Judge & Mrs Brandeis - Sen Hose Smith - an ally of Mrs Graham - Mr & Mrs Adolph Miller - Com of Farm Loan Board & Mrs Norris - Mr Wallace - Pres of Mrs Wheeler D.D. Mrs Merrill, Mrs Braham, Com of Mrs Lewis (8 on all)



Dec 24. Sunday.  
at Murray to hear singing of Christmas  
carols. Presdt Wilson & Secy McAdoo there.  
we sat in the Secy McAdoo room.

Dec 26 Tuesday

Murray papers had account of our telegram to  
N. Y. Pres Board to appoint Bk of Eng. as agent  
& Jn. correspondent.

Did not know how this got out  
& when McAdoo came to my office & said  
some members were indignant at its  
publication but did not say how it got  
to be published.

Went  
12/27

visited him w. Hurdley who said McAdoo  
called him one Sat. night & said it ought  
to be published as secrecy in such a matter  
would injure the Board; McAdoo then  
asked him if he had general authority  
to publish it. H. sd Yes under resolution of  
Board of last year (when it was Eng)  
only the Pres general authority was  
published in debate of explicit  
instructions from Board. H. said he  
sent for Miller Sunday am and they  
prepared of the statement.  
Hurdley said Miller was very angry &  
was in his office most of the  
day; that Deland at first was not  
pleased but later took it very well;  
that Miller said H. should have declined  
& H. said perhaps the day published it

in his own account; Miller said - then we  
could have objected and settled it with  
the Secy. Hurdley said he did not want  
to bother the Board on Christmas day  
& asked Miller where he was at noon  
that day. Miller said he was returning  
the German Ambassador at lunch.

The Sunday before he entertained at lunch  
the French Ambassador & Sec. Lane.  
Mrs Miller told Bester they stayed until  
5 P.M.

H. said Miller said he was the only  
member of the Board who was in a  
position where he could afford to  
be Neutral!

Hurdley sd also Waubury called him  
one am so late. very angry and  
asked by what authority the statement  
was made, and was somewhat  
abashed when H. replied - I gave it  
out myself!

H. said Det. Gen. Museum of N. Y. also  
called him up & was very much  
disturbed - said it was agreed the  
agreement w. Bk of England was to  
be secret & asked if H. had committed  
slang.

H. said No! That the Board had  
not mentioned any agreement but



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as he seemed they had been unquestionably persuaded;  
that Henry was by all odds the ablest man  
on the Board; that his objection was as to  
his past political record; that Howe was  
as better towards Miller as towards  
Henry; and Miller could simulate very  
well he seemed his remarks: that the  
members had no confidence in him: that  
he absolutely dominated the Board.

I said I believed we should carefully  
consider who there should not be a change  
in position in all the chief offices of the  
Board; that to refuse to appoint Henry  
would be a great victory for Miller &  
we are all to be found who would not be  
dominated by Miller; that the status quo  
should be maintained until a clean  
sweep should be decided upon.

I said to my mind the question was as  
follows:-

1. Henry has done excellent work as  
Director
2. He is the ablest man on the Board
3. He is the only man not dominated  
by Miller
4. While the objections in his respect  
will have been considered as to  
probability of his original appointment, a very

35  
deficient since was now presented.  
I added that DeLoane in his RR under  
these circumstances would see the  
new light in which the matter was  
presented.

DeLoane said of Billie Barnes in N.Y. had  
been the Director he would not want  
to recommend him even if he had  
done excellent work & that Henry was  
the Bureau of the City

I said that to me the issue was as  
outlined; that if we were ready to  
remove Sawyer and ask Directors to  
remove Miller - then the whole question  
could fairly be considered.

He said this should not be done now unless  
he agreed it ought to be seriously considered  
in the future - that we had no authority  
to remove Miller.

I said a word to the Directors which  
prob. settled the matter and we  
could then ask Henry to resign also  
if we believed it desirable.

He was better at <sup>or</sup> Miller who had  
given up the City Council and exchanged  
for him - when the Board matters  
not working well.

He also sent further files concerning

The circular of Henry Lawrence Co. advertising  
 that Henry was Dist. Agent and was  
 making a tour over Oklahoma. I agreed then  
 was improper & in bad taste but pointed  
 out that DeLano in his letter to Henry  
 about it merely questioned the good  
 taste of the circular.

DeLano also read Henry's reply which admitted  
 that the circular should not have been  
 sent - also a private letter from Henry  
 pointing out that a circular in which  
 Allen was a director was also advertising  
 Allen as Dist. Agent in case of the  
 Bank.

DeLano then said - what about Sen Allen?  
 I said personally would do anything possible  
 for him but in this matter must do what  
 is best for system - that Allen was an  
 nothing more; that in any event I believed  
 Allen had persuaded DeLano to publish,  
 to which DeLano agreed.

Finally I said I suspected that gambling  
 politics were at the bottom of this.

sent on p 30:

See. Meeker told me the President's news meeting  
 of the publication before it was issued by  
 Harding. I believe, however, it will help to  
 allay the feeling against him because of  
 his Peace letter to the Allies.

Dec 1, Wednesday.

Dr. Mullis told me Mr. E. W. Meeman was very  
 important to Harding - said he knew nothing  
 of the of leg. matter until he read it in the  
 papers; that H. wrote him showing he knew  
 about it. W. said he sent an official copy  
 of the note of the Board to J. J.; that  
 Curtis sent it secret from Meeman and  
 sent it to J. J. who was in So. Carolina;  
 that he suggested to E. W. H. that he (W.)  
 perhaps a letter to Meeman but that  
 too H. replied he would do it himself  
 but that he forgot to do it.

Allen told me today - as to Vanderlip  
 interview (see p. 32) - that some time  
 ago Vanderlip gave a talk in Wash.  
 to Com. Club at which Allen was  
 present & that he spoke to him  
 (Allen) about the Board of Reg. Agency  
 but that Allen avoided giving him  
 any direct answer.

Wrote today to Mr Fleming a Gov director of  
Finance Bank. Went over matter in great  
detail. McAdams felt next to absent but  
will be a great victory for the Miller and  
for Member who had said the trust to  
and after system only when Fleming left  
it.

Hudson said Mr Miller told him that if  
Fleming were dropped he would arrange  
to have Cross or some <sup>other</sup> temporarily  
assigned to the Res Bank made a bill.  
Gov. H. was very indignant at this &  
told Miller he was not an office bearer.  
Finally McAdams said he would be glad to  
have the Com report in whole selected  
and if satisfied of the necessity he  
would vote to remove the Gov. Mr H.  
Hunt & Fleming as well.

Delano & Miller voted No. McAdams, Gov.  
Hudson & Cross voted Yes. Wadsworth was  
away.

Apr 28 Thursday

Gov Hudson told me today that last year when  
we had the restructuring fight and the Com  
reopened the merging of Boston in N. York  
in one of their tentative plans, they had  
no real intention of wiping out Boston  
but that in the plan merely for the  
sake of "jolting" me. H. said Sen. Scrutton  
heard of plan to consolidate Atlanta & merge  
N. York. the site of the Fed Res Bank and  
vehemently protested; that H. told him he  
should insist on cutting down to the minimum  
of 8 and that there would be a combination  
of interested businessmen who would  
defeat any cutting down. H. said that  
was his only reason for including Boston  
but that the other members were glad  
to include Boston in order to get a bit  
at me.

If Boston were annexed to N. Y. the question  
would arise wh. I was not interested to  
put out of the Res. Board, as there could  
be 2 members from one district.

I had always suspected this was  
their motive and this remark of  
Gov H. proves it.

Gov. H. received a very bitter nasty  
letter from Wadsworth this am. In it he

40  
advised Meador bitterly assuming that he had  
ordered Harding to reveal the matter as to the  
Bank of England; said that last year he had instructed  
Cox to ask opinion of Atty Gen as to expediency;  
that it was an insult to the Board; that  
the matter must now be settled or that he  
should resign, or words to that effect; that  
such announcement would embarras "our  
English friends" etc. He also enclosed a  
telegram from Jay who was in the same  
assessing Meador to procure an explanation from  
Mr Harding of his action as H. had told her  
the matter would be kept secret.

Mr H showed me his reply to Meador  
which was very emphatic as H. was  
very angry. In it he said to Jay was  
him to explain his objection as he would  
get into trouble. I suggested that he  
should say that he assumed that Jay  
would not hesitate to demand an  
explanation from him as to his objection  
acts, and he agreed to make the change.

I also spoke to Meador - he was very  
independent and said he should take  
the matter up at the proper time.

Mr H. said he never gave any assurance  
to Jay as to secrecy.

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Mr H also said that before going and then  
noticed he saw Sir Richard Crossland  
who was delighted at the suggestion  
and fully approved it and further  
said the Ambassador would be sure  
enable it to go to Britain.

Mr H said he was surprised that the President  
counted this announcement made in  
order to head off the British hostility  
to Wilson's peace suggestion.

Dec 29. Friday.

Mr H. told me Meador wanted Board to  
reconsider election of Jay as Fed Res Agent and  
he had he thought satisfied him that  
this was not wise. I saw Jay and we  
took lunch together. I explained to him that  
Meador was really responsible for circulation  
in N.Y. bank & that Harding suggested  
a new rule that no member of Board  
should serve in a corner for the Res Bank  
of City in which he lived. He favored  
this enthusiastically. Mr Meador also  
said he should inform the Board that  
he should exercise his right to give and  
interviews at any time in any  
matter concerning Res. Fed of which  
he was an ex officio member.

I finally suggested that it was not

necessary for him to tell Board he had read  
 Leachery's letter as it might embarrass  
 Gov H who had just discovered that the  
 letter was marked "private". He told  
 Gov H this & he came in and thanked me  
 for what I had done. I advised him to  
 tell Leachery tomorrow - he is to be here  
 on a business in way to N.Y. that he was  
 considering whether it was not his duty to  
 spread this letter on the files of the Board  
 and thus tell Gov H in the dejeuner.  
 He said he would tell Leachery, of course,  
 that he had stated to the Board that  
 he had not objected to the membership  
 announcement.

See Hedges said he had almost made  
 up his mind that the Board should be  
 restructured and delayed members removed.  
 He said that Miller's position remained for  
 him to decide, and had for a year.

I told him that But. Amb. was to dine in  
 our & asked him to join us; he said he  
 could not but agreed me diplomatically  
 to let him know that he - Hedges - was not  
 pro German & to let him know he had talked  
 in the Brown Bros' meeting credit; also  
 to speak of the various points of the  
 British plan. He said young Sheng-Rue  
 (member of Am. Club) had been quoted as  
 saying many bitter things about the

administration. He told me to assume a very friendly  
 attitude towards it Britain, which he in  
 fact got, although he could not understand  
 the British policy of the British people.

I said I would take care of that.

I spoke of the change in policy towards  
 him of Roosevelt and said I hoped he  
 would avoid any more clashes with  
 N.Y. especially - that I wanted him to  
 get in a pedestal - especially in view of  
 the many suggestions of his name as a  
 Presidential candidate. He said he had  
 no such ambitions - that such a thought  
 would distress his wife.

He said candidly he had made up  
 his mind not to remain in the cabinet  
 but I told him to go slow on this. He said  
 his position would be misunderstood  
 and anything he did would be charged  
 to Presidential aspirations.

I told him he was a picturesque  
 character and that he would certainly  
 be prominent among those to be considered  
 for President.

I told him what Gov H said - that last  
 year But. was suggested for merging  
 w. N.Y. merely to embarrass me - that  
 under the Act if this were done  
 without Leachery or I would have to

Chair the Board. He quickly replied that under such circumstances something would be dropped and I retained.

He spoke very briefly of a change blowing about that he had made mention out of his knowledge of Prudits house note and said he was trying to find who was responsible for it and he would put him in jail.

Sat. Dec 30.

Waukey got back but did not appear at the reception held by Mrs. Meadows in the West at 11 and Mr. A. said he had not seen him.

Evening.

Perkins, Aunt. & Rudy Sherry were seated with us. I made clear to him that Sec. H. was not in the Bureau - he seemed however to have no doubt as to this.

He spoke at some length upon our gold exports to Argentina: he said merchants there insisted upon cash for sales to U.S. and thought we should try to stop this: he said he had a report on this which he would show me: he expressed hope that U.S. would get all the trade which formerly went to Germany.

He seemed very pleased at Davidson who he thought had evaded the matter of

the Bank, as he knew; said he had no judgment; that neither he nor Mr. Crawford were in any way consulted; if they had been they would not have held up all negotiations until the Board was satisfied. He

said he knew the whole story of our announcement (evidently from Harding) and felt we had done the right thing and that we could not have done otherwise.

Spoke with almost enthusiasm of Davidson's letter of Chicago where he said 2 billions would be subscribed by banks, owners and bankers. Also said Morgan came down to explain situation to him.

Said Morgan was more tactful but that this firm should not have had charge of these negotiations as it was too identified with Repub. politics.

I assured him this had not influenced us in slightest degree.

Spoke of Bank of England agency with enthusiasm - said it was considered a most friendly act on our part; many British bankers had not said more about it was that they were controlled by Jewish bankers who held control of exchange operations



in Europe; that the arrangement would cut  
into the middlemen & would be of great  
benefit to both countries; said I need  
have no fear but that Gov. of England  
would accept agency.

Shook of the war; said danger was that  
Germany might suggest peace terms for  
express purpose of shelling France with  
our Allies and give France what she  
wanted to make her people insist on  
peace; that France was weakened and  
had already just shortened her lines &  
Et Britain had extended hers.

I shake of bitterness of English feeling & her  
depreciated them; said Eng. Gov. was most  
graciously and appreciated that we could  
help her more than if we entered the  
war.

Said that Lord Bryce had unconsciously  
made British people think that his  
personal friends in America were perfectly  
representative of whole American  
people; he badly appreciated the  
Amer. people as a body wanted to  
keep out of war.

At dinner he said Cardinal O'Connell  
had made little speeches against  
war and that there were only  
distributed among the Subscribers in the  
West and had done much towards

death of Wilson.

I shake of Et Britain's attitude towards us  
in civil war; he said Et Britain was the  
in danger of a Democratic revolution and  
that Seward and Sherman knew this;  
that Seward instructed our Minister to  
withdraw if Et Britain offered immediate  
and told Et Britain that if a clash  
arose bet. U.S. and her there would be  
a British revolution which the British  
ministry knew to be true.

Said that when Garibaldi visited England  
in 1862 he aroused great enthusiasm & that  
British Ministry arranged for his entertain-  
ment at country houses and by the  
Queen to keep him away from the large  
cities where in the North where it was  
feared a revolution might break out.

He gave me the whole history of the  
Russian Japan Peace Treaty. Said that  
Japan wanted peace and that Russia  
found an Agassian revolution; that  
Japan asked Roosevelt to intervene;  
he declined unless Emperor should  
write him directly and that such a  
letter was in existence.

Roosevelt then approached Russian  
Ambassador and said as originator of

Hayne Conference he could not decline to consider Peace; that Lushin was sure Russia could ultimately win (which he said was certain) but said would never agree to Peace if any territory were to be annexed or indemnity paid, - but on this understanding would take up Peace negotiations; that he was helped in this view by cables sent by Japan to their officers in Siberia saying they would never consent to Peace except on condition of a) annexation of territory; b) indemnity; that Japan knew Russia had its back and would thus think no harm in taking Peace as nothing would come of it; that Lushin of Germany accordingly agreed to Peace conference; that suddenly Japan abandoned indemnity and territorial annexation - as she had intended to all along - and Peace was secured. Said that Lushin of Germany thought he had secured it but that he had nothing to do with it.

Speaking of France, he said Caillois had tremendous power over many individuals in France - knowing this scandal - & he feared if Germany made concessions to France, Caillois would

have power enough to select any man in the Allies.

He did not seem at all sure that Germany was exhausted - he thought it was a deep political move.

Speaking of Belgium he said no one could justify claim that U.S. should have intervened - but he thought Wilson made a mistake in not using some "legit ful" expressions by message or otherwise indicating U.S. sympathies; that if he had done that we should have been saved much trouble.

He asked me whether Dr. Miller was pro-German; I said we never discussed these matters in the Board; that at outset he was supposed to be very pro-German but that lately I had heard he was pro-French.

He said Mr. of England had an arrangement with Egypt very similar to that proposed by Mr. Board but Mr. of England

1917  
Jan. 2. Tuesday

Board voted to permit Schwab and Harriman to be  
interlocking directors of Guar. Trust Co. Harriman  
Nat. Bank, Ambrose Trust Co and Chase Nat.

Allen & Co. voted No; Harding, Worthing,  
Delano voted Aye, in Harriman vote.

Mr Schwab veto - Co. only voted No.

(Dined w. Mrs. McKellean to meet Mr. John & Lady Harriman)

Jan 3. Wednesday

Discussed N.Y. Fed. Res. Bank, committee.

Mr Harding used Vice Gov. Truman's questioning of  
authority of Res Bd to announce decision as to  
Bo. of England.

Worthing said wise to make announcement  
but if he had been in town could not have  
been believed if he had not been consulted.

Delano pointed out that Bo. must send  
notice by registered every to office. (

They must have read this in morning  
papers however.); that we had made  
error in making our letter to Jay  
confidential; said he believed however  
Bd must turn Truman down on authority,  
our authority.

See H. said never would consent to  
secrecy in such a matter - would have  
injured Board.

Worthing said he did not like bundles  
of this. (He, however went to dinner to  
see Strong with bundles).

all admitted that N.Y. Bank was not  
running well and See H. said he felt  
Mr Strong should resign as it was evident he  
could not return for a long time; that  
he was a wealthy man & old abroad  
to resign; that he would be glad to vote  
to increase salary so as to get the best  
man on the island.

all agreed - except Worthing. that the  
Bank rather despised authority of  
Res Board. Mr H said Truman told him  
that he had been apologizing for Bd  
for last 30 days - that he also objected  
to our notice as to Res Board. It was  
felt that it would be wise on the  
Bank to see more of the members of  
the Board.

Worthing said that although he was  
in the N.Y. Council many other members  
had "bulted in" and written letters to  
N.Y. Bank; - that Delano had written  
more of such letters than all of  
the other members.

Inasmuch as Delano was in the N.Y.  
Council I felt this was a gratuitous  
insult.

Returning from lunch picked up Delano.

he was angry at Worthing's remarks.

and said he believed that Harding's proposed resolution against my member seeing on loan of Bond in his hand room - was a wise one & ought to be adopted.

Reddy came w. me at night Stanley said they had written Miller & Waring that nevertheless his private elevator did not be used by them; that Miller took it at night but that Waring at first blew up in the air.

Gov H. abtn. with W. McKee & myself were Peabody to come down tomorrow. P. replied that he could not but that Bond had appointed a Bull to come down next week.

Jan 4. Thursday

Delano said Summit of Mayan Co called on Gov H and asked if rumor was true that Bond was to issue a new warning as to Exch. Notes or liquidate & that H. said No. Summit also said rumor that Mayan said Union. Another had lost no millions of contracts bec. of Bonds warning was not true; that that amount had been lost but for a variety of causes viz: preference to Canadians, work done at home etc etc.

W. C. Curtis called - said represented Com. Remiter Hupts - that they were losing vol. contracts - must soon discharge vast body of laborers - that trouble was that Gov was supposed to be inimical to a general British loan in U.S. I said that was a matter our State Dept - we had nothing to do with it - that I did not see why Hupts did not take obligation of B.S. but at least in past payment - he said they had never been asked to do this. I said investors could do as they pleased - we merely felt Bonds should not invest in securities which might later be bonded into long term obligations.

He said he would see Lansing & I called Lansing who who said he would

him what Curtis had to say but would make no reply.

Jan. 5. Friday

Ad voted to permit Almon, Shedd & Mitchell of Chicago to serve as intermediary directors w. certain Chicago & N.Y. banks.

Allen & Co voted No. Wash. Harding & DeLano voted Yes.

The directors were informed that Board gave decision pending further inquiry as to constitution of their banks in loans, other inst purch. of bonds etc in other parts of country.

P.M. W.C. Curtis of N.Y had conference w. Gov H. DeLano and Co. Repeated what he said to me yesterday. Gov H & DeLano showed danger of banks investing in bonds etc wh. domestic & foreign. DeLano said we had bought 2 billions of our securities held abroad and that our Bns & Tr. Cos Nat and State still held 1.2 billions of them.

Gov H said undesirable was for investors to hold up w. such securities at a time when price seemed somewhat low wh. would bring about a change in our inv. inst. - especially in American

Gov H very modestly - told Curtis what DeLano said as to our being

with us w. Bns & Tr. Cos. We finally told him these questions of constitution were on the State Dept to settle.

He said he had seen Lansing who told him the original statement of the State Dept. issued by Bryan. as modified by him - still stood and would stand unless changed by Presd when special comm shown.

Monday.

Dined w. Mr Lee & Mrs Roosevelt.

Jan 6. Sat.

W.L. Curtis lunched with us.

I am satisfied that Presd Wilson wants to put obstacles in way of new British loans in U.S. in order to make B. more inclined to consider Peace terms, and, I believe on the whole, this is not an unwise step. For Nations have lost their heads and when it is right in doing everything we can to induce Allies to consider whether, after all, they can not achieve practically all they are fighting for now without years more of ex hausting & devastating war.

Jan 7. Sunday

See. & Mrs Houston took supper with us. We lunched w. Mr Lee & Mrs Mallory.

Jan 8. Monday  
Evening. I dined w. Sen & Mrs Salisbury to have place  
of guest who suddenly gave out.

Jan 9. Tuesday.  
In evening Geo Peabody called - said the Bk of  
England cabled at once to N.Y. Res Bk on hearing  
of Board's announcement, but did not  
say what the cable contained.  
also said Mr. Condit told him that  
Durbin said that Res Board agreed to let  
him know before putting out any warning  
as to Ch. Notes, and I think he said -  
agreed to show him in advance anything  
before it was put out.  
I told him to see Mr. Meador early in  
the morning.

Jan 10. Wednesday  
Peabody, Woodward and Towne w.  
N.Y. Res Bank directors met Board. See Mr  
asked on a stenographer to take proceedings  
which was done.  
Towne spoke on Res in 2 matters - 1.  
Bk of England. 2. Method of sending letters  
to Mr. A. J. M. instead of to Gov.  
at best Towne was quite vigorous in his  
statements and intimated almost in  
so many words that some of the  
Directors might resign. See Mr. Occurrence

any and said he thought we could secure  
others to take their places; also that while the  
Board would listen to any suggestions it would  
not discuss w. the cause the propriety of  
its official acts.

As need will show, Woodward sent the  
Directors cabled the Gov of Bk of England  
expressing their regrets at announcement  
of Board and later received a very  
courteous and reassuring reply from the  
Peabody then asked if the Bk of England  
did not just cable asking what the  
announcement meant - which cable  
crossed the N.Y. Director cable. I think  
Towne said Yes.

None of them mentioned any cables  
until Hardy asked the question as to  
wh. way had been received.

Towne in response to request of Secy  
said the Directors will send us copies  
of all cables.

See Stenog. record on complete account.  
Evening

Peabody dined with us. I can not  
understand why he did not tell me  
the whole truth about the cables.  
He said I could see the statement  
made to him by Condit who said  
Durbin told him the Res Board had

promised to call him on the telephone before any announcement was made that he had told them to Compt. Williams this am.

Jan 11. Thursday.

In discussing minutes of yesterday's meeting Illiano asked to postpone ordinary minutes until they were present; said they were about held & would not. That most important part of Meadows remarks he Meadows had asked Stoney not to take down; that this particular statement was made after Meadows "cooled off" and was a very fair temperate presentation of the matter. Dr Miller said the report would leave Board in a very unfortunate position to which Illiano & Waringer substantially agreed. Final approval was suspended until they could be present.

Waringer criticized Meadows for ordering a Stoney report & Illiano and Waringer said it was not a very convenient way of settling the issue; Waringer said if a vote had been taken he would have voted against having a stenographer.

Board also, after long discussion authorized action to comply with the laws request to take him in drawing drafts wh. Illiano instructed to introduce. Waringer demurred on a long time - saying it was not fair to Board as Miller was opposed to Fed Res Note Audit wh. a majority of Board favored Miller & Estt work otherwise view very strongly.

It was evident that Waringer felt Illiano had more reliance on Miller's opinion than on Waringer - wh. is doubtless true.

An attorney Frank Hackett, former Postmaster General called and said Geo Harding asked him to call on me and I would introduce him to Williams Compt. He said he was opposing some attorney's case Compt's office for destroying Notes which up in fact were destroyed by the Treasurer. He said he supposed he might bravely to go to the Compt. & talk it over with him as the Natl Bns shld not be forced to bear the expense and shld have a refund of costs already paid. He asked if I would introduce him, that he hesitated to go alone as he had heard so much of Williams.

recumbent and general demerit. I told him I was sure the Compt. would receive him courteously, whatever his decision on the merits might be and I said I would go in and introduce him.

I stepped into the Compt's main office before him & told the Compt. who he was saying I had known him slightly for many years. The Compt. said his son had married a daughter of an old friend of his. He asked me also as to Hackett's claim & he said the Auditor had turned it down & it was now, I think, before the Compt. of Treasury.

I said to Compt. - just then what he has to say - I know nothing about it and brought him in only on Hurdman's request. The Compt. seemed in fairly good humor & said he would do so and I brought Hackett in and introduced him and left him.

In about 15 minutes Hackett came back and said that while he

was very grateful to me for my trouble he felt he ought to say that never before had he had such an interview or met such a man; that he was opposite, overbearing and almost insulting. I expressed my regret that he felt this way & he left.

I remember that when talking with William about Hackett came in he turned to his clerk and said - is not he the man who took the paper on the Riggs bank case and never returned it? the clerk said Yes.

Evidently the Compt. thought he saw in Hackett a friend of Glover and treated him accordingly.

It will be a long time before I introduce any one to him again!

Wmmy.

Dined w. Sec. of State and Mrs Leasing to meet Pratt & Mrs Wilson.

Present: Justice & Mrs Brandler; Justice Clark Sen. James; Gen & Mrs Scott; Gen and Mrs Barnett - Mr & Mrs F. Condit Mr & Mrs F. Noyes - Cal & Mrs House etc etc



Jun 12. Friday.

Monday.

Dined w. Rev & Mrs. Colton Smith; present Sec & Mrs. Lane  
Sells

Ernest Peabody told me that Jacob Schuyf told  
him his sympathies were with the Allies  
rather of course he felt for Germany  
as his fatherland; that he thought  
Germany was wrong & did not stand  
such hardships as the Luntania.

Learned at dinner that Probst Wilson had  
withdrawn his acceptance of the  
invitation to deliver address at 100th  
celebration of St John's Church tomorrow.

Peabody said he had heard in confidence  
that the Probst declined because Sen. Lodge  
was to deliver an address, because of  
Lodge's unjust & ungentlemanly attacks  
during the campaign & especially the  
charge as to the Luntania's port of call.

Jun 13. Saturday.

Board meeting to pass on letter from Rev. W. M. W. N. Y. relating to French credit of 50 million  
francs proposed draft of proposed  
letter to other Fed Res banks stating the  
policy & letter of Board Oct 23, '16 & their  
indicating that Res Bks should be  
cautious in buying such renewal  
acceptances but nevertheless not  
refusing against them. In the draft  
W. M. W. said to other Bks - if we don't  
hear from you to the contrary we  
will assume you wish to take  
your share in any we may buy, or  
words to that effect.

I was not at the meeting in Oct. being  
away on a week's vacation.

The Board felt it was in their bond  
to refrain from advice not to buy this  
issue because of its action in October.  
This was the credit the Board had  
a row with Kent about in N. Y.

Finally we suggested some changes  
in W. M. W.'s letter & said if made  
Board would interpose no objection.  
During the discussion Delano said  
he had seen J. P. Morgan who did  
not seem in any way interested.

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with the Board rec. of its warning in British  
4 ch. Notes; he said "well, you scolded us  
& we must find some other way".  
Delano said Morgan said as result of our  
warning Davison had to buy about  
20 millions of exchange, which in  
Delano's opinion was the reason the  
call loan was advanced to 15%.  
Mrs Curpurn what Prabody told me.  
Allen said the French Amb. was at best  
very bitter about the warning as an  
attack on French credit; that he did  
not even know Davison had consulted  
the Board; that he finally felt we had  
to do what we did and thought Davison  
had badly bungled the whole matter.  
Allen also said he heard that Davison  
had been speculating heavily in copper,  
wh. Prabody also told me.

Evening.

Dined w Mrs Boyard to meet Bishop Leonard  
Dr Smith, Rev Mr Douglas etc.  
The sat evening star says Prudt did not invite  
Lodge to the Diplomatic dinner.

1917  
Jun 14. Sunday.

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Geo. Dow of Boston & Mr & Mrs Skinner of Wash. were  
supper with us

Jun 15. Monday

Harding never came with me; said Curpurn  
insisted on mentioning in news, about that  
part of Prudt in designating the loan  
of the Board should be cut down. A. said  
he told me he who said to say to Curpurn  
if he wanted a "scrub" in this matter  
to go ahead.

1) Dawson in testimony before Cong. Com<sup>tee</sup> named  
Maddox. Curpurn it also as among them  
when he was told implicated by the  
lead in the peace message.

Jun 16. Tues

Had dinner at home. Jeph. Amb. See & Mrs Baker - Sen &  
Mrs Newlands - Mr & Mrs <sup>Bowes</sup> Lyon of Brit. Amb. - Mrs  
Beall - Mr See & Mrs Peltier etc etc

Jun 17. Wed.

Dined at Brit. Embassy  
Brit. Amb. said he had heard of protest of  
N.Y. Res Soc at our announcement of  
proposed Agency w. Bk of Eng.  
Mrs Phillips, mother of our Sec. P  
told Bertie that our Sec P. showed  
see Lansing my note & Lansing said  
he thought I said the President had

invited us to dinner, and that an invitation  
 as Prudts daughter would not be a reason  
 for withdrawing a previous dinner engagement.  
 We had accepted a dinner invitation from  
 Phillips to meet German Amb. tomorrow  
 Thursday evening; later Mrs Wilson invited  
 us to dinner at White House on same  
 evening. I met Sec. S. at lunch & asked  
 him if we should withdraw acceptance of  
 P. invite - he said absolutely No. I  
 made it perfectly clear to him that  
 it was the Prudts daughter who  
 invited us. Crane, Laurings day told  
 HPH at dinner that because of the  
 precedent I had created Phillips  
 lost two others. I don't understand  
 this as we told us Mr. Crane  
 said it was a bad precedent &  
 would make the Wilsons unhappy.

Jan 18. Thurs.

Muller said Vandenberg called on him and said  
 Board made a great mistake in ruling that  
 credits growing out of revolving letters of  
 credit representing renewals could be  
 rediscounted or purchased by Fed Res  
 Banks and that Board should reverse  
 this ruling.

Worthing said he did not agree w. S.; that  
 while he orig. opposed such rediscounts  
 w. purchases it was only w. a view to  
 restricting the amount later with reasonable  
 grounds.

Jan 19. Friday

Dined w. Mr & Mrs Theodore Doyne  
 Mrs Wilson's White House dinner set for  
 next week Thursday. Sec. S. said we  
 ought to report in we have another  
 engagement for that evening.

Jan. 20.

Regretted Mrs Wilson's invitation as  
 had already accepted on Mrs Patten  
 funeral of Admiral Dewey. Witnessed  
 it on Messing w. HPH & Anna  
 Res Board gave us invitation  
 to attend. Compt. & Mrs Williams  
 were invited w. at least two  
 seats and attended.

Gave dinner to Amundson the

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discusses of South Park.

Present:

- Gov Harding
- Mr & Mrs Muller
- Council & Mrs Castle
- Amundson
- Mr & Mrs Geo Curtis
- Mr & Mrs Klebe
- Mr & Mrs Sheldon
- Mrs Marshall Field
- Miss Adams

Harmon slants accepted but was ill and Gov Harding took his place.

Before starting Mrs Nelson invited this morning & called up Phillips. He said he had talked w. Mrs Nelson who was very nervous but guests accepting and wishing other engagements might cause trouble. She said she hoped she would be treated just as any one else.

Gov Harding said he had had a 2 hours talk w. J.P. Morgan at the Met. Club late this P.M.; that Morgan never mentioned the new Bank 250m loan; that he seemed very bitter against working credentilly thinking he was dominating the Board; that he said he did not trust Jews; that they had

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ruled his father (Woburny, I suppose to Undermejer) and that some time he shall get on with them; that our Board shall consult more with Natl members; that some large Natl Bns in N.Y. were considering leaving the system etc.

Gov H said he thought he satisfied him that Woburny did not dominate and said the Board members could try to go to N.Y. more frequently and confer w. the Natl members which seemed to please him.

Gov H also begged me to dissuade him from making any public statement as to Natl loan subscribing to new Bank 250m loan. I told him I was talked with me yesterday about this & I advised him no action was rec. Wm Woburny told me he thought the secured loan was all right.

Jan 24, Wed.

Gov. Harding said McAdoo was inclined to have Williams issue a warning to Bumpus as to further investments in Gov. Securities. Terms showed Gov H & myself, figures that the Natl banks as a whole had about 20% of capital so invested & a much larger % - in some cases almost double - of Gov. and domestic bonds.

Mr D.E. Dickel the Natl bank held about 5 millions in Gov. bonds & Sec. and about 30 " in domestic bonds - their cash being abt 30 millions & their reserves as much more.

We all agreed another warning would be unwise & unnecessary.

Gov H said McAdoo asked him to see Sir R. Crawford and gently intimate that it might be better to do something to increase U.S. in way of accelerating gold exports to Argentina etc.

Jan 24 Wednesday

Williams removed by am Statute N.Y. and admitted Mathew in his place. Statute by attorney demanded hearing. Terms assigned date - Statute sd could not come bec. of illness - assigned another date - attys did not come - finally terms assigned Tuesday Jan 25 - attys did not come & terms removed statute.

Statute wrote terms a letter - said if terms would say he removed him merely to give Mathew a release, he might resign. Among terms subscriptions or charges he said Statute had a private telephone in his office. Statute recalled this was there when he came - terms picked it & frequently used it - terms told him to use as he did not want Washburn - who was fighting him in various respects - to know what he was saying - also to avoid word talking by members of himself - Williams. Statute also accused terms of holding back his report of McAdoo's Natl Bank showing a dummy loan of 200000 to Martin Plant - stated sd. of doubts had run Gov. H. said Sir R Crawford agreed to see him in Feb of Aug. Agency matter - terms having sent me a letter from Dr. Duffin of Penn. Health Department

giving instructions of death of Dr. Warren  
found in the Fairbanks

Jan. 26 Thursday.

The record in the State car transmitted by  
the Controller was read by several members  
of the Board and referred to the N. Y. Com.  
Delano and Wrenbury.

Wrenbury & Delano reported that Peter had a  
sent slaves arising by what right he  
recommended that members of the Board  
engage in such unbecomingly reprehensible  
conduct as conspire against Com. etc.  
Finally I persuaded them to let it go  
over.

Jan 26 Friday

Wren came in - said some news stories  
had a new telegraph - that they  
never had been a missionary but  
was preaching as to various  
subjects. Finally referred whole  
matter back to Com.

Leach.

interviewed 15 Boston women  
already emp. of construction  
Patrolman.

Gov H said had had a talk recently w  
Sir Richard Crawford who asked  
to see him as Pres of England Agency;  
said Sir R was strongly in favor of it

and wished to know a) whether Board had power  
to issue participation of the other Res  
note; b) whether the Bns must get  
authority from their stockholders. Gov H  
said he satisfied him that Bd had some  
power & that stockholders need not be  
consulted.

Gov H also told me that Com. had  
kicked down Res Note must and  
others; said it would be easy to  
make a bargain w. supporters of  
Kilston Bns namely 1/10 or 1/8 deduction  
for exchange charges; that if we  
agreed to that the Res Note must  
old be put thro over Glass head.  
I told him I shld stand by Glass.

Jan 27 Sat.

Gov. H. came in and again repeated  
above. I believe he has tried to  
arrange some trade of above nature  
as he has always been rather  
sympathetic w. the Kilston crowd  
as to exchange.

I said again I should stand  
by Glass & he dropped the matter  
(said w. Mrs Marshall Field.)

Jun 29. Monday

Gen H said Miller came in and expressed great dissatisfaction with report in support of Sherman as Chairman of Slushy Board; said the short line was made for in Fed Res Bd and long term report not to receive it in Slushy Board. Gen H said M. evidently thought he would be made Gov to succeed Harding and that the Gov & Chairman of Slushy Bd could not both come from S. Fran. H said Miller said he thought cost was at bottom of this. Williams told me Headoo was much worried because telephone records showed Baruch, Capt. Mason called in at 11 AM of the morning of the slush was President's mail message; that Headoo said he merely suggested a name over the N.Y. Director of Fed Res Bd to succeed Clark; that he Headoo had mentioned it to Col. House who probably had spoken of it to Baruch. Dined w Mr & Mrs Dunforth.

( Mr Dunforth said he heard that the Revenue Agents said the inside was.

in the morning after elect a telegram congratulating him on elect of Hughes.

Jun 30. Tuesday

Gen Harding said he lunched today with British Amb. who was very bitter vs <sup>Administration</sup> - said President Wilson by addressing Senate had lined himself up with Germany; that he was evidently apprehensive of being recalled - said it was a German plot. said also he knew Louis Headoo got into politics - his tunnel Co. needed reorganization - he took up cause of Wilson - went to Rubin Rock & Co and said W. would surely be elected. interested he would be Wilson's right hand man and induced R. R. & Co in this way to reorganize tunnel Co. Complained also of Headoo's intimacy with Warburg.

Jan 31. Wed.

Illness & weakness reported in states can  
 require ready report a telegram was need  
 from state requiring as Director of Fed Res  
 for of D.C. I raised point that having  
 resigned (and not resigning resignation) he  
 was out & no report is necessary.  
 The Council insisted on presence & ready  
 report. It advised removing Slater  
 simply because he had ceased to be an  
 officer - the only name for appointing  
 him. Also said a majority of Bd  
 wished to remove him in June 1915;  
 that several members of a majority  
 asked Council to remove him as a  
 matter of course but that he refused;  
 approved report Council had not told  
 Board about Slater before he did -  
 said he had told some members -  
 W.H. & H.H.; approved when that  
 law should be changed to give  
 Bd. complete control as to salaries  
 removal etc of officers.  
 Williams took issue at some  
 statements wh. Council agreed to  
 modify.

I raised point that Council should not  
 beyond scope of resolution or vote authority  
 it & that it was really a report of  
 Council of the Committee a better  
 member, without proper inquiry.  
 Miller moved to recommend so that Council  
 did make the change in facts it had  
 agreed to. Miller did not mean by this  
 that he objected to the Council.  
 On vote to recommend Miller & I voted  
 Yes and W.H. Wash. & Helms No and it  
 was lost.  
 It was then moved that the Report  
 be received and filed. I objected to  
 having a Council of a better member  
 spread in files as a Council report.  
 Helms & Miller were very angry  
 and indignant - said a Council  
 did report anything it saw fit &  
 W.H. agreed. I said any member  
 did bill any that he wished to  
 make & I always had and  
 always should so vote, but the  
 contents of a Council report of  
 beyond scope of authority should be



Recommended and not received.  
 An vote to receive I voted No and the  
 others Yes. Williams did not vote.  
 Williams told me that he had just  
 learned that Delano had made a  
 confidential, anonymous statement  
 about him and he would stake his  
 soul were it not for that that  
 he had pledged his word to the  
 man telling him not to reveal his  
 name.

I told him he could have no other  
 able giving this pledge.

Later Sec H. said a newspaper wh.  
 told how Delano said to him in  
 connection with the bank hearings  
 that the Court should examine him  
 as his 2 brothers were in a country  
 prison & lease might be discovered  
 there.

I am sorry to say that Delano has  
 a "yellow" streak in him.

[Found in Dr. J. H. Grayson.]

Feb. 1. Thursday

at the meeting Gov. Harding referred to  
 a letter from Sec. of State to object that  
 Bk of Russia wished to see money  
 paid in its vaults against wh. the  
 Res Bk of N.Y. could buy out money  
 in U.S. or sell exchange. Some days  
 ago Gov H. read a letter of reply -  
 based upon vote of Coll. Com<sup>rs</sup>. stating  
 Bd did not wish to enter into such  
 an arrangement at the present  
 time & Bd voted the Gov should  
 send it.

This am Gov H. said he had redrafted  
 the letter & read it. In it it was  
 stated as the chief reason for  
 declining - that there were no treaty  
 relations bet. U.S. & Russia. Gov H  
 said Harding suggested this.

It I at one objected saying it  
 referred to the fact that Gov  
 had and had to Russian treaty  
 (i.e. Russia would not give greater  
 privileges to Jews) and that the  
 fact was Board in the hearing  
 that it did not care to have

80 any dealings with Russia because of this  
very no treaty and that such a statement  
would infuriate Russia. I suggested  
that we merely say that as we had not  
yet entered into any arrangement w.  
Govt of Eng. we preferred to wait  
until that Agency was agreed upon  
before making others.

Washington objected and after a short  
talk on my part said he meant that  
we had no gold treaty with her - a  
pathable war. I replied - neither have  
we with England & pointed out that  
we were against all Agencies of the  
sort & that through an International  
Gold agreement which he had  
recommended in connection with  
the D. P. Bank. etc.

Finally, in spite of my protest the  
Govt voted to send this letter to the  
Ambassadors to be presented to Secy of  
State

upon the meeting & told Holmes  
that this letter would cause us  
unstable & Russia will say Washington  
had said it well etc. Holmes seemed

much disturbed and said he would sleep 81  
to Gov H.

Later Gov H came in and said he had  
decided - on his own responsibility -  
to strike out all reference to Russia.

It is evident to me that Washington  
deliberately tried to deliver the  
Board and through <sup>it</sup> to insult Russia.  
He seems to be willing to do anything  
to gain a point.

(Dined w. Mr & Mrs Glass.

Tue. Nov 2

(Dined w. Rev & Mrs Hays.

Sat. Nov. 3.

President broke off relations with Germany  
Gov. Foster asked us to deal with her but  
we had another engagement. Later learned  
that German Amb. and the new Austrian  
Amb. Jaroszewski were his guests.

Some one told Gov H that German Amb  
said he had warned the Govt  
that the submarine order would  
result in our breaking off relations.  
relations but that the Govt did  
not believe he was correct.

(Dined w. Mr & Mrs Hays & their program

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Nov 4. Sunday

Mr & Mrs Duvall with Susan W. W.

Nov 5. Sunday.

Matter of reply to conduct of N. Y. Res Bk  
Bank in apologizing by cable to Gov  
of Bk of Eng. on action of Res Bk  
were referred to Ex. Comm.

at Gov's request & husband doubt  
of reply.

Later Gov H. had letter prepared by  
him based on my letter. He said  
Waukey thought we should look  
whole matter and be satisfied - the  
are 3 southerners & one N.E. man on  
Res Bk and a letter will go out

if necessary by a majority vote.

Finally Waukey agreed to do it  
and in to show it to Secy H.

Waukey told Monday U.S. did  
not have done less than to break  
off relations w Germany, and that  
while he opposed Germany as against  
England he still is loyal to U.S.  
as of our own.

Mrs Houston told Parker how Waukey  
arrived and asked of the

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could have taken w. her; she said she felt  
surely at the points they were discussed in -  
that of course they would be absolutely

loyal to the U.S. etc.  
(found w. Mrs & Mrs Belmont)  
Wed. Nov 7

Gov H. said letter to Fed Res Bk in subject of  
cables to Bk of England was sent yesterday. See  
Middoo made some changes. It followed  
my draft literally except a) Reference to  
boundless knowledge of the negotiations  
and b) statement that a copy was to be  
sent to Bk of England - were struck out.  
Gov H. said he showed it to all members  
who approved it.

Gov H. this am had talk in Secy H's office  
w. Sir Richard Crawford and a Mr. of  
Bk of France. They were disturbed over  
our influence in annual report to policy  
of Bk not moving in independent and  
unrelated securities. Gov H. told  
found he told them that our report  
related only to 1916 and in case of  
war we were free to modify our  
opinions as we felt best.

Nikles is softening on Fed Res Note.  
Amdt 2 is keeping an Amdt 1  
and sufficient

Feb 8 Thursday  
Dined w. Mrs. Drivick

Feb 9 Friday  
Dine dinner at lunch

Feb 12 Monday  
Dined Mrs. Boardman's

Mrs. Lansing told me she talked with a woman who said Bryan told her he had communicated with the German ambassador and told her the American people would not be behind the President in a war w. Germany.

Feb 13 Tuesday  
Dined w. Sen McLean.

Yesterday Mr. Lindbergh of Minn. introduced an impeachment resolution of old Pres. Brand. Referred to Council on Judiciary

~~Feb 14~~ Sen. Lodge said to me he should like to tell the Council what he knew about Lindbergh

Feb 14. Wed.  
Met the Democrats of Jud. Council at West Club. He said Lindbergh came before Council & had harshly met a show of resistance when which

to support his impeachment proceedings & that finally at his request the Council put in our case in order to present his evidence. I told him the Board was in the hands of the Council or it could not call Lindbergh to account. He said he thought the Council should have drastic action against Lindbergh.

Gov. Hurdley walked home with me - said had had a conference w. Davison and Sec. H. this P.M. that Davison wanted to buy up matter of another loan as successful 4th. Notes, as time was coming when it might be difficult to provide Amer. securities as collateral; he also said if we insist on collateral the Amer. people may insist on collateral for our own bonds of and when we issued them.

He said he told D. and McAdoo agreed that the warning of Board applied to conditions at that time and that is conditions changed the Board might change its views; that surely war w. Germany would be a radical change and that very

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family, with w. out was not neglect and condition  
so changed us to warrant a change in records  
of Board. I. said the warning had injured  
British credit and if any issue of such  
Notes were made it would not be sufficient  
for Board merely not to object - it ought  
to go further and at least say it did not  
object; that he & see Meade said that  
if amount were sufficiently limited  
and currency were to certify that there  
would be gold in Canada sufficient  
to pay all who wanted payment at  
maturity, the Board would give careful  
consideration to the matter and that  
possibly it could be worked out.

Feb 15. Thursday

Gov H will lunch with me. Said last night  
But Amb & Sir R. Crawford dined with me staying  
until nearly 12 P.M. He showed me just  
before going home a printed Mem. to  
Robert that Brit Govt should issue 250  
millions of 4% Notes running 2 years at  
5% coupon to certify that there would be  
gold at all times at least 2% in gold  
in case any holder demanded that  
before due date in certain interest  
days should be - 2 in all; that is to

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demanded not. should be only 5% and 4 1/2% respectively.

Gov H said Amb. wanted an assurance from  
Res. Board that if such a suggestion were  
made by Brit Govt the Bd would state  
it had no objection to paper money;  
that he & I would have another  
interview w. them.

I said to Gov H that times were changing  
so rapidly it would never do in advance  
to agree as above were if at present time  
all of us agreed; that the point  
we could properly go would be to say  
that such an offer would be the least  
the Bd could consider, but that if made  
we would bring it to the attention of the  
Board for its consideration.

I also said that as far as I was  
concerned I thought - about being  
changed out along some such lines  
as that but that I should not want  
to have the British Govt give any such  
intimation in advance.

I said that the original warning was  
forced on us by Governor's action &  
that we did not know then the

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exact amt of Gov. bonds etc held by the Natl  
and state as investments - we many  
fear of rumors that the bonds had  
heavily invested etc.; that if we had  
waited until the completion got the  
full returns - only a few days later -  
we might not have deemed it nec.  
to issue such a warning or at least  
in such specific terms; that the  
new plan covered many of our objections -  
a) it was fixed as to amount; b) it  
provided for a distinct pledge as to  
gold held at Ottawa; c) it gave holder  
privilege to demand part about 2  
years by losing the interest.

Dined w. Cong & Mrs Julius Kahn.

Nov 16 Friday.

See he sent our note but only to get some info  
as to Fuller, elected to Congress from Mass in  
place of Roberts. He said that Fairbank (Porter)  
sd he wd try to find out how much  
should be paid. While saying he wd  
in call see Justice Brundage to ask  
him about that Fairbank.

Said nothing about proposed  
Bicentennial Loan. I saw he  
was committed to Board as a

majority. He said he had no authority to do so  
such a thing, at least not from me.

Gave dinner to V. President John Marshall.

Met Mrs Dean Sage visiting us.

Nov 17 Sat.

Sec. Lansing told me at lunch - that that  
Germany was much puzzled at our  
not breaking all relations w. Austria -  
he sd Germany wd soon get suspicious  
and think Austria was playing double  
with her. He also said Brundage in his  
opinion had lately done his best to  
keep peace.

Nov 19 Monday

Meeting Fed. Adv. Council.

In afternoon, 4 P.M. Morgan said he  
wanted to have a long talk with  
me about British loans.

I asked him if he had talked w.  
Gov H. - he said perhaps I wd  
talk w. him first and later talk  
w. you.

He then said - do you think the  
matter will be adjusted all  
right? I said, I can not commit  
myself until we go into the whole

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matter in the Board; I hope, however, we  
can find some way to maintain our  
opposite trade  
after the meeting I told Gov H of this  
and he said he had a new Mem.  
concerning the matter which Sec. H. had  
or would (am not sure which)  
communicate to the Pres and Gov  
R. Crawford as approved. He did  
not say wh. or not Sec. H. had  
undertaken to comment the Pres  
or only himself & Gov H.

Gov H said if I would come into  
his office he would show me a copy  
of this.

I then told Gov H that if the Pres  
wished us to recommend a loan  
along lines of Mem. he showed me  
the other day, I did not see  
how we could do anything wh.  
savored of advising Banks to  
invest in it as one warning  
as to other loans was shown  
in the report, and I had noticed  
several statements in papers that

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Gov H did not want the Banks to invest  
in their latest loan as they should keep  
themselves liquid; also said I had read  
that the Brit. banks took about 1/3 of  
the earlier loans as investments,  
I added that if all they wanted was  
some sort that Fed did not look  
w. disfavor in new loan so far as  
regards individual investors, that  
was another matter wh. might be  
worked out in view of the premium  
in the Mem. shown me to keep 20%  
sold always in Alliance to hold all who  
wished to redeem before final due  
payment.

Gov H agreed with me as to Bank  
investments and I gathered on  
what he said that what it  
wanted was not my recommendation  
as to Bank investments.

I did not go to Gov H's office to  
get the copy but went right  
home; as I did not wish to be  
committed by any statement the  
they may have made or might  
make, but wished to keep

myself about. you to take any course I thought the best interests of the country and the banks demanded.

Morgan was very bitter towards Congress - said he had the most supreme contempt for the whole body -

Republicans as well as Democrats.  
(Dined w. Mr & Mrs Wood.)

Nov 20. Tuesday

Mr H. said late this P.M. had long talk w. Sec. M. & Morgan; that Morgan now wants to issue 250 million of short term 4% notes - just like old 4% notes against wh. we gave warranty. Must limit, however, to 250 millions & will agree to keep 20% reserve with in Ottawa on Fed Res. Act. says must have Bank subscription; that they said he was inclined to favor it but that Morgan will prepare statement showing how new loan met requirements of Board in its warranty & later will have hearing before Board.

(Dined w. Rev Dr & Miss Mudge)

Nov 21. Wed.

Mr H reported us to letters of Sec. M. & himself as to Inten. loan - said Morgan now insisted on putting out short term 4% notes - precisely like old ones - & objected to a 2 year bond w. right to rein payment by accepting lower rate of interest; that he wanted Bd to reverse itself and give out an approval with on banks and indios; that Sec. M. had told Brit. Amb. this could not be done; that Brit. Govt had overruled Morgan and decided that next loan should be on 2 year etc as in statement previously shown me. Washburn expressed his approval of this decision - at least as to a fixed maturity of 2 years - nothing said about security.

W. G. Rice gave lecture at our house in French Ambulance coach. Madame Jusseau, among others, was present.



No. 22.

Mrs Fowler visits us.

Mrs Fowler dined w. Sec & Mrs Hamilton to  
meet Pres & Madam

We dined w. Sec & Mrs Lane, and later we  
went to musicals at Col. Mass.

No. 23. Friday.

Wardell called. Had general talk - feared that  
he might say some terrible things not  
in immediate future. I explained our  
position as to removal access. - that Combs  
ruled that Banks could give such  
access - new holder was not bound to  
obey - that our Council ruled that  
we did not legally prohibit a Res Bk  
open in country any access. a  
member an old lawyerly Jew,  
although we might limit it  
in any reasonable way. He said  
this ok but a new phase  
into the matter & he saw clearly  
that Fed was right; he felt however  
that it was not good banking  
and should be kept in reasonable  
bounds.

He also said our currency or Res  
Bk Notes was undoubtedly good  
on the currency but wrong in  
theory as such loans were all.

to absorb gold imports; that Banks would  
always expand up to full limit of the  
gold holdings.

Share of attacks of N. Y. Fin. Council - said  
he had never met any of the editors -  
that their editorial showed profound  
ignorance etc.

No. 24. Sat.

Robert Gray Howell called. said he had been  
asked by interests in N. Y. to go to Wash. as a  
Democrat and work to bring about a  
decline of war against Germany; said that  
the opponents of Germany were largely  
Republicans, & their nation hated of the  
Administration had spoiled all their efforts.

(Have dinner in evening on Mrs Fowler's.)

No. 25 Sunday

Dined w. Mr & Mrs Lane & Madam.

No. 26 Monday.

Dined at home

No. 27 Tuesday

Dined w. Comr & Mrs Jones.

went to musicals at Mrs Blair's.  
Musical enjoyed.

Mon - today.

Board decided for present to make no start as to future purch. of Gov. securities by Fed. Reserve Member Bankers' Draft.

Invited Mr. & Mrs. Charles Lawrence.

Mon 3 Sat.

Gave dinner for the Norman Jackson

Mon 8. ~~Wed~~ Thursday

JH O'Neil called. asked me to endorse check for \$100 drawn by him on his bank as he needed more money on his expenses here - which I did.

Subl. called meeting at 4 P.M. to consider issuing start, on same line under consideration by Bd relating to clearing up the mis-ception of Bd's warning of Nov 28. 1916.

Tom H. told me Meadows said the Press had just received a cable from Amb. Page in London saying that our previous warning had scared investors & injured credit of E.T.B.

that E.T.B. could not continue slapping gold to U.S.; that in any event it should not be done solely bec. of submarine activity; that France did not show any more gold w/out injuring her domestic position and that something was not needed due E.T.B. must see how special payments wh. would probably mean a world wide panic wh. could not involve and greatly injure the U.S.

The meeting took up a draft of notice board largely when draft prepared by DeLano and to less degree by Miller and after some suggested changes by Warburg & Miller and a few by E.T.B. - wh. were all mainly accepted by Meadows. The Bd voted unanim. to publish it in papers tomorrow.

about 7 P.M. See Meadows called me at house on Tel. & asked how I liked the announcement: I said I thought it was in good shape. Dined w. Mr & Mrs. Hill.

Mar 9. Friday  
Even dinner at home

Mar 10 Sat  
Dined w Jim & Mrs McCaulley

Mar 12. Monday  
Bd voted to recommend to Manning for chair woman  
a woman who was Dr Miller's washwoman.  
The Comm reported this at Dr Miller's request.  
We had no one in mind for the place &  
it was not under Civil Service rules.  
Miller sd his wash woman wanted the  
place & that it wd not interfere with  
her work as she had to be at the Treasury  
early only certain evenings in the week.  
If any other member had bothered  
his wash woman how Miller wd  
have reacted!

Mar 21. Wed.  
Gov Harding spoke in N.Y. at Small club. He  
out suggested that in case of war U.S  
shld lend Allies 1 billion dollars taking  
their bonds as collateral & issuing its  
own bonds.  
Told Bd today he was asked to throw  
out this suggestion, meaning that  
Meadow wanted it done.  
Never consulted any of Board.

Mar 22. Thurs

Mar 27 Tuesday.

Seymour informed Board that he had  
decided to issue 50 millions of certifs of  
indebtedness at 2% and asked us to offer  
them to Res Banks. He said he could sell  
them at that price anyway but wished  
to give Res bns the best opportunity.  
Worbury fully approved this - said rate  
shld be 2 1/2% and at such price the Res  
bns wd sell them to other banks. He  
could not deny however that the Res  
banks wd easily take this issue as an  
investment - the certifs running only  
for 3 mos. He said the Res would be  
very angry - I said if so the reason  
wd be that such an issue wd have  
a material effect upon interest and  
issues & enable them to be placed  
say at 3 instd of at 3 1/2%. Of  
course he denied this.  
He insisted on our holding up the  
matter until he sd talk with the  
Sey - who was at cabinet meeting.  
I pointed out that it was our

100  
The Secy to determine at what rate he would  
offer the certificates & it was not an unusual  
thing all we could do would be to inform  
the Board as to what to do so which would  
be ridiculous.  
Everyone except ourselves voted to  
inform the Board.

Mar 28. Wed.

Agreed the banks have already taken whole  
issue with Atlanta, Minn. & Chicago  
yet to be heard on N.Y. & will  
take any part of 25 million.

April 4. Wed.

Meeting of Govs.

McAdoo presided and severely criticized  
N.Y. Res Bank bill. It passed a vote  
objecting to being asked to subscribe  
to new 2% certificates w/out being consulted  
as to their issue.

While the Bank was clearly wrong  
it was most unholistic for the  
Secy to attack it as he did.

The Secy also said he wanted to  
have law amended so that Res  
Board could appoint a majority

of the Directors of the Res Bank.

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Board considered this and every alternative  
member opposed it.

I said I favored it in principle as  
very likely nec. in the future but  
it meant time depreciated it -  
we'd cause better opposition &  
might defeat our funds.

It certainly would change whole Act  
and in time of war like the present  
nothing short of suspicion of man  
in heart of banks would warrant  
such drastic action. To say that

the Res Bank, all the capital &  
movable of the system were to be  
in a minority of Bd of Directors  
could be enough to endanger it  
if not our extraordinary circumstances.

April 6. Sunday

Richard Olney died in Boston.



and justify so. While Wadley is on the Board he should be treated w. decent civility, and I believe there is many an expert on staff meeting the 5 alternative members of the Board. Am curious to see whether relations will be invited.

April 23. Monday.

Lord Cunliffe called on see Meadows for over an hour. The Board was in session but Meadows did not ask us to come in. After our meeting was over Harding suggested that we send in word to the Secy that we would wait in his room for Lord Cunliffe. I suggested that we did not know that Lord Cunliffe cared to see us. Then some one suggested that if he came to Harding & asked to meet us, Harding could take him to each of us in his own rooms.

Finally we adjourned and Harding said if Cunliffe called he would send for us.

Later Cunliffe did call and we were sent for and met him very briefly.

Evening.

President Wilson gave a dinner & invited many airt Sees, including Roosevelt and Crookham, the whole industrial department - Gov Harding. The

Chairman of the Shipping Board and also the Compt. of the Currency.

To invite both the Compt. - merely a Bureau chief over the heads of the other members of the Board seems, shipping mildly, somewhat surprising. It is small wonder that the members decline both. Apparently the Compt. Sec of War & the as Sec of the Treasury were not invited either.

Yulstony Delano insisted on having a lunch for Lord Cunliffe & he agreed on Wednesday.

I feel personally it was a mistake to do this. Harding & Lums have been invited to meet him and give him any hospitality they might desire but the Board should have maintained a dignified silence.

See Meadows has now clearly shown his jealousy of the Board & his contempt for them and I fear trouble may arise in the future.

Tomorrow Tuesday evening Sunday, Parker & Meadows are to give dinner, and so far as I know, no members of the Board except Harding has been invited. After the dinner there is to be a reception at the

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Pan Amer. meeting to which apparently none  
of our members are invited. It seems,  
certainly an extraordinary proceeding,  
Apr 24 Tuesday.

Received invitation to Pan Amer. meeting  
at about 4 P.M.

After dinner - Mr. Kahn said he had rec'd  
no invitation to Pan Amer. meeting.

Later at reception saw Lansing & he said  
all Reps & Sens were invited.

The State Debt was collected the other

Apr 25.

went down on Mass. South Station and  
with Madras. Lord Cunliffe & also saw  
Viviani & Ben Jobson Parsley. Great  
enthusiasm.

went back & showed Lord Cunliffe  
our Board room - then gave him a  
lunch at Chevy Chase.

After lunch he talked to us over  
nearly 2 hours.

He said - war will not be over in  
any three months - maybe of long  
duration - money will be dear for  
many years, no matter when peace  
comes - follow market rate in  
loans to Govt. - France made great

mistake in loaning to Govt at 1% - distributed 107  
4000000 - England has issued too many  
Treasury bills - but this because rates are  
higher than acceptance rates e.g. 4% has  
run down of banks - in issuing bonds  
have long maturities with respect to  
no run after few years - The currency  
Notes are issued not as loans to  
banks as collateral (as our Ald. V. Notes)  
but as payoffs of Govt indebtedness  
exactly as were our Greenbacks.  
He also told me he had great sympathy  
with our warning to Banks as to invest  
in short term securities wh. really were  
long term loans - he felt they would have  
made a great mistake in issuing  
the 4% Notes against wh. we wanted  
our banks.

I asked if his banks were overburdened  
subscribing to last British loan -  
he said No but they were advised  
that public should take the notes  
the Bns, but he said Lloyd George  
told the Bns they must place  
the bonds w. the public as the  
Banks must take them if the  
people did not & this should not

the banks to make this.

He said last loan brought in treasury no new money - it was really a conversion of old floating indebtedness & that Bps turned in old bonds owned for conversion in large measure.

In doing out Jay told me that the Res Bk of N.Y. at request of Sec of Treasury had done an ultra vires Act - it had given a debenture credit in name of British Govt itself & not in name of Bk of England

Ed Cunliffe said Bk of Eng. would at once agree to be our Agent & wanted to announce it publicly in few days - that while not much might be done now under Agency, at least gold could be re-embarked.

Money attended receipts to Balboa at British Embassy.

April 26. Thursday

Lunched at Dr Miller with Lord Cunliffe. He said 1st British loan at 3 1/2% was very poorly subscribed - that he insisted on 4% but Lloyd George insisted on 3 1/2 - that the Bank of England was forced by the Govt to underwrite the loan and in fact had to take 1/2 of it.

He impressed on us necessity of meeting the market rate so that Bps would not have to invest in undesirable securities.

He thought it unwise to persuade our loan at special rates to Bps to reach our money withdrawn by subscribers to the certificates of indebtedness - unless after that he said should be done as to the long term bonds.

He explained policy of Bk of Eng. as to discounting finance bills - he laid down as a rule of practice that Bk would not discount such bills although he said it was not always easy to distinguish them from com. bills. I gathered from what he said



that if Bills were presented by a best class holder and not clearly financial bills or bills for permit inputs to bus. etc they might possibly be taken in small amounts but the rule of practice was rigid, at least in form.

He also read us a cable to Bk of Eng. to close at once w/ the Bk of N.Y. as to joint Agency.

April 27. Friday

See H. said he wanted to get a good man to take charge of bond distribution who would give all his time to it - asked about Robt Wain - I said he was too identified w. special interests although very able - I strongly recommend Stavros & seemed to impress Haddock.

He also said he wanted a good RR man to go with the Com to Russia & run the Russian RR - he spoke of Stevens the engineer - said he had a vague idea he was somewhat discredited.

April 28. Sat.

Lunched w. Mr Hohler Counselor of Brit. Embassy - present Mr Serim, Financial Member of French Com<sup>rs</sup>. Mr Audren British Wheat Com<sup>rs</sup>, Sec. Redfield and Trade Com<sup>rs</sup> Davis.

P. M.

Mr Houston & Bertie went out to Chevy Chase to see see Houston & Mr Balgoun play tennis. The players were Houston & Polk and Mr Balgoun and Sam Malcolm. Later they all had tea at the club.

5 P.M.

attended tea at French Embassy to meet Viviani and Gen Joffe.

Evening.

Dined w. Spanish Ambassador - a guest gave out & told Ransom letterhead asking if I would come. None of the Gov. Com<sup>rs</sup> were present.

April 29. Sunday

attended reception at Gen Scott's to Gen Joffe

April 30. Sunday

Had lunch (MR Bd) at Alst. Club to Mr. Seaman, cognate + Pan - of much com. In evening Ed Harding at our meeting said the Numb Comrs told him they did not want us to put them any questions but to leave it to them to answer questions of us. I expressed some surprise at such a request but said if they wished to put a message on us of course we must acquiesce.

Such a request seemed to me almost insulting.

After the meeting Harding said it was one of weakness - that the Comrs declined to speak confidentially before him.

It seems to me that we should have at once written our lunch but the other members did not seem to be aware of the result to our Board.

At the lunch scarcely a word was said in subject of business - not a question was put to us as to the FR

system - Our guests evidently avoided any discussion and tried to keep the conversation away from financial. Their manner was in strange contrast to that of Ed Lambell.

Evening

attended Sec of State reception at Pan Am. building to the Numb Comrs.

May 1. Tuesday

Bette and Anna went to Henry Whelan's house and had an interview with him.

May 2. Wednesday

The other day the papers all said the FR Board had resolved to celebrate a method on issuing near. celebrates weekly. As this had never come before Board I asked Harding about it. Sec St. also wrote Bel about it. Harding said Washburn had written Secy a letter & mentioned it to Miller who told it to Delano and Delano gave it to a reporter.

Harding sd Sec. was very angry as he ought to have been. Can't see how Delano sd have given out such a false story as matter never came before Bd & I never even knew Washburn had written a letter. Harding said

114 Sec. M. asked him to say to Bd that humbleboots  
it must be clearly understood that  
when he consulted w. a member it was  
a personal, confidential matter not to  
be advertised.

Henry  
attended reception at Mrs. Wm. Lester's to  
meet much comm. - Gen. Johnson did  
not come as he was consulting w.  
President - some one said Deane was  
there but I did not see him.

May 3. Thursday

Ev. H. said Lord Cumby had decided  
to go west to meet bankers & Ad. Res. Bks  
etc & that Sec. M. asked me to go with  
him as an ex. Gov. of Board. The route  
was Rich. St. Louis, Chicago, Cleveland  
& Boston. I suggested Illans over  
St. L. & Chic. & I wd meet him at  
Cleveland.

Late H. said Sec. M. wanted me to  
keep whole journey as Illans did  
not shake it so I agreed to do so.  
P.M. Ed Cumby took tea with us  
at our house.

May 4. Friday

115  
Lord Cumby called & said wd leave to  
cut out Boston for present as must  
be in N.Y. Thursday, May 10. He said he  
would surely go there before leaving  
U.S.

The itinerary is:

Sat. May 5.	To Richmond
Sund. " 6.	To St. Louis
Mon. " 7.	Dinner. St. L.
Tues. " 8.	Lunch & dinner. Chicago
Wed. " 9.	Lunch. Cleveland
Thurs. 10.	N.Y.

May 5. Sat.

Left Wash. 2 P.M. for Richmond with Lord  
Cumby, Compt. Wms., Ev. Strong & Sherman  
Allen.  
Train 1 1/2 hours late. Arrived Richmond  
7.30. Drove out to Williams house - a co.  
of Militia guarded house. Had dinner  
- about 15 guests including Ev. Stuart  
who was placed on left of hostess  
Lord Cumby being given place of  
honor.

May 6 Sunday  
attended church - called on Ev  
Stuart - went back to lunch - left  
for St. Louis 2 P.M.

May 7 Monday

arrived St. Louis 6.30 P.M. Had

116  
dinner at Hotel Johnson given by Rev Wells  
of N.B. Bank. Mr Watts, Peter Wade, etc &  
Lord Cunliffe spoke.  
Took midnight train for Chicago.

May 8. Tuesday

~~to~~  
arrived Chicago 8 am. went to Hotel  
Blackstone. In morning visited Fed  
Res Bank, where our photographs were  
taken - then visited Forgan & Reynolds  
banks & also.

Lunch at Chicago Club attended by 50  
prominent business men. At my request  
Frank Hamlin invited & attended.

In P.M. went to stock yards - then  
Lord C. drove over park system.

In evening, dinner of 60 at Blackstone  
Hotel.

Left in 11.45 train for Cleveland.

May 9. Wed.

arrived Cleveland 8 am - visited  
Res Bk & other banks. Lunch &  
shakes at Club.

P.M. drove out to White aceto. works.

Left for N.Y. in 6.30 train.

May 10. Thursday

117  
arrived N.Y. 8 am. Lord Cunliffe drove  
to J.P. Morgan's house - I went to  
Univ. Club. 11 am Allen & I met  
Lord C. at Mr Morgan's library -  
then went to Fed. Res. Bank.

Lunched w. A.B.A. Council at Business  
Club. Took midnight train for  
Wash.

Lord Cunliffe spoke very modestly  
and quietly - explained fully the  
3 large British loans.

1. 3 1/2% loan. Said rate too low &  
over his wallet. Also income tax  
slightly increased. as a result the  
Bk of England had to take a  
large part of it - 10 times as much  
as it ought. This loan was a  
failure.

2. 4 1/2% loan.

The banks invested heavily in  
this loan.

3. 5% loan.

The Banks were advised not to  
invest in this loan but were told  
if people did not take it they  
must. as a result they worked  
very hard & placed whole

amount w. the people taking care themselves. They, however, loaned only to their customers to help them.

The last loan resulted in small if any withdrawals of savings deposits in the Govt banks - deposits in some com. banks were drawn down but not severely. Every effort made to prevent curtailment the currency was temporarily.

Said our country under new Fed R system <sup>now</sup> much better placed for banking standpoint than was I.T.B. when we were out.

He told me he did not like notes issued by Govt but feared I.T.B. would not for long time get back to old system. Said also he did not like currying all gold held by people & giving notes instead as gold held in treasuries was a good secondary reserve.

He said BK of Ind. had had to do many things not warranted by its charter.

He strongly favored smaller less deposits gold in FR banks.

Monday, May 14

went to Boston w. Ed Campbell. Allen & I called on him at 5.45 & then we all had early dinner at our house then taking 7. P.M. train.

Tuesday May 15

arrived 7am. went to Colby Plaza Hotel where Ed Atkin met us. took breakfast - J.P. Morgan was in hotel & called. Drove to Rd. No. 301 where some bankers met us - then went to Harvard where we met Prudt Lowell at 11.15 at Univ. Hall. went out w. Lowell & viewed the Harvard ballroom in Soldiers field. Drove in town & called on Robt Wynn at Ed C's request who knew me. Lunched at Univ Club given by Ed Atkin - present directors & other bankers - took drive around Jamaica Pond - took 5 P.M. train for N.Y.

In N.Y. Mr Robert Bacon met us - Mr Bacon was to have Ed Campbell

11/20

in a special car to Miami. Florida on  
some business, but he had to go to  
Washington that day to see Mr. Root. &  
Mrs. Bacon came to take Ed C. to Pa  
State.

I told Mrs. Bacon I would see her to her car  
and she went home, with 2 secret service  
men we went across street to her car

May 24 Thursday

Had breakfast before Nat. Press Club.  
Met. Mrs. Root for dinner

May 25 Friday

Lord Cullen called on way over Florida.  
Had little to say as to not going to Atlanta  
bank. I begged him to go to Phila but he  
said it was impossible so I dropped  
the matter. He has received a great  
opportunity to help his Gov. and I  
am very sorry. He could have cut  
down his fishing week a day and  
have had ample time to visit  
Atlanta & Phila.

I gave him a lunch at Mt. Club  
also Mrs. Croley & Sir Richard  
Crawford.

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we were to give a dinner in memory of &  
invited him - he said he could not  
accept as he left that evening - I asked  
him when he left & he said he did  
not know - he evidently did not want  
to come so I dropped it. We went  
down into Board room & had a talk.  
about gold exports wh. he asked us  
to do all in our power to prevent.  
said policy in my. was that we should  
should not send so much gold to U.S.  
& if we permitted it to go out he  
feared inflation in England would  
result.

We discussed Spanish situation he did  
not see how Spain could meet in  
buying any gold only at a discount  
- intimated that Spain wanted  
much more than gold & that we  
might have to cut down our exports  
to her.

Also discussed Ludlow Muffley Co wh.  
had been ordered by our Gov. to make  
trains & cloth but did not yet  
appear to pay for it in India.  
He finally said that if we would

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certainty that it was our interest the Gov  
of England would provide us with  
means of payment. He said no  
objection to N. Y. banks shipping silver  
bullet to India as ~~but~~ Indian Govt  
would be glad to give us for it.  
He showed me a cablegram from Govt. of  
Mexico asking him to renew the loan  
which credit given by Amos Benson this  
bondholder - to 8 London banks - this was the  
50 million + 1/2 to credit due about June 1;  
he said in his opinion it ought to be  
paid & not renewed but he was bound  
by instructions of Chancellor  
after lunch went back to Messing &  
he met bondholders & asked him to  
renew - V. said this could undoubtedly  
be arranged but could not be done  
tomorrow Sat. & would have to wait  
until Monday. Ad C. then said he  
could stay in N. Y. over Monday.

& then drove him to station to his private  
car to get his passport so it could  
be mailed by Post Embassy then  
we drove to house & called on  
Bertha - then to railway where I

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left him. He intimated he would like to  
have me go w. him & make some calls  
but I did not do this as I felt I had  
done enough for him - in view of his  
selfishness. He told me he caught  
4 hatches in Florida, one weighing 125 lbs.  
His devotion to fishing has been at the  
expense of his Govt.

June 2. Sat.

Dined w. Ansee & Mrs Long to meet Preside  
Admiral of the Italian Cruise to U.S.  
Leave this evening for Boston

June 3. Sunday  
to Boston.

- .. 4 In Boston
- .. 5. Shore at B. City Club w. See Haddock.  
Left on Delia.
- .. 6. In Delia. Left late P.M. on Cleveland
- .. 7 In Cleveland. Spoke on Liberty Loan.  
Left 5 P.M. on Buffalo.
- .. 8 arrived Buffalo 8.45 P.M. Guest of  
Mr. Rand. Presdt of Marine Natl  
Pk. Drove w. him to Niagara on Lake in  
Canada & spent night.
- .. 8 Shore lunch in Buffalo.
- .. 9 In Boston.  
Left 1.15 on Portland, Maine.  
attended dinner of Maine Bankers  
Association & later spoke in City  
Hall on Liberty Loan.

June 10. Sunday

Left Portland 7 AM. Arrived Boston 12.25  
Gen Slepton would send his auto to meet me &  
I lunched w. him in Dedham.  
Took 7 AM train for lunch

June 13. Wed

Shope w. See Madero in Balbo at the Acad.  
of Music. Theater packed. Had tremendous  
reception

August 10

Ev. Harding misinterpreted as Ev. and working  
as vice Ev. for 1/2 year

Aug 20. Mrs. Matsumoto wrote me that  
several Japanese of the Japanese  
Comm was being run a Japanese  
set album on the Hamble

Aug. 24. Better came in on Wed. and we both  
attended dinner of Sec. of State to  
Japanese Commission.  
Amabara, present Consul General  
at S. Francisco, and a member  
of the Comm. has lived here ever  
since in Boston.

Admiral Takahashi sent me a  
beautiful Japanese set album  
from A. Matsumoto

Aug. 26. Sunday

Better and I went with the Comm. to  
Abt. Olmstead in vicinity of sec. Daniels.  
A beautiful day. Better left for  
Boston at 7 PM.

Last Thursday the President gave a  
new device to the Japanese Comm. He  
did not invite me. I think this  
was owing to the fact that  
Phillips did not tell me how  
intimate I was with the  
Japanese, or possibly owing to  
fact that normally does not like  
me. Dr. Coupler has several times  
said there was a feeling against  
me because I did not contribute  
to the Natl. Campaign Fund. I had  
explained to Coupler that I did  
not feel that my own contribution  
a quasi-judicial position should  
contribute. I am sure he got  
his information from normally.  
It does me a gross injustice  
as I interested Mrs. Fisher  
in turning down the slander  
against the President and I.



have no doubt she must have spent  
a large amount of money in this work.  
I also induced Ned & George to become  
members of the Wilson League. Ned,  
League, of wh. Ned, as I remember, was  
clearly of the left hand.

Aug 28. attended reception of Sec. of State to Joh. cum at the  
Pan Amer. Buidy

Aug 29 attended reception at Lang Auldums: Bertie & I  
were invited to the dinner but we declined  
as she could not stay over

Aug 30. Birth day.  
Attended dinner at Auldums given by Joh.  
Ambassadors followed by a reception, concert  
and dancing

Aug 31 Attended dinner at Mex. Club given by  
Sen. Saulsbury.

Sext 16. Sunday

Julius Kahn visited us. Told me that the interpreter  
of the Pinkney had been discovered to be a German spy.  
abolition. Met Geo & his family at N. Bedford  
and took them to Mt.  
Wesley. Met Geo, Kahn & I spoke at Olympic  
Meeting in honor of the drafted troops.

Sext 19 or 20.

Gov. Aiken of Boston called and staid with me  
20 minutes - said he came down to talk  
with Sec. A. A. as to new loan. Then  
went to Woburn just before our meeting  
& Woburn was 1/2 hour late. The next  
day Gov. Harding told me that Woburn  
said Aiken told him that he had been  
offered \$5000 per year by the Nat.  
Shawmut Bank, that he had a family  
& relatives to support etc & was in doubt  
what to do. Gov. H. said it was extraordinary  
that Aiken did not consult me as  
Chairman of the Boston Council. Later,  
as Woburn did not insist the  
matter to me I wrote him a letter  
asking what the facts were. Two  
days later he told me he had  
the letter - that Aiken consulted  
him confidentially. That of course  
he supposed he had also told  
me, that Aiken was not going to  
accept etc. etc.

Gov. H. Told me that Woburn had

also talked w. Delano about it, and later Williams told me Warburg had said Aisen would probably accept and that there were only 2 men fitted on his staff, one of whom was Ripley - he did not remember the other.

Ewt also said Warburg wanted to increase Aisen's salary to \$50,000 but that he - Ewt - would not stand on this.

I am amazed at Warburg's duplicity in circulating this rumour - if any one in N.Y. had consulted me behind Warburg's back he would have been punished.

Oct 18. Shook in Omaha Neb. on Liberty Loan.

Oct 20. Shook in New Bedford on Liberty Loan.

Oct 22. Shook in Savannah Georgia at noon at luncheon of Rotary Club. At 7 PM shook at open air meeting at Liberty of Liberty Bldg: at 8 PM attended a dinner given by the Bank, President of City & Southern Natl Bank.

Oct 23. Wed. Shook at Banquet lunch at Jacksonville Fla

Oct 24. Thursday. Shook at Chamb. of Commerce 10 AM.

Oct 25. Friday. Shook at room at Chamber of Com. to ladies of Charleston and at 7.30 P.M. to nurse in same place.

Nov 17. Saturday. Japanese financial comm<sup>n</sup> arrives in Wash. See H. asked me to represent him in looking after him. Baron Hiyata the chairman dined with me in Boston April 11, 1902 with Marquis Matsubata. At 11 AM the comm<sup>n</sup> called on See H. and later on the Reserve Board.

Nov 19. Dined w. Jap. Amb. to meet comm<sup>n</sup>.

Nov 20. Tuesday. Gave a lunch at house to comm<sup>n</sup>. Present: Amb. Gen. G.B. Russell, Hatzu Juhon & Arg. Rep.; Secretaries Basler, Lane, Hurston, Redfield and Daniels; the Fed. Res. Board, the Fed. Adv. Council, including J.P. Morgan, F.A. Vanderlip, Mr Hoover the board adm<sup>n</sup>, Dr. Murray, Norris, Chairman of Farm Loan Board, Albert Strauss bringing advice of See H. on See Phillips on See Long and Baron Carter the Belgian Minister & others.

Mr C. Matsuba, son of Marquis Matsubata came to visit us this AM & stayed until Friday; he was at the lunch.

Nov 21. Wed.

Went w. the Comm to Camp Meade: with w. John Amb. & Bacon Mygale. Urged Ben H. to have John join in war - he said he felt that if John did it must send a large army - that a small force or merely sentimental warms would avail nothing.

Ordered w. Sec. H. to meet Comm.

Nov 22.

Comm left on N.Y.

Nov 23. Mahana left. Asked if I had any message for his father. I told him the people of America hoped John would enter the war with a large army - appealed to his imagination - the civilization of the West to help that of the West restore order and Democracy. He said he would tell this to his father.

I wrote Lansing this am asking if I could say this as a personal expression of hope. Later he let me know that the Secy. Council that I could do this.

Dec. 3. Monday

Sec H. said the Job. Com<sup>n</sup> want to induce Amer. cab. to assist in China along with Johnson & that Sec Long & Williams of State Dept had sent together a very bookish diplomatic despatch on this subject; that if Amer. cabinetists insisted so also Gov. East would insist on doing same & we shall have to learn to E.H.B. & name the whomsoever. Also said some we must go to China to help reorganize the 5% and vol. duties in Chinese interests.

Said that he thought I would be a good man to go, with perhaps Dr. Miller. I said under present conditions very members of Res Board should be at his post: that if I should leave we are left what Bd might do no Admin would not have a majority. He seemed to accept this.

That afternoon Dr. Row called & said he had intended to send Segre an Art. Appo at N.Y. who was now in Hawaii, but Sec H. sd. he had decided to send me. I explained to him this was impossible - told him Dr. Tamm could give him some good names. He then sd he should order Segre to wash & send him. I thought this a good solution.

I am very much puzzled at the

suggestion. at first I thought it might be a delicate way of intimating that he was dissatisfied w. my services on Res Bd. I asked him if these duties would involve requests from Bd. and he generously replied of course not.

Since he thought it desirable to send some one to China to consider conditions there. It would be very pleasant to go to China if I were made Sec. Ambassador but to go without such title to an uncertain country would be humiliating, & where to request important duties - the work is an abbreviation of what:

Dec 7. Monday.

Sec. H. asked me to tell Baum Myata in N.Y. that Mess. had not yet decided to ask authority to sell any part of the silver behind the silver certificates; that if they so decided, Congress must have authority to permit it, and that if this were done in the future & if the Board were then to renew his request for auth. to buy part of this bullion, the Mess would then give it careful consideration.

asked me also to suggest to him that Japan on the present state out of the market for silver or the price would greatly advance & it might be well

to refuse all business for export. I also talked w. Strauss about this - the idea of Japan would not hurt it would be very embarrassing as silver reserves now hoarded on the part of a good price and if Japan should buy she would so drive up the price that the reserves would want far more than \$1.

I was not able to see Baum H. privately & ∴ did not give him this message.

I so told Sec H. & he said he would write him or if he did not I could speak to him in Boston.

We had lunch dinner in N.Y. this evening & so present: I spoke praising Japan but not committing myself on any pending question. After the dinner Sec Smith President of Export Association said Myata had ordered an abstract of my speech to be called to Japan that evening.

Dec 11. Tuesday

Sec H met me in entry and said he had suggested my name to Sec of State to go to China; I told him Myata did not ask for any sort of participation in loans to China & he said we may desire to participate.

He was quite indignant w Res Bd for having a resolution after Mond. w Sat last condemning the Caldwell bill (2nd Res Notes on certain securities) and suggesting a sort of committee to loan to savings banks and co-operators in investment securities and asking for

DY  
to send it to Pres<sup>d</sup>, which he did. He said it  
would be good and jurisdiction.

Dec 12 Wed.

President also was resolved in an apparently  
friendly letter - saying the suggestion had been  
made to him before & that he was aware  
a report had been sent to Sec. M. on the matter.  
all of us except DeLoane & Warburg thought  
it was a plain intimation not again to  
interfere in matters not our own.

with asking Sec. 22.

Dec 14. Spoke in Boston at dinner tendered by  
Board to John. Fin. Comm. 400 present.

Dec 15. at lunch of Gov. Aspin. to Fin. Comm. Spoke.

" 16. Dined at W. Newton at dinner given  
by Mr. Wray of Natl Bd to John.

Baron Mfg<sup>com</sup> asked me to ascertain whether  
whether N.Y. Fed Res Bd would approve Bd  
of John's etc Agent if it made a business  
application.

with asking Sec 22.

Comm of N.Y. Fed. Res Bd came down to discuss  
dividend of Bd. Bd approved setting up  
a reserve fund to cover deposits in Govt  
bonds held etc.

Sec. M. strongly opposed this to Gov. H.  
but whole Board felt that with the  
conversion 3's selling at 86 several  
principles demanded some deposit  
account although we all agreed the

value should not be marked down. The Com<sup>mt</sup>. 135  
agreed w. Sec. M.

Sec. M. told Gov. H. that Warburg's plan of a  
new Govt certificate to loan in investment  
bonds etc was out of the question. I  
right this as I believe it would ease  
present troubles in security prices.

Something must be done.

Friday am. Gov. H. said Com<sup>mt</sup>. had shown  
him a letter he had sent to Secy. Prudential  
a month or so ago 1907 unless something  
were done and suggesting legislative  
issuance of additional Notes again. Whole  
Board opposed this. Gov. H. said he was  
drafting a bill.

Dec 22. Sat.

Gov. H. said he had talked w. Burman  
of N. Bd of Am<sup>er</sup> at Boston - he said large  
Boston bus would agree to take care of  
the savings bus and their country  
correspondents, if Sec. M. would agree to maintain  
a big Govt deposit with them in which  
they would pay 4% int. & they would loan  
at 5%. Gov. H. said he would draw  
something on these lines.

Sec. M. asked Gov. H. to read a letter of  
his to N. Bd asking if it would act  
in an advisory capacity on matter  
of flotation of new securities all were

136 the country, in the Secy. however to sign all the letters.

The Bd vigorously brought this on ground chiefly that the Bd should be given full jurisdiction & not be asked to act as assistants to the Secy; - also on ground that a large dept would have to be created. This latter would be so whether Sec. or the Bd had jurisdiction. DeLano said a public request of Presd or Secy to Govs of States would make application less numerous. He said McAdoo had referred to several such communications & in one case his letter was published with the circulation circular. Finally I suggested that Sec. M. had put in a sensible question - wh. we would act as his advisers and we ought to announce it. On vote, I voted yes and Harding, Wash. DeLano and Miller No.

Finally voted that E. H. write a letter to Secy on subject. I agreed to this but sd it should state that I favored acceptance.

The point was brought out that if we decided a case & sent it to Secy it might be days or weeks before he would sign it & we should be very much embarrassed. There is force in this argument - Sec. M. is so busy

137 he can't attend to Dept duties. E. H. complained he could not reach Secy - sometimes had to wait a day or longer. DeLano said he often had to wait an hour or longer in water office.

E. H. said he thought Sec. M. would soon break down & if he took over the P.R. operation it would kill him & said some-thing to Plabody. I think, said McAdoo had been advised by his friends to resign as Sec. if he managed the P.Rs. E. H. I think it was, said Bertrand told Sec. if he did both he would have to sleep on his back - better within 90 days.

Dec 22-29

Burns McGowan asked to ascertain whether in case Bd of Japan asked for reciprocal agency with Ind. Res bank of N. Y. the request would be complied with. I said I would ascertain. Burns M. sd all he wanted now was the appointment and announcement in the Press; that he did not expect to do any business under the designation for the present and probably not until after the war and that the details of the arrangement could be left for future consideration.

I spoke to Sec. M. & he thoroughly approved and suggested my seeing Lansing which I did. I, simply approved & told me to say so to Board.

I spoke to Board and I was approved

informally to speak to officers of Fed R Bk of N.Y.,  
 when Ev Truman, Probody & Woodward were  
 down last week I spoke to them and they  
 all said they knew directors would be glad  
 to appoint Bk of Japan as Agent the best  
 to be announced and details to be arranged  
 later. Also spoke to Ev Slony at lunch given  
 to Mr. Moss, new Ev of Boston Bk - he also  
 said no trouble at all about it. He also  
 said the details would have to be carefully  
 worked out & it would take a long time -  
 that if care was not taken the Japanese  
 would skin our eye teeth. He said however  
 the appointment would surely be made on  
 understanding no action contemplated at  
 present & details to be worked out at the  
 commencement of the matter. He added that  
 it might be advisable to send an agent  
 to Japan to work out details & that he  
 would like to go himself.

Later Ev Truman wrote me the Ycc. Com  
 would be glad to enter into an arrangement  
 similar to that w. Bk of Italy, wh.  
 both he & Ev Slony said was an Agency  
 but nothing at present to be done under

Dec 23, Monday  
 Met Barn Megata by appointment at Sheridan  
 told him Agency matter was all right  
 but would write him a formal embassiate  
 letter that am. He said he wished a letter  
 so he could cable it to Japan.

He asked how the matter should be more officially  
 presented. I suggested a letter to State Dept. He  
 thought this was better way & sd would consult  
 ambassador. Later he sd Amb. thought it  
 better not to negotiate thru State Dept as it  
 was not a diplomatic but a purely  
 bank matter.

I then prepared draft of a personal letter  
 to him which the members of the Board  
 and Sec. Mr. Ador approved. Hasting in a  
 rum. attached to draft asked if I was  
 sure N.Y. bank was all right. I said yes  
 Ev. T. had so written me.

An matter of course called up Ev T. in  
 N.Y. He was out at lunch (1 PM). Read  
 draft to his stenog. & asked him to call  
 me at 2.15.

at 2.15 Sec. Curtis called me up - sd. Ycc. Com  
 had certain changes to suggest - strike out  
 Agent and substitute correspondent etc.  
 I expressed great surprise - asked how to  
 define "correspondent" as Barn Megata  
 would ask its meaning & he was to meet  
 Sec. M. at 2.30 when I was to give him  
 the letter.

Curtis could not show difference between  
 Agent & correspondent - said he would  
 write me.

Went into Sec. M.'s office - Megata was there -  
 told him not clear attitude of N.Y. bank  
 as to Agent or correspondent - he said  
 correspondent would not be satisfactory.  
 Said I would leave matter up w. N.Y.  
 bank. This seemed to satisfy him.

Friday, Dec. 27

Told Board of status of matter - Gov H very indignant - said we should bill N.Y. bank to assist Bd of John Agent. Gov H said wonderlik some time ago said to him that if any mutual deposits made w. Bd of John he should withdraw from RR system - that he would not stand such competition. I advised holding matter up until

I sent proposed letter to Gov Wm. W. W. had seen this & said it was too abrupt & it was this reason which necessitated the withdrawal.

Ollman was quite irritable - said he knew nothing about matter & moved it be referred to Gov - a slap at me. I told Ollman he knew all that anyone knew - that every step had been authorized by Board in his presence. Finally whole matter referred to Gov H & my self.

Member Ben Mezota had called - Bd agreed at my suggestion that I had better shut him off for a day or two. I went in to see him. He said he had prepared a memo. wh. could be better than assist of Agent & handed it to me. It was a general declaration of mutual cooperation bet. RR Bd of N.Y. & Bd of John w. relation to gold deposits etc.

I was much relieved at his practical withdrawal of suggestion of Agency for I saw at once that this new mem. must go to Sec. H, as it was w. in his and not our jurisdiction. I sent this to Harding & asked that it be ducked.

Sat. Dec. 28

Gov. H. said he concurred in my letter & that I should send it which I did. (See files)

I then sent Ben Dr. Guller - he said we should order N.Y. Bd to assist Bd of John as Agent; that the N.Y. banks looked in each. perhaps w. Eastern countries as their monopoly & were determined it should not be interfered with; that the Agent of Phil. Bd had not been able to sell a single acceptance to N.Y. bank because of this opposition; that Nat. City bank controlled Int'l. Boring exchange and were determined its business should not be interfered w. by RR.

The whole thing is clear to me - Gov Stung & Wm. said to me the bank would do it - then they went home and wonderlik it also ordered them not to do it - then Wm. sent me a note (see files) wh. I thought meant yes but wh. was shrewdly drawn by referring to account w. Bd of Italy, & wh. really meant no.



Sunday, Dec 29

Wrote Sec. Lansing - sent no copy in files, as follows:

Dec. 29, 1917

Dear Mr Secretary,

I forgot to tell you when you were at the house Christmas day that Baum Mfg Co sent Mrs Hamlin two small juv. screens and gave Anna a small box as a Christmas present. The articles are of little intrinsic value and I assumed there is no objection to their receiving them. I am looking forward to some evening when you are here and we can have another game of hook together.

Sincerely yours  
C.H.S.

As stated above I wrote Mr Worden not to send anything except blowers & can not understand why he did not tell Baum Mfg Co last week. The day before the Presd announced that he would operate the RR's thru Sec. H. Mr (Sec H) had a talk with me about it - I complained Sec. but Com. Com did not wish. messiah of RR rates; he said it would be bad politics as RR's would then say there is no need for taxing them over - he said it is not in getting control of RR's. also said that people would say that Govt had to increase rates in order to run the RR's; he said the proper way was to start by barring economic and then if nec. to raise rates. I am satisfied that he has told Helen - not

Monday, Dec 30

Curtis, Sec. of N. Bank wrote Gov Harding that N.Y. Bd was not averse to appointing Bd of Japan as Agent but would be glad to confer w. Baron Mezota on the matter. Gov H. told me Curtis called him on another matter & he told Curtis the Board had power to order the appointment.

Gov Truman called me on telephone & said that while Curtis did not deliberately intend to misstate the position of the Gold Council yet he had misstated it and that if Board decided the Bd at meeting next Thursday would vote to ask auth. of Bd to appoint Bd of Japan as Agent & correspondent. I told him I would speak to Gov H. and that the Bd. could discuss matter on Thursday & if we so wished they could vote on it.

Curtis has acted very queerly in this matter. See complete file.

1918.

Wed of Jan 1.

Steams at gold meeting said Baron Mezota had informally asked Sec. M. whether the U.S. would join with Japan in a loan to China of 50 million dollars. We talked it over in Gold Council. Warburg was bitterly opposed - sd it would help Japan through China; also show contemptuously of

President Wilson's refusal to back up the Le Power loan to China. I told him I thought that was one of the best things ever done. We all agreed that the question of participation in loan was a matter for State Dept. to determine Friday, Jan. 4

at gold meeting something Steams said made me think he had advised Sec. M. that the Bd was averse to loan w. Japan, and I stated that I wished it distinctly understood that I favored it and asked that if anything were said to Sec. M. he should be told that I differed from others in the Gold Council. Warburg & I had a running controversy and finally Steams said he would talk over matter with Warburg that afternoon at 4.30 & Warburg said I could come at that hour.

at 4.30 I sent Faulstich in to Warb.'s office and asked if Steams was coming. W. said he did not know but that there was no necessity of my coming in if he did. I waited in my office until 5.40 and not hearing from Warburg I went home & gave lunch to Severin Comm.

Sat. Jan 5

learned that Stearns had called in Wash. & that Mr. E. H. & Washburn had a conference and that they had decided that we ought not to join with Japan in loan to China except in cooperation w. the other great powers.

Washburn is acting more for interest of bankers than for the U.S. in this matter. His action is not representing us of the meeting was extraordinary.

Nov.

Since you to Baron Mizuta by Washburn, we told Baron to consult w. Strong on Agency matter & on mem. prepared by Baron H.

Baron H. showed briefly to object that in future might be possible to have large dealings with Bk of N.Y. & Bk of Japan - that E.H. owned Japan 150 million etc.

All the members after Baron H. left seemed to favor joining in loan.

Jan 7 Monday

Baron Mizuta called at 4.30. Made an appt with him w. Strong for tomorrow at 10.30. He said Bk of Japan had called him authority to sign the memo. he had forwarded.

Sunday, Jan. 6. went to Mt Vernon with Susan E. & Co.

I pointed out that his reference to "monetary movement during and after the war" might be construed to refer to gold exports and it so well have to be decided by Sec. H. He said it was not intended to refer to gold exports but to monetary circulation and said he wanted merely some understanding with the Bk of N.Y. and FR Board.

He also said about 20 millions of Jap. bonds in N.Y. had been owned by Germans who had sold them in N.Y. and that Bk of Japan would be glad to buy them. He asked if there were now owned by Americans, whether they could have this money. I referred him to Gov. Strong.

Tues. Jan 8.

Baron Mizuta had conference with Gov Strong at my office.

In late afternoon called Mr Baron Mizuta at Shelburne to tell him I was going to Boston.

He said he had reached an understanding with Gov Strong as to the Bank of Japan and FR Bank of N.Y. & that Gov. S. would refer it to the Com.

7. P.M. left for Boston

Wed. Jan 9

Spoke at dinner of Mass State Bankers association. 800 present.

Friday Jun 11

called on Burnley to say good bye.

Mr. B. of N.Y. filed w. us request on Behalf to assist B. of Japan as for currency & Agent. Granted.

Gov. H. told me that Bd had instructed Mr. Moss to protest to Gov. McCall of Mass against passage of a bill to issue 10 millions in bonds to buy Mass soldiers 10 months over Army pay. I told Gov. H. this was a matter of wages rather than of capital and was a military question with which the Bd should not interfere. Later he said he had talked w. Sec. H. who said Board should not interfere - that it was a matter on War Dept. He asked me to call on Gov. Moss & tell him to take no action in matter. I did this at once & Gov. H. sd he had not yet spoken to Gov. McCall & wd not, in accordance w. our instructions. I reported this to Board & had its bill approved.

Later, in P.M. Senator Wells called me up & said 2 Mass Senators were with him - that they opposed this Mass bill & he asked if Board wd come out against it. I said this was a wage and military matter & that Sec of War, if anyone, should act. He said Sec Baker had said he wd not side with the matter but would

act. He then asked what Bd would say if 149 question were put to it whether such an issue of bonds wd interfere with Liberty Loan. I said, personally, I could not say that the issue of a loan of 10 millions wd not interfere.

He said the matter was a very delicate one - as politics might be involved. He sd he disapproved of any such bill. I told him that if every State should pass similar legislation it might prove embarrassing, but that it was not a matter in which the Bd should probably act.

Sat. Jun 12.

Board voted to increase Gov. Stung's salary to \$40,000 and salary of Sailer from 12 to 15,000. N.Y. Director voted for 50,000 to Stung, 18,000 to Sailer and 18,000 for Curtis, Sec. & Council.

Board turned down Curtis. Williams, Compt. protested against all increases. Suddenly Sec. H. came in and also protested, not on merits but because of War. Board then reconsidered & referred matter to N.Y. Council to talk w. Stung.

The same arguments Williams used for increase in Elliott's salary applied at least to Sailer, but this made no difference to Comptroller who as regarding opposed the agreement as to Sailer as he favored them as to Elliott. Warburg renewed right to move to reduce Elliott's salary accordingly. If passed don't see how I can vote against it.

See M. is introducing a stamp principle as to  
Sailer; the N.Y. Board says he is giving them  
value on his services. See M. will probably  
increase wages of AM employees & why does  
he object to Sailer.  
we all thought that strong ought to return  
to accept an advance to 40000 altho he  
deserves it on the merits.

Monday Jun 21

Gov. Peabody of N.Y. called to talk over N.Y. salary  
matter.  
He said that in the matter of making the PM's  
job an In Agent of the N.Y. Merc Bk, this was  
was opposed by <sup>the</sup> British & Dutch and that in  
his opinion Messrs had been brought by  
them especially in Woodward who was most  
active in opposition.  
Woodward was interested but it was  
in Washington  
This satisfied me that after all after the  
message forced the Gov. to change  
its views.  
He also said Vanderbilt was very bitter  
as to Argentina agreement furnishing our  
invoiced with exchange.

Tues. Jun 23

we voted to give Sailer of N.Y. \$18000 for  
year. Gov. A said See M. sd he had talked  
w. Peabody & that he did not know how  
he should vote if present at meeting but  
Bel. sd do as it seemed best

Too busy with own business to make note  
Mar. 14. Shose at dinner of Balle clearing house, at Boston to see 151  
March 17 & direction of Richmond Board  
left for Cleveland to talk to Lib. Loan Agents

- Mar. 18. Shose at lunch at Cleveland; evening shose  
at dinner given me by Res. Bank to officials  
of State Bk not yet members.
- 19. Shose at noon at Ashland Ohio  
evening. Shose at Warren Ohio  
spent night at Youngstown, Ohio
- 20. Shose, noon, at Merce, Pa  
evening. Shose at Beaver Falls, Pa.
- 21. Lunch in my honor at Buckeye Club  
Pittsburg.  
P.M. Shose at Auditorium

April 4.

- to Boston. left from Wm.
- 5. Shose Exchange Club. 3 P.M. to Lib. Loan  
Agents
- 6. Sat. Shose. Bunker. Maine.
- 7. Sunday. Shose at Olympic Theatre.  
Boston at Jewish meeting. 8.30 P.M.  
evening. Shose at Methodist Theatre  
in Waltham and later in Jewish  
Synagogue in Waltham.
- 8. Shose at lunch, Council N.H. then  
in House of Rep. Hall.  
Then shose at dinner in Manchester  
N.H. and later at public meeting.  
Spent night with Mr. Carpenter.
- 9. left for Chicago
- 10. Shose in Auditorium Theatre Chicago

152  
at Court U.S. Chamber of Commerce  
Spoke in way of Chas. S. Seward -  
15000 trouble present.

11. attended dinner of Industrial club to  
hear financial speech of Sen. Seward.  
He made a vicious attack against  
the ~~the~~ Administration - a distinctly  
improbable address commensurated  
by an attack on Germany.

12. Spoke at Cincinnati Ohio.

In his speech at Chicago Sen. Seward began by  
saying that he was at a loss how to proceed;  
that his heart was free; that if he were to  
tell his hearers what he knew about present  
conditions he feared he might be murdered -  
stood - that he was a patriot & wished to  
win the war - therefore he felt constrained  
to keep silence. He added that he should  
support the Govt during the war, no  
matter what its delinquencies were,  
no matter whether hundreds of millions  
of dollars had been wasted or worse.  
He gave a perfectly clear intimation that  
there were terrible scandals and misdeeds  
which he could reveal if he only could  
pull aside the curtains - but he was too  
great a patriot to do it.

His speech entitled Financial problems - was  
devoted largely to an attack on the Income  
Tax and a eulogy of the law he invoked

substituted for it. He said some mysterious 153  
power issued an edict that it should not  
be considered. To avoid having the Bill  
considered as to the application of the excise  
law in income of Congressmen he said the  
case of Int. Rev. deliberately violated the  
law of the land that by suddenly ruling  
that Congressmen were not officers of the  
U.S. & were therefore subject to the law;  
that no Congressman would dare to contest  
this ruling, although the Supreme Court had  
held in the Lamar case that a Congressman  
was an officer of the U.S.

He then went on and spoke of the frightful  
extravagance of the Admin, arraigned its  
Mexican and foreign policies, especially  
attacking it for not having plunged us  
into war when the Lusitania was  
sunk, and for its tame submission to  
many breaches of Int. Law. He said he  
only wished he could tell what Sen.  
Wood found on the other side - meaning  
to convey the idea that there was something  
radically wrong. He also said that in  
the Civil war his Party stood for the  
supremacy of the Union - a patriotic  
Party - clearly implying that the Dem.  
Party were traitors - and that in the  
next election this Party of patriotism

would be restored. He bitterly attacked the  
administration for lack of preparedness. He was  
quoted the President's last utterance as to  
war of peace vs. war, & said there were  
statesmanlike words but how much  
better they would have been if uttered two  
years before, etc etc.

altogether it was a vicious, partisan,  
unpatriotic attack upon the Commander  
in Chief camouflaged thinly by attacks  
upon the Kaiser. If uttered by an army or navy  
officer would have had a quick and  
quickly followed.

April 15. Spoke at noon meeting of St Louis Chamber of  
Commerce. Intended at dinner by Mr  
Fiske at whose house Sec. Redfield was  
staying

April 16. Monday. Spoke at Hot Springs Ark. at a  
noon lunch and in afternoon at the  
Wood Roads Convention. Intended at  
dinner by Mr Carrick

April 17. Spoke at Memphis at a noon luncheon  
and in P.M. at Chamber of Commerce.

April 18 Spoke at Nashville. In morning went out  
to the "Permyage" with some banners & had  
lunch there; in P.M. spoke at Fisk  
University; at 6 P.M. spoke at Ch. of Com  
dinner with Charles Chapman; at 8 P.M.  
spoke at Auditorium to 7000 people.

He also said every other country was making  
preparations for business after the war but  
that our Administration had utterly neglected this.

April 22. Spoke at Knoxville, Tenn. called in the lobby the  
sister of Sec. McAdoo.

April 23. Spoke at Chattanooga. At noon addressed  
business men's lunch. In P.M. spoke to  
1200 medical officers at the Cantonment.  
at 6 P.M. attended banquet dinner given to  
me. It was advertised that the other  
charities etc  
In evening spoke w. E. H. Smith at theater.  
Numerous audience. \$5500 raised in  
small subscriptions.

April 24. Spoke to small audience at Birmingham  
Alabama.

April 25. Thursday. Spoke at convention of Country  
Banners in Atlanta.

April 26. Spoke at woman's meeting at theater  
in Atlanta. A come opera Co. also took  
part. Her prima donna offered to kiss  
any man subscribing to 100.

Last week Sen Beaufort told me some one  
from Concord N.H. had written Sen Gallinger  
that my speech at Concord was more a  
partisan speech than an attempt to sell  
liberty bonds. I at once wrote Gallinger  
saying I had employed N.H. especially  
Gov. Keys, Ex Sec. Chandler and Merrill &  
also Sen. Harris. In letter spoke most  
highly of Gallinger. He replied in a very  
nice letter, quoting his correspondent who

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while admitting that I had spoken in a  
complimentary way of Gallinger said I had  
simply advocated the re-election of Sen. Hallie.  
I at once wrote Gallinger that was not true  
and enclosed an editorial from Edward Patent  
of April 9 vilifying my speech in the highest  
degree - a Repub. paper. Also told Gallinger  
I was afraid my copy of Lew Keyes and  
himself might equally be misunderstood.  
(See all letters filed in office.)

When telephoning office from Atlanta, Frank  
said Cooper wanted to talk with me - he  
said my name was to go in as Chairman of  
Cbk. Issues Com<sup>tee</sup> - this was the first I had  
heard of it.

April 29. Monday

Hedberg said Warburg was furious at not  
being made Chairman of Cbk. Issues Com<sup>tee</sup> -  
sd he demanded to know now whether  
he was to be nominated & made Secy in August.  
sd he wanted to have an excc. Com<sup>tee</sup> to  
Board asked to do all bus. of Bd - the  
Bd to meet formally only once a week.

April 28. Sunday

Prayed at Lib. Socy meeting at house of  
Mrs. Leiter. Col. Paepkenham, the V. President &  
others spoke.

May 1.

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During past year we have had persistent application  
of a Mr. Musher of Pompano oil co. for auth.  
to export gold to Spain. Instead of exporting  
it when it was allowable, by securing  
credits in Spain he held matters along  
until Embargo placed on gold. To pay his  
debts by bringing exchange now would mean  
loss of hundreds of thousand dollars  
and would bankrupt him. He was carried  
along by Wash. & Phila. banks who shld  
have insisted on his covering his losses.  
The Board gave him a verbal hearing.  
& unanimously voted that it was against the  
Nat'l interests to permit him to export gold.  
One day he told E. H. that he would  
get permission all right as he had heard  
Mr. Gallinger the President's brother in law, as  
his manager.

While I was in the West, the President  
wrote E. H. and expressed wish that  
Board would grant permit which the  
Board finally did.

The objection to granting permit was that  
many others had to buy exchange in Spain  
to pay for imports at a very heavy  
cost & it was unfair to them to grant  
permit to Musher for sole reason that  
by credits he had been able to postpone  
payment. Granting this application



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rises' question wh. we shld not take care of  
all similarly situated. The trouble is they  
have paid up & taken their loss.  
The treaty to Musher related only to past  
transactions & not to future ones.

See Convers. of Ew. Harding & an interview in  
matter in Press stating that Presd had  
ordered this.

May 9. Thursday

Sen. Hoels called and I told him about my  
speeches in N.H. and Sen. Tallinger's letter.  
He told me that he & Sen. Owen went to see W.  
and said that if Warburg's name were sent  
to Sen. in Cal. James Cornell he would not be  
embarrassed. I told him that if he was under  
the impression that W. had opposed his brother  
for absent as Director of FR. Bd of Boston, he was  
mistaken; that W & I in Boston never joined in  
opposing his name for Robert & Edman.  
approved it. He said he & Owen suspected  
that W. dominated Harding, Adams & Miller.  
I told him that he certainly did not  
dominate Harding - that H. had had many  
debates w W.; that I thought it wd  
be a distinct loss to have W. leave the Bd;  
that no one in Bd had had as many  
debates as W & I; that I certainly had  
no personal quarrel for pushing Warburg -  
that he studiously obscured our complicity

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me as my rapporteur for the 10 year term but that  
I was broad enough to give any personal  
feeling in the matter. I added that to me  
it was better to have W. on the Board than  
to have him oppose it off the Board;  
that I saw no room for not supporting  
him.

Sen H. then said he would accept my views  
and wd witness all opposition and would  
ask Sen Owen to do the same. He said, however,  
W. shld not be made Gov. I said that was  
a matter for President to decide.

I then told W. briefly that I had talked w  
Hollis & that he wd cease opposing him.  
W. said that Miller had seen Hollis who  
said W. opposed his brother for Director. I  
did not tell W. what Hollis said about  
the Governorship.

May 10. Friday

a letter from Ew. Strong was read bitterly  
opposing decline to Musher to export gold  
& suggesting very heavy charges on shipping  
it etc if Bd insisted on its order. Warburg  
thought Musher's proposition for us to  
curtail gold for Bd of France against  
part of much gold to send to Spain was  
a reasonable one, if Bd of France wd  
agree to it, and said Bd wd be acting  
pretentiously if it insisted that the gold  
must be shipped from U.S. as if lost,  
even tho insured, the world wd love it

I agreed with him. In H suggested not being  
Stung's letter. I said this could never do  
and that it would be better to let Stung  
know that he was really attacking the  
President & that then he might not to  
withdraw the letter. H said Stung knew  
this perfectly.

Finally I insisted that Ew H. consult  
w. Sec. M. before any answer made.  
I believe S. is laying foundation for a  
political attack on Presdt & that S. M.  
should be advised. It was finally agreed  
that Ew H. should see Sec. M.

Later this P.M. the Cab. Traveler came was  
conferenced by the Senate.

As regards Musher the following facts are interesting:  
On Dec 28, 1917 the Bd refused him a license to  
strike gold. On Dec 29, M. employed John Randolph  
Balling the Presdt's brother in law as advertising manager  
at \$500 per year, thus not to interfere w. his work  
as Adv. Manager of Cen. Natl bank. Balling began  
work on Jan 1, 1918. On April 14 telephoned  
for Presdt directing Board to issue the license.  
In late afternoon of April 14, Ew H. notified  
Musher that license would be granted.  
On April 15, a letter from Presdt informing  
telephoned message. The same day  
Musher notified Balling that Pomperan Co.  
must cut down expenses & that his employ

would clear after, I think, April 30. (See 3rd page) 161  
Wed. May 15. following h. 164  
and 166

Meeting came up before Board of issuing formal  
license to Musher. Ew H. said he would deal  
only w. the Bonds who were carrying  
Musher & that we should present them to  
expert or car mark this gold. Meeting  
over as to whether to see Sec. M. M. who  
was then ill, or the President, as to above  
facts. Finally voted to have Ew H. leave  
this up w. Sec. M. Libbywell & to send  
out formal notice.

I then spoke w. Libbywell. He said the  
Presdt asked wh. license should be  
granted & he replied by letter saying yes.  
Libbywell showed me copy of Ew H.'s  
letter, in name of Board, to the Presdt  
& we both agreed that in that letter  
the Presdt did not have decided other-  
wise. I had never seen the letter  
as I was away on Lib. Loan speeches  
when it was sent.

Libbywell said he probably would see  
an Board to strike at least 10 millions  
sold to Sham.

Libbywell also said that to reduce Musher  
could have been to put his Co. into  
insolvency, curtailing a large loan on  
the bonds, & that this might do great

injury to the country at the present critical time, when his honor was young in & might cause alarm & induce other failures.

Wed. May 15

Cash. Issues Com. were to be sworn in today but postponed bec. of Mr. Aders illness. I wrote Sec. H. as to organization of Com. Said Members wanted to appoint Chapman Washburns Secretary as Secretary, Selden as Asst. Sec. and Bradley Palmer as advising counsel. Mr. Clappert has said Sec. H. agreed as to Selden at salary of 6000. wh. I had suggested, but said he wished to talk with me as to Chapman & Palmer. Clappert intimated there was some question of coordinators bet. Wash. Board & Cash. Issues Com. & we had better wait awhile.

I talked w. Selden & later w. other members as to Chapman who is very anxious to be made Secy. Selden & the others felt that Secy. should give all his time to the work wh. Chapman said he did not do as he was unwilling to leave Washburn.

Friday. May 17

Cash. Issues Com. sworn in. Presdt despatched me as Chron. & those present acknowledged when Sec. H. gave me my despatch. Bertie was only woman present. I told Sec. H. the members thought it impossible to appoint Chapman & he thought their decision was on the whole wise. I told him I would ask Com. to organize temporarily until he could talk w. them as to possible coordination w. Fin. Board.

We then met in my office and organized electing Selden Asst. Sec. & Washburns other officers, clerks, local Com. etc. temporarily. Also made Frank my Sec. Genl. Dismissing officers. Afterwards Palmer said the members all wanted to make Chapman Secretary - that the work could only be done by him - that he was further invaluable in publicity work etc.

There will have to be settled by the Com. in part organization - cash - Washburns & Green.

164 See 3 (also back) 1/161

Quarter also arose when Board first knew of  
Mushier's embloying Rolling. W. H. said Mushier  
told Bishop his Secy but that this was obtain  
about 15, when P. wrote letter was received.  
Counsel. Williams read to Board a letter he  
had written Rolling based on int. w. him  
in wh. he said B. said he stipulated  
that he would leave nothing to do w. any  
business of Mushier Co. w. Adams & that  
he never had etc.

May 27. Monday

Mr. Drum called and said the 4 abovementioned  
members of the Cab. since then all joined  
in asking that Chaberman, Wabburg Secy be  
made Sec. of Cab. since then. I told him  
that Chaberman declined to give up his  
position w. Wabburg & that is his duty  
as Secy will be perfectly reasonable; that  
I thought Sidden was overworked &  
needed a Secy who did give all his  
time to the work. He said Chaberman had  
done fine work for the voluntary Com.  
& that they wanted to recognize this.  
Finally I asked if it would satisfy them  
if C. were made Secy in understanding  
that if we found we needed a Secy  
who would give all his time, he would  
resign. He said this would be perfectly  
satisfactory to all.

I then explained the situation to Secy McAdoo <sup>165</sup>  
who said it was all right & to do what  
-ever we thought best. He added that  
Wabburg was just coming in to see him  
on some matter. He also agreed to have  
Palmer made Counsel - I told him  
P. would have to select an assistant & that  
Williams had a man whom he thought  
a good man for Assistant - He said  
this was all right and added that  
I should feel free to do whatever we  
thought best - that it was not nec. to  
consult him as to details etc. I told this  
to Claggett who said the Secy did want  
to be consulted, whatever he might  
say.

I then saw Williams who agreed to join  
in report as above in understanding  
that Chaberman should resign if and  
when it was found nec. to have a  
Secy who did give all his time to the  
work. Called up Drum who said  
he would gladly report as above.

May 31. See supra. 161, 164.  
 Mueker wrote Ad asking it to order N.Y. Res Co to give <sup>to</sup> gold in London at 4.86 + a smaller comm. Ad replied it looked to be a case wh. had helped Mueker & that Equit. Trust Co had agreed w. N.Y. Res Co to buy 4.98. Mueker said Equit. Tr Co only agreed w. N.Y. Res Co said if it did not it would break off whole transactn.

Harding said N.Y. Res Co had been very liberal. That it cost 5.04 to ship gold & that Res Co had been offered 5.15; that 4.98 was shipping cost i.e. lower than actual cost of shipping gold.

Compt. Williams said Balling still had a deal w. Mueker; that B. told him he did not know wh. his compensation was continuing or not.

I told Com it was his duty to tell the Presd. Gov H said he intended to tell him.

~~Handwritten scribbles and crossed-out text.~~

see diary, Aug. 1924; Balling gave a perfectly clear & satisfactory stmt of his relations w Mueker.

June 3. Monday

Gov Harding read letter from Presd W. Endicott atty. Gen Sen Owen protesting re change of Mts of N.Y. to Equit. Tr. Co. for gold to be delivd at Bk of England. Presd sd while he knew little about it Ad shld carefully inquire wh. it was not creating Mueker inequality. Gov H sd he wd write Presd fully letting him all about Balling. Ad voted to notify Equit. Tr. Co that if it did not buy for the gold w. in 10 days the permit wd be withdrawn.

Gov H. said <sup>ant see</sup> Crosby told Com Mueker had interested to him that were great chance for making money out of this Spanish situation. & Crosby replied sharply that such remarks shld not be made to him.

Gov H in a previous letter to Presd said Mueker had speculated in Spanish exchange on his own account as well as on Gov's. I fear he will apply this gold to his own personal account.

Gov H said he believed Sen. Owen was acting as atty for Mueker & that he wd receive some fee for his services.

June 5. Wed.

Another letter from Muehler. Referred to Exec. Comm. I said Mr Williams or the Board ought to see President about his brother in law, Ballying. EWH said that he had stated all about him in his draft of letter to Presdt giving the substance as his authority based on his letter to Ballying & in his letter to Ballying wh. he had read to the Board; that William positively declined to allow his name to be used as authority in the letter & further said we ought not to see the Presdt; that Mr. EWH. Muehler omitted this reference; that he sent a copy of his letter to the Presdt to see M. and EWH wrote or told all this about Ballying & when that he was apparently still in Muehler's employ ment; that see M. should contemptuously about Ballying but said Williams was right and that the Presdt should not be told.

The Bd members feel that having told these facts to the Sec of the Treasury & seen in law of the President, the responsibility for keeping these facts from the Presdt can properly be placed upon him.

It was finally voted to refer Muehler's letter to Exec. Comm. to prepare memoranda to Exec. Com. N.Y. in accord. w. our previous vote that if the license to strike gold was not cancelled w. by June 10 or the arrangement made by Exec. Com. + M. Co. of N.Y. not consummated the license should be revoked.

I suggested it might be wise to await an answer from Presdt to EWH's letter lest Presdt might order us to do what Muehler wanted and thus would put us in a ridiculous position.

EWH replied that if the Presdt issued such an order very desirable - so EWH strongly told him - of the N.Y. M. Co. would instantly resign & EWH added that he also would resign.

Filed with the ~~the~~ Charles Warren.

On return from my western tour I learned that C. W. had resigned as Asst Atty Gen. The papers gave an account of it. See Se. Re. vol 104. I called on him wh. he came around to see. Later he gave me a return in his own hand giving facts. He sent a return favoring change in law giving trial by Courts Martial in case of acts in U.S. wh. were not technically treason - to Sen. Overman with a letter saying he disagreed w. Atty Gen. as to nec. of new criminal law. that law was, if rigidly applied ample, but that no Asst would really be obnoxious in war time except

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count Martials under War Dept. He gave the  
letter & Mem. to Colman w. out consulting  
Atty Gen. Later Sen Chamberlain asked him to  
draw a Bill embodying his views. He said  
he did not w. out consent of War Dept. Sen  
C. got consent of Gen. Crowder & Warren  
drafted a Bill & sent it to Sen. C. saying it  
rept'd his personal views merely. He did  
this w. out consulting Atty Gen.

Later Atty Gen had interview w. him - was very  
angry. Next day W. received letter calling  
for his resignation.

He told me that last October this was  
was given over to Special Asst O'Brien. He said  
he had been absol. loyal to Atty Gen.

I studied his mem. & prepared letter to  
object that he had made a serious error  
that he should have consulted Atty Gen  
first. Showed it to Asst Sec Leffingwell  
who said I was absol. correct but he  
advised that I say this to him rather than  
write.

I consulted many of his friends - among  
others Sec. Lansing, Sol Gen Davis, DeLoach  
& also John Lowell. They all said he  
had made a terrible error.

I met Atty Gen one night for a minute  
at Chevy Chase - asked if I could see  
him some day & take it over. He said  
he wd be glad to see me anytime - this  
is the most mysterious case I ever knew.

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at dinner the evening I told Warren how his  
friends looked at it and said we had  
said if I went to Chicago to try to restore  
amiable relations the first question he  
would ask wd be - does Warren now see  
his error? I told him to consider this  
carefully - but he made no reply.  
I repeated this twice but he gave no  
answer. I told him I wanted to go  
to Atty Gen & try to get him to say he had  
no hard feeling & wd recommend him  
for some other office. I finally asked  
him to think it over & write me.  
See draft of my proposed letter to him  
in files in my office - also draft of  
letter to Atty Gen wh. I will not send  
until he writes me that he realizes  
his error.

He evidently had a severe case of  
swelled head & thought he was ir-  
responsible - I am not sure even now  
he will admit any error; if he does  
I will do my best to translate him in  
Atty Gen's confidence & to secure some  
other position for him.

Judge McKinley told me he was  
fabulously conceited & that seems to be  
the general opinion. I am sorry to say  
Sen Houston told Butler his father in law  
Mr. Blair told her Warren was the brains  
of the Administration!

See Lansing told me Alty in was clearly  
right in demanding his resignation - that  
he could have done so under similar  
circumstances. Sal in June said  
nothing else could be said for him except that  
it was a mistake of the head rather  
than the heart.

I did not tell him my opinion but merely  
stated his friends opinions - I was ready  
to tell him mine, but he never asked  
for it!

June 7. Friday  
N.Y. Hd. Res Bank today sold Equit. Trust Co N.Y. for  
Mushers & Co. 250878 sovereigns @ rate of 4.9825.  
How I hope dispose of Musher incident.

June 10. Mond.  
Gov H had letter from Pres in rather delphic  
form saying it was evident that the account  
for Musher was the best that could be obtained.  
He evidently thinks more might have been  
done for him.

June 25. Tuesday  
Dr Miller said was going to take a months  
vacation in Calif. Sel his Secy was to tell  
Jacobson & he asked authority to employ  
temporarily a man to sit in his  
office to attend to telephone calls;  
he said this man was his chauffeur  
and the Bd voted it.  
How to me is contemptible: Dr H is  
always boasting about his wealth

and yet he puts his chauffeur on one salary<sup>173</sup>  
roll to take care of him and avoid the  
necessity for paying his wages himself  
while away! Do not deny some one  
should care for his telephone calls but I  
deshone of the poor taste & lack of  
human sense of honor this transaction  
shows. If any one else had done this  
Dr H. would have been thundered in his  
condemnation. As I remember well before  
he had his washerwomen put on one  
roll under somewhat similar  
circumstances (see supra p. 98)

See McAdoo has been away for some  
months. Dr Willis told me his Secy  
Cliffitt told him Sec H. went to N.Y. for  
examines & that certain germs were  
found in his throat wh. the Drs said  
had not got down into his lungs &  
he was ordered to go to the mountains  
for rest. I fear this loop-hole tubercu-  
-losis! Poor man.

June 28

Ollow wrote letter to Board saying he had resigned  
from Bd & accepted position as Mayor having  
charge of RR matters under Gen Peckham.  
Board passed an appropriate resolution.



June 29.  
Left for M.D.

June 30  
arrived M.D.

July 2. Went w. Mayor Ashley to Providence to meet  
Viscount Ishii, Amb. of Japan, with his  
wife the Viscountess and Col. Tanikawa  
and Mr. Candler, Secret Service agent  
of State Dept.

They were our guests.

" 3. Held reception at M.D. for them. About  
750 attended. In evening Capt. Scott & wife of  
Fort Rodman dined w. us.

" 4. Lt and Acting Gov. Coolidge and Mayor  
Ashley called early in morning with  
3 of Gov's staff. We then went to  
middle of N. Bldg. building where there  
was a fine military display  
The Viscount delivered an address  
as also Lt Gov Coolidge & myself.

Then we went to grave of Capt. Whitefield  
and Amb. placed a wreath on it.  
Then lunch at Tabitha Inn & walk to  
Station at School. Ishii, Coolidge, Mrs  
Lee Read & also spoke, also myself. A  
beautiful sight.

" 5. In evening Gov & Mrs. Will dined w. us.  
Amb. received from naval camp  
at Monmouth & then went to Party  
Anderson's house in Brookline.

In P.M. Bertie & I motored to Boston & dined  
w. Anderson at Somerset Club to meet Ishii  
& Viscountess.

Anderson told me he was very much shocked  
that he was expected to have the secret  
service man Candler "thrust" upon him  
as a guest. He showed great surprise when  
I said we had him in our house & at  
our table. He is an insufferable cad!

July 6. Motored back to M.D.

" 7 Sunday. Took train for Wash. at  
Providence. Ishii & party in train.  
Candler told me how rude Anderson had  
been to him; at first refused to receive  
him in his house; finally gave him a  
room but sent all meals to him in his  
room. Another row was Somerset Club  
dinner; A. sd he would not be permitted  
to enter club; C. said did not expect to  
but could draw to and from it w. Ambassador  
which he did.

Next day, July 7 Ishii went to Col. House  
at Manchester.

C. said A. was very curious to know  
what happened; begged C. to tell him;  
said he must know & shld give him  
an answer; sd he was sure Ishii  
had fixed up question of Japan entering  
Siberia and begged C. to tell him what

76 he had heard of their conversation. E. declined to talk.

Finally sat with A. invited E. to dine at his table but E. declined.

July 9. Lunched w. Lansing & told him all about Anderson. He said he was in ass.

Gov. A. said rumor was that Carter Glass had been offered Delaware place in Res Bd.

Gov. H. also said Warburg said he would be glad to be appointed to Delaware's 2 year unexpired term if he did not have the full term of 10 years.

John. Aub. sent me a copy of letter of Pres. W. congratulating him in his Fairhaven speech.

went into Dr. Miller's office and found his chamberlain, Smithson, sound asleep in the sofa in his shirt sleeves.

I reported this to the Board & said we were responsible for voting him this salary of \$85 per month; that our members

were only \$65 and our chief messenger \$75. & said \$65 would be a liberal salary

& that it should be cut down to this. Warburg objected. said Miller did not

buy his New. Secy as much as did the others & that the office of <sup>board</sup> cash member was his to determine.

I said the Bd was responsible for each salary<sup>177</sup> & that a saving in New. Secy surely did not warrant a member in paying a useless salary to his chamberlain. Dr. Miller said nothing but the chamberlain to do as Miller's mail was forwarded & the tel. operators always called his (Miller's) office in any call to Miller & he would say Miller was away.

Finally agreed to our counsel if this matter was not to be determined for each member for himself.

Saw Elliott later & he said Bd was broken, for all seems split & however short.

July 12. Miller told me Dr. Miller had practically ordered him to put a Mrs. Hutton on our rolls before he went away, altho he had tried her & told Miller she was of no use to him. Also sd he did search as to another woman but when ordered to appear & show her ability to take down a man. dictation she backed down & sd she did not want the place.

July 16. Brought up Miller's chamberlain before Bd. Told members I went into Miller's office this am and found the chamberlain, Smithson, in his shirt sleeves, smoking a cigar and reading a paper. also said that I

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had learned from a confidential source that  
his appointment was generally known in the  
managers & was causing comment. There  
was present: Wash. Delano, Govt. Miller &  
myself. To my amazement Wash. & Delano  
defended Miller & said they thought his  
action was proper: their narrow band  
in fact that 1) Miller had his salary less  
than other members & thereby saved money  
for Govt: 2) that Miller loaned his salary  
to Jacobson while he was away, thereby  
saving money to Govt; 3) that if Miller  
had wished he could have kept his salary  
in his office thereby costing Govt less salary  
altho nothing for him to do; 4) that it  
was all right to put this man in at  
\$5 per month. Delano said had tried to  
find work for him but as his arm was  
broken in two places & was inflected he  
did do nothing; that he did some work  
e.g. called at Miller's house on the  
mail & brought it office. I said if  
Miller had paid him a messenger's  
salary - \$65 per month, would not  
have been so bad & I would leave it as  
a question of good taste, but \$5 seemed  
to me outrageous. Delano said Miller

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would probably take matter up when he  
returned & perhaps might return part  
of salary.

I said Miller was open to serious  
attack & that the Board also might  
be attacked. Wash. & Delano said of  
attached he did exonerate himself  
completely & they cited fact that  
Congressmen had clerks who did  
little work. Govt. remained silent.  
Miller told me Miller had objected to  
to any member of Bd sending out  
messengers on errands, he was so  
conscientious!

As I remember, & Dr Miller said I was  
right, 2 years ago Miller had his  
washerwoman appointed as a scrub  
woman, just before, I think, he  
went to California. (supra. p. 98)

July 18 Thurs.

Delano sd had just rec'd lety. from Dr Miller  
to whom he had delegd saying that his  
Chubb's Smith's be reduced to 70 per  
month which Del. said was now the  
ways of messengers. Bd so voted, Del.  
saying Miller wd fix up amounts  
already paid above this.

4:30. Bad Delano good bye as he leaves tomorrow.

Aug 6. Tuesday

Dr Miller told Board he shld pay back to Govt all salary paid his chauffeur, Sutherland. He gave a long winded explanation as to employing him; sd he had saved money for Govt by paying his Secy a lower salary than we paid; that he needed some one to sit in his office to attend to mail, tel. messages etc; that Sutherland had broken his arm while in his service thro his own carelessness; that instead of dismissing him as most wd have done he tried to help him (at Govt expense!); that he had him on at \$5 per month bec. he did not want to give the same salary as a negro messenger; that he was most scrupulous in all matters, very keen sense of offic. propriety etc etc; that he believed no other member of the Bd gave 1/5th as much to charity as he did etc. Govt suggested that he should pay Govt all over a messenger salary. He said he shld refund all, but he does not return it. I stated the facts - that he was once found sleeping on the sofa & often smoking in office & reading the paper etc; that I had received confidentially information that his assistant was exhibiting much comment, that he was not earning over a messenger salary etc. I said I was trying

to protect Miller as well as the Board.

I think he is about the most hypocritical man I ever met. All his high professions are both - as applied to his own conduct he has entirely different rules from those he applies to others.

Aug 9. Friday

No word as to Warburg's resignation - Williams says finally sent word to Wash. Prout could not answer his letter until McAdoo returns - next Monday. Williams seems confident W. will not be resigned.

Last week Drew told me Selden said a man told him that Brown told him Sec. H. had offered the 2 year term for the FR Bd to him - Brown.

I can not believe this nor does Williams. Brown has only been here about 1/6th of the time since his appt in Wash. D.C. He seems to be of fair ability but is not interested in his work. His absence has thrown a terrible burden on the other members. Warburg's resignation brought at 12 P.M.

12 M.

The Prout has written words a letter to Govt that he can not deliver the lines of W's letter to him that he prefers to be relieved & that he reluctantly yields to his

desire & will not: not want him. Wash. did not show me the letter but Hurdley told me about it. W. made a great mistake in writing his equivocal letter to Presd. It gave him a chance not to withdraw him: he should either have not written anything or unequivocally withdrawn his name. If he had not written it would have made it difficult for Presd. & might have resulted in his withdrawal. The letter as showed to me - W. never showed it to me - was a James faced letter. W. did claim that he did withdraw or not ask for his bid. It is the Jewish character - the desire to play both strings to save one's vanity.

At 1.15 attended Dr. Rowles lunch to Wash. at Army & Navy Club. Present: Dr. Rowles, Wash. as well as Leffingwell, Houghton & Dr. H. Strauss. E. H. Miller & myself. We all spoke most kindly of W.

W. is evidently bitterly disappointed - he told me he was satisfied he would be confirmed by Senate; that the Reubens told him they would offer no objections; that Sen. Hitchcock, Reed & Sulzberg had sent him similar messages. He was very bitter at Sen. Owen and intimated he would get

now with him.

I am really sorry he was not recalled but he is a man of great ability & has done much for the system. The trouble with him is that he is an intriguer as shown by his effort to cut down the Res. Co. from 12 to 8 and his plot to oust me from the Gov. ship. His cunning, however, overreaches itself as shown in latter case where he got the Gov. ship from me only to give it to Hurdley. Since that catastrophe he has believed much better. He is full of envy, thinks no one in Fed is his equal except himself, and is almost treacherous. He has, however, worked hard & has helped in development of the system. I fear he will attack us all now that he is out of office.

At lunch today he said that there must be centralized power either in N.Y. or in the Bd & he deprecated the former.

Thus he largely is of two extreme varieties - he wants to be supreme wherever he is.

Williams told me President was to ask Glass to take 10 year term and Strauss the 2 year term. He dictated teleg. to Glass begging him to accept if offered & he added my name as joining.

He also said Libbington said that Glass absolutely would cause a financial panic in N.Y.  
He also said Harding would be redesignated Gov for 1 year.

Sunday, Aug 11

Dined w. Harding at M.C. Club - he is strongly opposed to Glass's appointment - says wrong to give this to South to exclusion of middle West; that Glass is not looked on as a Southerner by South, not being in Cotton belt; that 1st Res Act prohibits Membr. of Congress from being membr. of M.Bd & this means that no member when Act was passed can ever be a member of Bd. I can't agree to this. I think H. fears he will lose favor if Glass is appointed.

Aug 12

Williams asked me to send mem. to Sec. H. as to who a member of Cong. could be appointed in M.Bd (meaning Glass). I did this. Said Yes.

Aug. 15

Harding redesignated as Gov for another year. He told me Warburg, who was here yesterday, told him, Secy H. had definitely offered appointment to Albert Stearns who had gone to N.Y. to consult his family. H. sd Secy had asked him as to Breckinridge Jones of St Louis.

I feel the Secy should have taken me

into his confidence. He has been here since Monday & I have not even seen him but Williams is with him all the time. Harding sd Secy looked well Monday but today seemed worn out and voice very weak.

Brown of the Cab. since could have been here only 1/3 of the time - he seems more interested in politics than anything else. Altho he seems to be a man of business ability & he is said to have a "pull" w. Secy H. I should have taken this up w. the Secy but Green begged me not to. His absence has greatly increased work of the other members.

Thurs. Sept. 5

Amer. Tob. Co. & the Stanley of Guar. Tr. Co. addressed before Cab. Jones came for auth. to issue 25 millions of Notes to fund equal amt of acc'ts maturing Nov 25. Howell had reported favorably but Williams had asked to have it held up. The Notes bear 7% but were put out below par the rate selling abt 7 3/4%. The Synd. hopes were to receive 1% com'n & rest of synd. 2 1/2% making total comms abt \$875,000

Bebut many were told in Sec. H. asked him to say this offering would injure Liberty Loan & should be postponed till after Lib Loan unless irreparable injury would result. Mr Libbington told me he did not agree to this - that he thought the notes would be quickly placed

146 and could not ignore the Fed loan. It appeared that 3/4 of these acceptances had been rediscounted in N.B. Co. Leffingwell said the banks should get rid of these unliquid acceptances & that finally there was relief.

Williams brow beated & insulted Stanley - said bankers were treacherous & taking all the trouble and bearing that 7 3/4 was a enormous rate of interest - that Sec. H. decided that blue & west. Ind. N.B. must go into a receiver hands rather than they were 6% on its obligations etc.

The Tob. Co. said they did not make the rate - that if B.N. would agree to take these notes and not offer them until after Feb. loan done they would be perfectly satisfied with the the interest rate might have to be higher.

Stanley said unless some catastrophe should intervene the banks could undoubtedly place these notes but he could not offer positively in advance to do this - he said they did not place them before Nov 22 if they began only after Feb. loan closed.

Tob. Co. finally asked if N.B. would agree that if a new acceptance credit was found all. It could rule that the acceptances were eligible for rediscount. We said they must ask Res. Bd. as to this.

Finally we adjd until 2 P.M. when Tob. Co. wrote us a letter to which we replied.

147 We could not avoid issue not combat. we had interest at present time we, of Fed. loan but still we could - after Feb. loan - attempt an issue along lines of present plan at reason. rates of interest etc. We told them that if N.B. refused to rule that new acceptances would be eligible they could come back & renew their application. I firmly believe that at recess they had fixed matter w. Stanley whatever the N.B. Bd. might rule.

Leffingwell was very indignant that Secy sent that message to me thru Williams & not through him - said he felt sure Secy had not been fully informed by Williams.

It is another instance of Sec. H. being influenced by those behind backs of his associates.

The whole course felt they were bound by Sec. H.'s strict order effect in Feb. loan.

Before we could reach Sec. H. he had gone away on a 2 weeks tour "examining terminals"

He has done nothing about Res. Bd. applicants - he is utterly neglecting his duties in this matter.

Dined w. Tob. Co. the other evening & commended him - as requested by Sec. H. - on Res. Bd. - he seemed broad minded & fair & I wrote Sec. H. that in my opinion he could be a good man.

Sent G. Maday

Williams intimated to me that Secy H.

request about Simons of Chicago a director of RR Bk.

Meeting of Res Board:

I moved that we inform tobacco co. that new accels could be eligible at Fed Res Bk. Hurdley & Miller voted us & motion was lost. Ew H. said keeping three accels in their reserves in RR Bks could injure currency & sub loan more than funding them old bondably do. He said we ought to have addressed the issue, & I explained that we felt bound to accept see his statement that it would injure sub. loan. I am inclined to think they were more nearly right than I.

Sept 6. Sat.

Told Libbywise he should come to new hearing given to Aurora Tob Co Monday; that the Com. had advised it of decision of Res Bd & that the Co. received its motion for auth. to issue Notes at mee. L. then said he had changed his views & had reached conclusion that while it placed last week would not injure sub loan yet that every day counted & that now he felt it might injure loan. He called up Ew Slung & he seemed to know of no harm why it could not be postponed i.e. that bondably they might have to pay slightly higher rate. In reply to question from me the Quill Bankers would have ample time to place loan bet. close of sub loan

and Nov 22 - the maturity of the accels.

Sept. 8 Monday

Libby. bought to attend meeting. We voted to approve application now to take effect after sub loan, except as to rates & coms. with liberty to Co. to come direct to us and not through N.Y. Dist. Com. to determine as to reasonableness of rates & coms. after Oct 12.

Sept 10

Morgan in N.Y. Times of Sept 10 defends rate of 9 1/2% incl. coms wh. he asked to finance Ill. & West. Ind. RR notes - said 7 1/2% was a reason. rate and that 7% for him as synd. Manager and 1 3/4% for syndicate was a reason. rate.

As contracted with them, in Aurora Tob. case the synd. mfrs were to receive 1% and the synd. 2 1/2% - a plainly reason. rate. As to the 7 3/4% approx. net rate to public for Tob. Co. notes, it is interesting to remember that was for. Compt. netted over 9% on Beta. Steel Co. and that it changed 7 1/2% to Aurora & Elgin Dist. RR. I believe 7% w. at most 7 1/4% net is ample for Tob. Co. w. its splendid credit



Nov. 18

Last week the War Ind. Board issued a notice releasing in part its prohibition on the use of many articles requiring steel. The day before issued I called up Baugh the chair & suggested a conference with the Board & the Cash. Sec. Com<sup>a</sup>. All I could get him to say was that he would be glad to receive a memorandum from our Council on subject of Reconstruction. He never referred to the circular wh. he issued the next day & which seriously embarrassed our Com<sup>a</sup>. As a part our application was off 50% within the next few days.

Leibsonjwell was very much disturbed by Bauchs act as it in effect announced that the bid was off, while I knew that the Treasury would need \$ or 10 billions more wh. could not be obtained at present rates unless capital could be increased.

a day or two later Sec. M. called a conference at which Goff & other members of the War Finance Com<sup>a</sup>, Leibsonjwell, Rankin & others were present. It was agreed that we may should keep in close touch w. Bauchs to prevent if possible further ill advised notices.

I explained our embarrasments & said it was disconcerting for us to be holding up hospitals, drainage plans & roads while Bauchs was releasing shorting goods etc.

I then asked wh. they thought it was time to work up Cash. Sec. Com<sup>a</sup> - I said it was idle to continue unless we were given power

to discuss all issues. They all thought we ought to continue & Sec. M. asked me to draw a Bill giving us the power we needed & he would do all he could to pass it. He thought it most important for us to continue. I said our Council felt we ought to be consolidated with the War Fin. Com<sup>a</sup>, the Secy to be chair. He said he especially liked our last board. He suggested that our Bill in first instance should keep our Council separate as at present. I asked if he approved calling a conference of members to take over the situation & he thought it very advisable. I said I would do this.

I then called up Groom & said at next meeting I would bring up matter of a conference. He said that the day before a telegram had been sent calling a conference for Tuesday Oct. 19. I was amazed at this & later found that Goff ordered this sent without any authority from the Bull Com<sup>a</sup> - a most amazing usurpation of power.

I then asked Groom & Groom - Goff had gone away - to draw a Bill. Later, on Friday P.M. Nov 15, House sent me a letter and a Bill in wh. the present Com<sup>a</sup> was retained but the Sec of Treas was made chairman - a grotesque slap at me which I shall not forget.

The Sat evening Leibsonjwell called me at my house & said he had just discovered that Sec. M. had sent to the bankers a

notice that many construction of buildings would now be resumed & other words indicating that the lid was off. L. said it came this was see Rowe & he knew nothing of it until it was sent out; that he tried to kill it but could not. He was very much disturbed.

Monday Oct 18. I saw Drum - he said the Secy had killed one Cornell - that the active members wanted Cornell removed not at all & that if not done they would resign.

I saw Secy at 4.30. He said there was nothing in his statement in any way interfering w. Cornell. I then showed him the statement that the action of the Treasury "should lead to encourage others to undertake without delay the bulbillment of the many and varied industrial & mercantile needs of the country"

He seemed annoyed & I suggested that he have a conference w. the Board & tell them he meant that all this should be done under its direction. He jumped at this & said this was just what he meant & he would meet Cornell Wed. & say so.

He said he was tired out & that he was ready to quit.

I think he published this on holdover

norms to get ahead of Baruch without consulting of the consequences. The Cornell has been terribly hampered by lack of support from the Board & the action of the Secy is about the last blow.

Nov 18-25

See H. followed my advice & had conference w. Chas. Issues Cornell. I reported findings on him when he followed closely. He asked how long they had stay & they said about Jan 1. '19. He strongly urged them to go on with their work & that by Jan it could probably be wound up. This was on Wed. Nov 20.

On Wed. Nov 14 we had a conference of Chas. of Dist Comers & members. They all strongly urged our going on and Baruch pledged support of investment business assets. Gov told Secy we all felt we should probably be wound up but that action of the conference had great weight w. him & he really thought we could operate up to 90% without new legislation.

The next day we learned that Baruch had told Phil & N.Y. no further restrictions would be imposed by his Board. This was another blow at us. Then later the was told. Phil told us it could no longer advise us as to capital restrictions.

I had at request of Phil written see H. that the Presdt should delegate to him

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the content of exchanges of bonds over other securities, as he had this house under study w. Emergency Act, & see he said he would jump into this.

After this, Drum & Flower insisted in preparing a letter to Presdt advising our intended course.

I then had another conference w. See He & Lebbingwell.

I told See that it was the main object of our Bd that it would be safe to remove all cash restrictions & we believed it ought to be done, but that Eoff & I, and we both saw the other members could do whatever the Presdt wanted & it was on the Presdt to instruct us.

See He - to my surprise - agreed we see that we ought to close cover - he sd he would see the other members to pay a higher rate on business bond issues than to hold up the country's development until next April - the prob. time on a new bond issue.

Lebbingwell strenuously objected & finally See He suggested that we issue a statement that we would have all issues except those involving present economic waste. I said I would advise our Council.

The Council favored the idea & started in a draft of announcement.

Friday, Nov 22

announcement prepared and in rather

more conservative lines. Showed this to Lebbingwell Sat. Nov 23 who advised & it was given out.

Friday evening Nov 22. See He gave out draft of his resignation. None of us had been advised of this.

Sat. Nov 23

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Held special meeting of Cash. Sec. Council. We addressed our public announcement & agreed that, in view of See He's resignation, our Council should do nothing to hinder admission but should strive - gradually becoming more liberal in our decisions - until the Presdt decided to wind us up.

In P.M. had another meeting in my office. Williams, Eoff & Flower present. Eoff was in N.Y. but before going had telephoned draft of letter to Presdt advising him to wind us up & asking him to say so in his coming message to Congress, also to recommend new legislation creating a National Blue Sky Commission.

We decided that it was unwise to do this unless advised. We favored the suggestion, in view of See He's resignation & we voted that on 3 weeks we should make no recommendation but go on w. our cover under new announcement becoming more & more liberal.

About 4.30 P.M. See He sent me Strauss who was there. He explained

196 why he had not told us before he  
resigned. Then suddenly he asked us who  
should be his successor. Strauss asked  
Leibson and I said we asked what I thought  
he said L. was a very brilliant man &  
old but the better. See he said the better  
was L's obligations were all Repub.  
and he was tied up to large apparatus  
of cabinet; that the Democrats would  
hardly look w. favor on his abstract.  
He then asked us what I had to offer.  
I said Carter Glass & See he turned to  
for 3 or 4 minutes. He said but that he  
was a Southern man was against him.  
He also said the man must be a best  
class speaker, one who could defend  
Adm's policies in Senate - this was vital.  
Apparently, See he has never thought of  
me in that connection. I should think  
that fact that we had elected a Sen.  
Senator & that New Eng. had no repre-  
-sentation in Cabinet, or even an Asst  
Sec. State, and that the Tariff was being  
up as a great issue, in which I should  
boldly claim to be an expert, he would  
at least consider my name. However,  
I know him so well, I am sure he  
could not say so, even if he had me in  
mind, following his course in relation to

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the Fed Res Bd.  
Late Sat. evening Nov 23, Byrum Newton sent me  
a special deliv. letter saying I ought to be  
asked and offering to talk to me.  
I wrote See he a nice letter saying his name  
could go into history ahead of Hamilton  
as the ablest Secy Country has ever had;  
also gave Cowley an int. to same effect.  
Nov 27. Wed.  
The Public Ledger, Philadelphia states that the position  
of Sec. of War. will be given to Carter Glass  
and myself w. the chance simply in  
my favor. See See B.H.  
Nov 28. Thanksgiving Day  
See. Houston played pool with me in P.M.  
very much disturbed over Peace Negotiations.  
Said the mystery of Presd's was injuring the  
country; that the composition of the Peace  
Negotiators was in some respects scandalous;  
it was too much a family matter; Presd &  
Alex Wilson, Miss Wilson, Col. House, his son  
in law, See Mr. Adair's son etc etc. He said  
Henry White would be a ridiculous asset; that  
he would be glad to go as a volunteer; that  
there was needed a man with a knowledge  
of combats. history; that Col. House knew  
little of Int. law questions or of history;  
rather did Lansing  
also said Presd had determined to stay  
abd until all negotiations were settled;

that he would be his own com<sup>r</sup> & the others would  
nearly be clear; he doubted his witness to  
come w. Bulbore & Lloyd except. He said he  
had no hope, chance of being admitted

Sat. Nov 30

Can. In. Com<sup>r</sup> voted to put in its own report a  
complete acct of the Pan Am Co. w. names of  
President etc. The Pres<sup>t</sup> is under indictment  
for fraud. using the mails. I said if we sent  
our brand, should we expect to send all such  
and we had many more.

I suggested that as all we wanted was to  
convince Cong. of necessity of passing laws to  
stop fraud, issues it would be better to  
state the facts as they & other issues w. out  
mentioning names & then if Cong. wanted  
the records it could call on them. I further  
pointed out that as the Pres<sup>t</sup> of the Co.  
was under indictment our action might  
be construed as an object of a Noble Com<sup>r</sup>  
to influence the jury & that in my opinion  
the Pres<sup>t</sup> was entitled to a fair trial w. out  
interference in our part. I said also I  
believed the Pres<sup>t</sup> was guilty but that our  
function was to place the record in the  
hands of the ally gov.

led by Com<sup>r</sup> Williams all present - Green,  
Williams, & Flower voted to send whole  
report. I asked to be recorded in the report

late that PM I wrote Sec. saying we were  
making a great mistake but that a word  
from him to that effect would, I thought, be  
very persuasive.

Mon. Dec 1

Called on Secy - he was not there. Told Kelley  
about matter very regret. Later Kelley came  
in and said Secy said the whole record  
including names should be sent to Cong.  
On Sat. & again this am I wrote Sec. etc.

suggesting that the Pres<sup>t</sup> leave some  
nominations & Com<sup>r</sup>s signed in blank for  
appts to call his name to be used in case  
any of the members felt they must  
resign. I told him we then old about  
members of the Board in their place.

Later Sec. sent in some blank nominat<sup>ns</sup>  
which I filled in & told to him pointing  
out that State Dept must also be out  
& have Pres<sup>t</sup> sign some blank Com<sup>r</sup>s  
on same parchment.

This am 4 Sec. Newton called; said he saw  
McAdoo Sat. & urged my appointment as Sec.;  
said I was best equipped man in the  
country, had a heretofore knowl. of  
financial routine; that N. W. had no  
representation in Cabinet, not even an  
Asst Secy; that the North felt that the  
South was on the saddle & that the

sentiment had great influence in the recent  
conv. elections. He said McAdoo said "this  
is not my job" and side stepped.

I am glad to know my name has been  
not rejected & I am satisfied Newton also  
was in communication w. the Presdt. I  
told Newton I never had & never would  
seek any office; that no one w. my  
knowl. or consent had pressed my  
name. He said it was universally  
conceded that I was the only man  
likely to undertake the work.

I still think the President will nominate  
either Williams or Glass.

Williams has been very blue lately; he  
keeps talking about who he'd like to succeed  
in to us. I am satisfied Sec. M. gave him  
little encouragement on his trip South  
w. him. Williams said over & over again  
he would not be outside of Wash. but  
on the whole - meaning I think that  
he ought to leave it.

Last Sat. NW I called attention of the Com. Sec. Comer  
to Blowne continued absence & suggested that  
I be directed to write him a letter referring  
to an interview he gave to a N. Y. paper last  
week showing having told Sec. M. that he  
should have to resign from the Com. Sec. of  
the Bureau of Business, and that I ask him  
wh. he did resign so that we could  
adjust our affairs accordingly. After  
discussion it was thought best not to send  
this as we had no right to suggest his  
resignation altho all were independent  
at his expense.

Tuesday Dec 3.

Brought up Blowne matter again. Mr. Coff  
said he would write a personal letter  
and tell Blowne he ought to resign.

Then Mr. Williams told me Sec. M. had  
privately told him Glass would be  
about a Secy; that his name - W. had been  
under serious consideration but that as  
the bankers were so opposed to him - greatly  
to his credit - & as so much was yet  
to be done by the bankers in loans, the  
President had reluctantly decided not  
to appoint him. He spoke of one that  
Sec. said other names had been under  
consideration but W. did not mention  
my name as one - evidently it was not.

I should have thought Sec. H. might also have sent over me, especially considering that when I was first asked to see Sec. H. he told me I should have had the honor of Secy.

I see clearly many advantages in not being doubled on the North, but nevertheless I am very indignant that I was apparently not considered at all, just as if I were plainly rebuffed on the Senate - and perhaps I am.

Glavin's appointment will array the North vs the South.

I feel that Pres. W. by not taking some man from N.C. as from the North has solidified the Rep. Party on a generation in N.C. & probably in the whole North. From now on Northern Nationalism definitely runs as the rule and I fear the Dem. Party at the next election will go out of town for a generation. On the whole I ought to be glad I am out of it.

From now on I shall devote my whole time building up the Fed. Res. Bd. as it ought to be & will leave the administration to settle the many enterprises sure to arise in the near future as best it can.

I saved the Fed. on a conspiracy of warlike & Delano to wreck the Fed. Res. system, the Pres. wrote me grateful letters.

he wrote me only a week ago how he valued my judgment in all matters - and that is my reward.

Wed. Dec 4.

William called me up in evening and said Glavin's name was agreed upon and would go in tomorrow.

Thurs. Dec 5.

Glavin's name sent to Senate.

Mr. Goffe name not sent in as member of MRB. On Monday Mr. Ades telephoned Ben White House asking Goffe's initials so I thought it would go in.

I have no personal interest in Goffe - I merely recommended him acc. of his eminent fitness for the place, and feeling that it was really scandalous that the Delano vacancy had been so long unfiled.

Sec. H. is so suspicious of all new names not his own that I despair of the place ever being filled.

This noon Mr. Kelly came in and said the Secy wanted my picture - I said I had none in office but would get one. I shall give this request "careful consideration".

The N.Y. Times in an editor. this am strongly praised Sec. H. I wrote the Secy that his name could go down as the ablest

see the country ever had. I believed this & do now but should be remembered for kind eyes. All men around him who made his success possible.

As a man however, in spite of his brilliance he was vindictive, rather treacherous, vain conceited & wildly jealous of anyone with him receiving any credit. He is as unscrupulous as William & did not do justice to anyone whom he disliked. He is the most selfish man I ever met - thinking of no one but himself.

I believe his alleged name for receiving is not the true one; I have no doubt he is financially embarrassed, nor have I any doubt that some one has been his "Augh" - I believe Barney Burch.

His pushing Burch on Sec. of Treas. & the uncontradicted story in papers that the Presd had offered the position to this man who had made millions by speculation in Wall St - is a scandal in Amer. history wh. will wreck any Admin. Last evening Mrs Houston told Bertie Burch had told her the Presd had offered her the position. If true the Presd must be mad!

If the position had been offered me I should have felt the honor had all gone in being

Offered Barney Burch's name.

Tuesday Dec 6.

Conference w. FR Agents as to Cash. Sec. Lusk. Dr. Bingham urged us to continue. Agents seemed divided.

Dr. B. when wanted Treas. protects us exchange of Govt bonds for worthless securities. I asked him if Sec. of Treas had been delegated by Presd to take control of such exchanges as provided by Hadley w. Money Act or some other Act - perhaps the latest Bond Act.

I wrote Mr. Adoo 2 weeks ago strongly urging this. Dr. B. sd Treas. had decided it was not practicable!

The Treasury is trying to make a "joke" of the Cash. Sec. Com.

We are agreed - except Dr. Bingham - that President Wilson in his message to Cong. clearly stated that the lid was off. We are best of all houses - only house we ever had was Pub. Admin & that was long gone. Now the Democrats have abolished us they can no longer advise us & we are helpless.

We finally submitted 2 questions to Agents to answer. The first was whether



They will now require Sec. of Treas. to try to induce Congress to enact new bank legislation which in committee Secretary giving answer to Mr. Bell & Messing.

The second was assuming Treas. will not do this should not our Comm. would see by

Jan. 1, 1919

Sat. Dec 7.

Mr. Agents and our questions & said that if Sec. of Treas & Mr. Bell would have introduced and press vigorously a bill putting restraints on cash & demand issues under Mr. Bell they would advise our Comm. to continue pending bill on bill; if not, then our Comm. should be wound up by Jan. 1, 1919.

Williams has been very gloomy for the past week and looks wretchedly. I saw in a paper the other day a story that he might be given the Illinois vacancy on our Board. To day the Sec. sent our letter & when he returned he told me he thought Gobb of the cash. Our Comm. would be absolute.

I think probably the bankers are so opposed to Williams that Sec. H. would like of he dared to throw him overboard. It may be well be that he would like to have him on our Board. If he & the Sec. were talking about this today, Williams certainly refused or he would not have talked to me about

Gobb.

In the PM I had a talk w. Gobb reminding him that I had urged Sec. H. to appoint him - I did this w. Sec. H.'s authority, and that I hoped he would accept if offered. He said he appreciated the honor but did not see how he could possibly accept. We had a long talk and finally he said if offered him his wife would have to decide wh. she was willing to leave Cleveland. I am inclined to think he would accept. I told him I ought to see Sec. H. that he could not now say he would accept or that he might suddenly send in his name, and he agreed to this.

I then went into Mr. Davis's office and found him there signing letters with several others there. He looked at me with a very sheepish, shamefaced look on his face & I told him I ought to let him know Gobb did not want this place & that nothing but the sternest sense of duty would ever induce him to take it. I said - be sure and see him first before sending in his name if you decide to do so. He said he would & then added - we will have to club him if necessary.

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From this I gathered that he had made up his  
mind to appoint him, but he is so shyly  
I may be wrong.  
Suddenly the President has left it entirely  
with him - he acted & talked as if he  
were the President.

He has not taken me into his confidence  
about Robt nor about anything else  
recently.

His manner towards me was very pleasant  
and I am convinced he knows that a wrong  
has been done me & is ashamed to look me  
in the face.

I have much sympathy w. Williams. He is a  
very able man but because of his idiosyncrasies  
is ill adapted to be Sec. of the Treasury or  
even Compt. of the Currency. His wild outbursts  
however have always been backed up by  
the President & Sec. of State (altho Sec. of State  
expressed regret at things he has done.)

He has been very discourteous to the Board  
& never consults them before making  
recommendations & doing things wh. affect  
our system.

Sec. of State has repeatedly told me in our presence  
never to make an announcement or  
recommendation affecting our system without  
consulting us but since after having been

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informed thus. Instead of sternly rebuking him  
as an insubordinate official, the President & Sec.  
of State have patting him on the back. Even  
when Sec. of State has had to reverse him - wh.  
very rarely has happened - he has done  
it in such a way that Williams thinks  
he has sustained him.

As a result poor Williams does not know  
"where he is at". If all he has done is  
right, why should he not be made Sec. of  
the Treasury? From his point of view  
there is no answer.

I firmly believe he is so puzzled and stunned  
at Glass's appointment that he will not  
ask or be willing to be nominated as Compt.  
in Feb. when his term expires.

In any event if he is nominated I believe  
the Senate Whigs will be obstructive  
to hold him up until the Rebels. Cong.  
comes in March 4.

Dec 10.

Went to lunch at house of Polk Comptroller of  
State Dept to meet Prince Fushim. The cabinet  
gathered were there.

I was rather disturbed by the job. Amb.  
did not invite me to the dinner to the  
Prince last evening. As a friend of  
John - & I am one of the few friends  
here, I think he should have done this.

especially considering my never in council, w. the Fairhaven sword present also when ~~the~~ & the Occurrences were our guests. The sub. also, when ~~the~~ Bertie & Anna called a few weeks ago, simply sent cards in return.

To day, however, he was very cordial & sd he had wished to give Anna the best dinner in Wash. in honor of her coming out and that they would soon call and arrange it.

at the Hd Res Bd meeting yesterday Sec. H. sent us a letter saying that before he left he wanted to vote on a \$5000 salary for the Study of W. Bk of N.Y

considering that we wanted to do this some months ago & that McAdoo violently opposed it & thwarted it, his present attitude is surprising to say the least.

He evidently looks on matters differently as he approaches private life!

while the letter was being read William - who eyed on McAdoo in his former opposition, looked thunderstruck but said nothing.

Williams also objected to the slight reference in the coming Dec. Bulletin to

McAdoo's resignation. He said the wording resolution was 4x as long. I explained that Harding & Miller came into my office late in P.M. just when Bulletin was going to lay to rest. There was great difficulty in getting anything in & question was whether to let it go over to the Jan. number. Finally a short but very complimentary resolution was read by Harding & with some changes by Miller was accepted. Williams desecrated at great lengths at the dinner. sacrifice of Sec. H. He did not seem to think that any one else had ever made any sacrifice!

Dec 10. Monday

McNary came down in Perm. via local car. Some one sent us copies of worlds work for Dec. attacking McNary banker Bensch as a scoundrel & fraud who had been indicted. he voted in the Board to have the Co. investigated by an accountant & the work investigated by the post auditor.

McNary went before H.C. Com. at 3 P.M. Later he called me up & sd Com. told him as above & further said he would be given a license if <sup>accountant</sup> ~~account~~ and post auditor reported favorably, in condition that Bensch should

Wells on the Co.

I told McNary in answer to a question that the Com. voted to have an investigation but that they did not vote to grant a license of investigation was favorable.

Dec 11. Wed.

Erw Harding at lunch told me Glass called on him in the A.M. seemed disappointed. Said he had had no experience in Adm. work & that it was not congenial to him. He expressed a desire to have Wells help him but said we could not come at an Assistant salary. Harding suggested making him Assistant Secretary in an honor. position then giving him \$12000 per year. He said he would refer to make a place for him.

Later he saw Wells who asked if it could not be arranged for him to be present at our Bd meetings. He sd this was inadvisable. To have Wells present as a smiling man would be intolerable.

Erw it will have trouble if Wells comes over in any capacity or to visit Harding for stripping him of most of his duties as Sec of the Board. H. called my attention to N.Y. Times of this morn containing a charge against Sec H's brother of receiving \$25000 to secure influence of a high Adm. official in securing awards of submarine contracts.

Dec 12. Thursday

Lunched w. Harding. He indicated that he was thinking of resigning.

A shape of a new circular of Compt. requiring ass to compute was accrued interest and discounts paid but not yet earned. He said the small loss could not comply with it. He also said the Rebus would try to abolish the Comptroller. I said most of the troubles we have had could be avoided if the Rev Sts were changed putting Compt. under direct control of Sec of Treasury. It would relieve Sec of many troubles & the Compt. is already on Board & could bully up plan his actions to a Bd wh. had time enough to consider them - wh. the Sec. had not.

Mr. A.M. Bryan Newton called. He said he was satisfied that McAdoo & the Presd wanted a fighter in the office of Sec. of Treas. - a man who could dominate Congress; that he felt that if I were not to be chosen, Glass was the best man. He said he felt that I could fight as intelligently & as forcefully as Glass.

I don't believe Glass will be a fighter at all - it is not his disposition unless forced when he can fight. The Presd has taken one of the best supporters out of Congress in appointing Glass & it will weaken the Democratic line.

very much

Friday, Dec 14

Sec. H. came to Res. Board meeting to advocate increasing Gov Stearns' salary to \$5000; said his former opposition was because of the war; said we must consider the salaries pd by member banks in fixing compensation for Res. officials; that in the beginning of the system we could not do this but now we should. He also said Mr. Apert Jay's salary should be increased.

I said I believed we ought to increase their salaries but that this would necessitate some measure at other Res. banks & Sec. H. agreed to this.

I then said again I cordially concurred w. Sec. H. but I should like to know attitude of new Secy - Glass, but if he were strongly opposed to it, his opinion was entitled to great weight. Gov H. said Glass told him he was only 1 member having a vote & we must act as we felt best. I reminded Gov H. that he had said Glass was strongly opposed to any such measure & he admitted this.

Finally it was agreed to have a special meeting tomorrow at which Glass & McAdoo would be present, & then to settle the matter.

Gov H. then said the Board ought to ask Congress to repeal the law forbidding Res. members to accept employt in any member bank or 2 years after leaving Board.

I at once stated I should not join in any such action - that it would create a turmoil in Congress - that Cong. would believe some of the Board would be negotiating for employt w. member banks.

Sec. H. said the best way would be to have some congressman introduce a Bill and then have our Res. asked to express its opinion. He said the active Res. members should not have been included in the prohibition but that it was a wise one w. regard to Secs of Treasury, Fiscal Agent Secs & Compt. of Treasury. Any such move on our part would be ridiculous!

In P.M. J. J. Davis called; in A.M. he asked me to lunch but I could not go. He said John McAdoo of W. Va. lunched w. him, and when he said he hoped to have me at lunch McAdoo said - My God! Charles Humble - the best equipped man in the U.S. on news matters - able, energetic, modest, never pushing himself - an ideal man for Secy, coming from North - his appointment would be hailed w. joy over whole country & especially in North & West! How could

the President has too well!

Davis sd every body is taking this way; that the Dem. Party had secured a section Southern Party; that the North & West were accused; that Chauncy Clark, Ketchum & Hunt had done all in their power to fight against war w. Germany; that the Treasury Dept that the Republs had supported the war was better than the Democrats; that Glass sd it wd still further raise up the feeling.

He also said that in the recent Cong. campaign Burleson & Daniels wanted to speak in the West but that the people said they did not want them, that it wd be fatal for them to open their mouths, and that their engagements had to be cancelled.

I told Davis that no friend of mine, with my knowledge a consent had boomed me for this w any other position. He seemed very indignant at the whole situation.

Dec. 14. Sat.

11 am. Meeting of Board called to talk over salaries of Governors - especially N.Y. - with Sec. H. & Mr. Glass

Sec H attended meeting - said Glass could not come but agreed w. him that salary of Gov of N.Y. bank should be fixed at \$5000 and other salaries throughout system adjusted accordingly. He stated that Mr Glass wd try to state this to Board.

Board finally voted to fix Gov Shreve's salary at \$5000 - this was unanimous.

We then went outside to reception to see Mr by Messing employees - there were about 1000 or 1500 there - (the papers said 6000).

Dr Rowe, acting Secy introduced Sec H. saying, among other things, that he was the most brilliant Sec. of State (sic) this country has ever had. Sec H. impatiently said - you mean Sec. of Treasury but Dr R who is quite deaf did not hear him.

Sec H. then spoke for about 15 minutes - he never once mentioned the act. Sec. who had done so much for <sup>him</sup>, nor the Fed Res Bd. Nor did he refer in any way to Mr Glass who sat beside him. Then a professional cheer throughout all kind.

of cheer on Sec. & Mrs. McAdoo but never  
referred to the Presd. The crowd good  
naturally joined in the cheering of some-  
-what tribuneously.

Then some one whispered to Sec. Mc  
Glass should be called in to speak; in a  
very reticent tone Sec. Mc said - Glass, you  
don't want to speak! Apparently however  
Glass did & Sec. Mc. introduced him in a  
very cold blooded way, as a good man,  
a worthy man, an able man, & added  
that we knew the Pres. undoubtedly would  
be loyal to him. He made no restrictions  
as to his duties for the position nor as to  
his success as Secy. It was the most tre-  
-morous, boyish, selfish introduction I  
ever heard.

Sec. Glass however made a very fine,  
modest speech praising Sec. Mc. greatly.  
Then there was a tribuneously cheer for  
Glass led, of course, by the professional  
cheers.

Then Mrs. McAdoo whispered something  
to Sec. Mc & he made a third speech in  
behalf of Sec. Mrs. McAdoo thanking  
the women for their Red Cross work.

Now cheering, a presentation of a  
medal on Pres. of engraving and  
minting, & the meeting closed without

was mentioning the name of the President!

The Ind. Res. Board then met again and voted  
on proposed N.Y. schedule of salaries except  
that Sec. Gov. Wrenan's salary was retained at  
\$25,000 instead of \$30,000 as recommended by  
the N.Y. directors, it being voted, as a  
compromise, that when acting as Gov  
he should receive \$30,000. Strauss suggested  
the compromise.

During meeting I received a letter from Ebb  
saying he did not accept a position in  
Ind. Res. Bd. I went in and told McAdoo  
who asked me to ask Ebb to come  
right over to see him.

Later Ebb told me the Secy formally  
offered it to him in presence of Glass  
but after 3/4 hours later he declined it  
& they both said they could not blame  
him for so doing.

Late in the P.M. I called Glass on telephone  
at H.R. & asked him to dinner. He had  
another engagement. He was very  
cordial - sent his love to Bertie & said  
I would be surprised when I found to  
what extent he was going to depend  
on me for help and advice, and that  
Mrs. Glass would learn in Bertie.

It was fall and warm wood to me to be  
at the ceremonies - reminded me of

management of Gov. Fox - but I dreamed the  
 case to the dogs with a smile on my face.  
 Had it not been for the talk Bertie has  
 given me I could not have stood it.  
 I firmly believe, however, that time will  
 show it was all for the best, but I still  
 feel I have been betrayed by Sec. & by  
 the President.

Dec 16. Monday

at the swearing in of Sec. Glass at 11 am.

Mr McAdoo made a long speech glorifying himself  
 and praising the War. employees in general and  
 never even mentioning the debt seen who had  
 done so much for his success. Glass also  
 surprised me by referring so voluminously to  
 the many good things being said about him -  
 I fear he may later lose his head.

at Board Meeting we voted to pay Sec. Gov  
 Truman's salary at N.Y. at \$30000 - I wanted it  
 kept at \$25000 with \$30000 when acting as  
 Gov as we provisionally agreed on Sat. but  
 this am Gov H. called Mr Jay in N.Y. & had  
 a talk with him & he went fully into the  
 plans of the Directors who felt that T. was  
 entitled to this increase as a business  
 matter.

We all agreed, with Dr Miller, that Jay  
 should receive as high a salary as any  
 Dep Gov; Williams however, objected.

I reminded him that McAdoo at the meeting  
 Sat. said specifically that Jay's salary should  
 be as high as any Deputy Gov & that he  
 should have \$30000. Williams denied this  
 but Gov. H. confirmed my recollection. I  
 also understood the Secy to say that Glass  
 concurred in this specific salary. When  
 McAdoo went over this he had the N.Y.  
 report showing \$50000 on Strong and \$30000  
 on Truman. I know the Secy said Glass  
 favored the \$50000, but I am not positive  
 that McAdoo said Glass favored Jay's salary  
 of \$30000. McAdoo himself however did  
 specifically favor it as stated above.

This morning's Wash. Post says American has  
 told Wilson that the Allies have unanimously  
 agreed that the League of Nations and Niddan  
 of the Seas plan should be postponed for  
 consideration until after the Peace pact has  
 been agreed upon and that it will take years  
 to settle these two questions; the Post adds  
 that this is the exact position of the Repub.  
 in our Senate.

If true, this shows that the Allies have  
 made a combination against Wilson  
 aided in by the Senate Republicans.  
 There is only one way to nullify this:  
 Wilson should at once say that if permanent  
 peace is not to be considered by the



21 222  
Conference he will withdraw his delegates  
from it as it has become merely an Allied  
Conference; that the U.S. did not become an  
ally but merely cooperated w. the Allies as  
shown by language of Armistice; that the  
U.S. is not interested in divisional boundaries  
and wishes to withdraw until the Conference  
takes up the question of the Peace of the world  
in wh. alone the U.S. is interested. In my  
opinion this threat would greatly bring the Allies  
to terms & would confound the Republics in the  
Senate, who, I believe, are participating in  
this plot against Wilson. Secret diplomacy  
is getting in its final work. I believe the  
Senate Republics should be asked directly wh.  
any have communicated w. the Allies on  
this question.

I can see a great issue here wh. may carry  
the coming elections for us & break the Rep.  
Party

~~at the time.~~

Last week Brown of Cal. Mr. Comer was in  
Washington & called on Williams. He did not  
even call on Cal. Mr. Comer. Williams was  
very indignant bec. his name was not  
attached to report of Cal. Mr. Comer sent  
to Congress, a check was left on my  
signature & I signed it as Chairman

sent it to Goff. Goff & Brown signed it and <sup>223</sup>  
some unknown man did not send it to  
Williams who was in his office but sent it  
direct to Speaker of House. On learning this  
I prepared a letter to Speaker asking that  
all names (except Brown) be added as  
signers. Williams said it ought to be sent  
to Brown first to obtain his authority to  
add his signature. I explained fully to him  
at meeting of Council that Brown had had  
nothing to do with making the report as  
he had absolutely neglected his duties  
and that if there was any more delay  
the Public Printer would print the report  
without any other signatures. He still  
insisted that it should be sent to Brown  
and this was done. Brown never  
acknowledged when the receipt of the  
letter, nor, so far as I know, did he  
write answer letter of Goff suggesting that  
he should resign. As a result the  
report was printed by Public Printer  
w. only 3 signatures. Williams must  
blame himself for this.

Last Monday evening we gave a dinner  
to Mr. & Mrs. Saulsbury. At dinner he told  
Bester that he went to the President to  
urge him to trust some Senators on  
the Peace Com<sup>tee</sup>; that the Pres<sup>ident</sup>

listened patiently and then said - "Of what possible assistance would they be?"  
 The Presdt of Pan Alator Co. is going to sue  
 Flowers. A Congressman wrote Flowers about  
 the Pan Alator Co & he replied giving me  
 the facts. The Cong. gave the letter to the  
 Presdt of the Co who at once wrote Flowers  
 demanding to know by what right he  
 did this.

I notified Glass esp. his name held in  
 Dec 20 announced that it would do no more  
 business after Jan 1, by letter asking him to let  
 us know if he had any objections. I  
 also had interview w. him. He seemed to  
 agree with us. I said - also in letter - that  
 if he would turn a Bill on a Natl Blue  
 Sky Com<sup>n</sup> - we would cooperate in every  
 way - were staying on until Congress  
 decided the matter. He agreed with me  
 that there would be no chance of getting  
 such a Bill through Congress at this  
 session. Sen. Sumner also said some  
 some time ago.

Dec 18 Wed.

In PM called on Tammully & explained my plan  
 for winding up Cab. Iss. Cornell and yet keeping  
 it alive in case President wished to call it  
 together again. I said I had written Glass and also  
 had talked it over with him and he offered  
 no objection. I added that as <sup>we</sup> well as myself  
 Cornell I owed a duty to the President to report  
 to him all our plans, but I saw no reason  
 to bother the Presdt about this matter unless  
 Mr - Tammully - thought it advisable. He said  
 he thought my plan was a good one and  
 that there was no reason for communicating  
 with the President.

I also told him about Brown of the Cab.  
 James Cornell and his remarks about  
 being occupied for political work by Sec  
 McAdoo and said it had got around  
 & I brand an attack in Congress.

I told him Govt had declined to accept  
 abstract on MAd - he said he was very  
 glad because he was a Republican!  
 He then asked me to look up Joseph B

Eastman saying he might be elected  
 on Indist. Com. Com<sup>n</sup>. He was for years  
 Secy of the Public Purchase League.

I told him I thought he was a very  
 good man but would know him  
 more carefully.

I then spoke of Sen. Knox's attack on the  
Treaty League of Nations in the Peace  
Treaty which was made this day, & having  
had it in the evening star in my way  
to Lumbly. I said it looked as if the Allies  
- from the Whigs in the Chamber - had  
slanted the cards against Wilson in  
announcing, if the Whigs are true - that  
they were unanimously opposed to  
having in the Treaty anything looking  
towards a League of Nations or Fusion of  
the Seas. I added that if this were true  
I hoped the President would quietly say to  
the Allies that he & his delegates would at  
once withdraw from the Conference and  
return home.

Lumbly then became very excited and  
said that is just the President's plan.  
My last talk with him was on this  
very matter. He <sup>the President</sup> said to me - "you know  
more about political psychology than  
I do" and he asked me as to the best  
way of accomplishing this if events  
made it necessary. He said "I explained  
to him the necessity of having the whole  
record made clear and then at the  
psychological time to strike."

I told that yesterday (Tuesday) N.Y. Times  
said the Senate was rather inclined not

to pass its views against a League of Nations  
or at best the Senators all seemed to want  
to do and I expressed the opinion that the  
real reason for any such change of policy  
was that they felt the publicity already  
given their views had accomplished  
their object in letting the Allies know  
that they approved their opponents & that  
the Senate did now avoid any recorded  
opposition & let the Allies apparently  
alone do their devilish work of deflating  
the peace aspirations of the people of  
the world. He agreed with me entirely  
as to this.

I then said - could not some Democratic  
Senators, in debate, use Knox and Lodge  
& perhaps others if they had not  
directly or indirectly written letters to  
some of the representatives of the Allies  
masking known their views. He  
thought this a good idea.

He said the President was bound to win  
in either event; if he had to withdraw,  
the people would eagerly support him  
& the Republicans and some Democrats  
in the Senate would be charged with  
the responsibility of breaking up the  
Peace of the world and that this  
would destroy the Republican Party.

I said if this should come to pass, the

President will have a great time when which he might be vilified & he would enthusiastically - "that is correct."

It left no doubt in my mind but that the President desires a nomination & that events abroad would bring this about.

He then told me that he was arranging to have the President land at Boston on his return - that he had been in N. Eng. very little & that this would cease his very popular there. I said - things are at a very low ebb in Boston & something should be done. He added that the Pres had received splendid support in parts of Mass. to which I assented some one has evidently been talking to him as to the failure to select McAdoo successor on Mass. altho he did not say this, & he left no doubt in my mind but that the President wanted to do something to assuage the feeling in N. Eng that he was a sectional President. The suggested appointment of Eastman for Interstate Com. Com<sup>o</sup> would seem to be the best.

Tammety is one of the most noble, disinterested men I have ever met.

though doubtless he does not intend to be. His whole manner towards me was one of a superior to an inferior. He has greatly injured the President by his insinuations and ignorance.

Dec 19. Thursday

9 AM. called up Judge Brandeis and told him I had been asked confidentially as to Joseph B. Eastman of Boston and that I had said that in my opinion he was a very good able man, and I asked Judge B. if I was correct. He said Yes in every way - he is one of the finest, most public spirited men in Mass. I told him I was glad he was of my opinion. wrote strong letter of indorsement to Tammety. Received a very savage note from Williams complaining because report of Cab. Issues Com<sup>o</sup> was sent to Congress with only 3 signatures. Said he had just discovered this & had learned that altho protests had been made no effort had been made to correct it. I brought it up at meeting this AM. Drum said I signed it and sent it over with instructions to send it to Congress on that day Dec 2 - that this was late in PM; that he & Goss added their signatures and gave it to Cates instructing him to obtain Williams

signature and send it to Congress that afternoon as instructed by me. Drum added that they telephoned the Compt. at his Treasury office & at RR Admtn but he was not there and could not be bound and so they sent it to Cong.

Later I called up Cullis who confirmed what Drum had said except that he said that while he called up the Compt. office in Treasury he did not call up his office at RR Admtn.

This should have been done and was a regret to be angry.

That the mistake was not quickly repaired, however, is due entirely to the Comptroller.

I the very next day after learning of the omission telephoned a letter to the Speaker of the House saying that the members did not be reached & so their names were not signed and asking that the list be printed with all names except Brown added thereto. However answer was quickly obtained by wire. I showed this letter to Williams who insisted that the report or a copy should be sent to Brown before the letter to the Speaker be sent. I fully explained to Williams

that it would take days to get Brown current and that the Pub. Printer could print the report unless we would send the letter to the Speaker.

I added that all the other members could see no harm in sending it to Brown for he was present at no session when it was being considered & had later no part in the matter and in view of the fact that he had practically abandoned the work of the Comtee long ago there was no harm in recognizing him as a member. Williams, however, was obstinate and insisted that we should await an answer from Brown before sending letter.

Brown in fact did not answer Eppes letter to him sending him the report until yesterday and meantime the Pub. Printer had printed it.

4.30 PM

Sec. Glass sent on me and said he knew nothing about Capital Issues matter but in making my letter rather blunt we ought to continue in our work and not dissolve. I explained matter fully to him & he said How can I

make this announcement? I explained  
he did not have to make any announce-  
ment, that we were to do that.

I then told him our continuance was  
undemocratic & unjust for that not  
5% or 1% of the issues were in our  
control; that we discriminated  
against the one honest man voluntarily  
submitting to us while the 99 went  
ahead w. out paying any attention to  
us. I also told him we should be  
viciously attacked in Congress our  
weak power in time of weakness  
hence, I added that we were not  
just saving any funds or keeping them  
in the pockets of the people to take  
a deb loan not to be issued until  
next April.

He said I can't do anything about it  
it is on the President. I said the  
President can aid us but the active  
members are willing to keep us w. out  
pay & wait on further call.

He finally said he was suffering from  
Neuritis & did hardly think & asked if  
I would hold up the proposed  
announcement until tomorrow to give

him a chance to think it over. I said at  
once we would be glad to do that &  
left him.

Poor Alan! He was ill, could not think,  
knew nothing about it, evidently not  
knowing what to say as between  
Lebbingwell pulling one way and I  
the other.

On the other hand Lebbingwell has not  
the courage to regulate bond exchanges  
as I begged him to do getting authority  
from President under Trading w. Enemy Act,  
he has not the courage to use any  
to enact a blue sky law, and yet he  
has the assurance to demand that  
our lower, sham of all houses,  
directed by every Dept of the Govt. shall  
pretend to continue to give decisions &  
make ourselves the Massey goat!  
It is most exasperating.

Annally sent Costman's name to Senate for  
Dist. Com. Com<sup>tee</sup> on Thursday, without waiting  
to hear from me & before my letter had  
possibly have reached him! He is a  
character!

Friday Dec 20.

Ev. H reported that Army & Gen. Council would probably report on Amudts & also the Amudt suggested by W. H. C. - that M. H. H. members could accept appointments to Gen. Council by vote of 5 members of Bd.

Glass wrote Perkins, Chairman of Council - calling attention to Wash. & Orleans & sd law shld be amended as above. He thought law shld not be amended as to Sec. of Treas. Asst Sec & Comptroller. G. H. called. Said he doubted wh. Morrison would be good man for M. H. H. thought 'Myron Hecker' also suitable. thought Forgan would be ideal man.

S. H. H. & Richmond went to house 4 1/2 to vote in <sup>collateral vote</sup> house held by Govt obligation to 4 to come into line w. other Reserve Cos.

Board discussed it - sd other Cos shld come in. asked Glass to come w. us. Said he wd come at 12.30. At 12.30 said he cld not come so we postponed it until Monday.

I am afraid Glass is a typical Southerner - do nothing today wh. can be put off until tomorrow.

Glass sd nothing to me about case for come altho he asked me to hold

on me to report action until today when he wd surely see me.

at meeting this am. the Comptroller came in on a personal matter. He said the Directors of the R. H. Amudts were to give him \$1000 a magnificent silver tea service; that some other body was to give a \$1000 rug etc and that the R. H. Bd had done nothing etc! Dr Miller objected to any gift - sd it savored of commercialism. H. H. H. pointed out that no gift had been made to Washburn & Glass. Finally after long discussion matter was left to H. H. H. & Strauss.

Sat. Dec 21.

No word from Glass as to C. H. Sec. Com. G. H. H. called me up and asked me to write Glass again - sd Howe was to be away for a week, Robt Wright to be away, Moore must go away etc. Accordingly I wrote Glass asking what his conclusions wd be.

Glass later sent on me - Hebbornwell was present; said he hoped we could hold on for a while until he cld look into situation. He finally said he would talk with Board come Monday.

I told Glass & Leffingwell as to Brown's statements as being ordered to do nothing, was by McAdoo; that I told McAdoo who said it was not true; that I said the Sec. should tell the President that Brown was utterly reflecting his words & that his resignation should be called for. Sec. M. suggested that I write him calling for his resignation. I said that it was for the President to direct and I again suggested President should be told.

I then said I would write Brown asking him just what his intentions were as to Cab. Sec. work, and Sec. M. said he would ask Brown to come in and suggest his resignation.

I wrote Brown as above and later Sec. M. said he had seen him & told him that if he felt - as he said that he was too busy to remain in Court he would not regard him as a sacrifice. He told me Brown would resign immediately.

Brown however has not resigned and some time ago gave a booklet, describing a talk w. Sec. M. in which

he said he told Sec. M. he was going to resign & the Sec. talked of the expense etc of being a President's son in law & other foolish twaddle. 237

Selden in above referred to letter to Brown referred to the newspaper interviews.

I also told Glass & Leffingwell I had several salary checks of Brown & that I did not want to give them to him altho he was by law entitled to them as the Court had ruled when I asked his office - referring me to decisions of his office & of U.S. Sup. Court.

They both said I ought to give them to him.

Sec. Glass said McAdoo brought Brown into his office sent him about and introduced him as a splendid colleague, patriot etc.

Dec 23. Monday

10 am. entrance of Cab. Sec. came w. Sec. Glass.

Brown, of course, not present.

Brown went over whole matter in detail, also Cobb who spoke of Brown's lack of duty and said he was a shaver.

Sec. Glass said that which he would have



liked to have our Council continue to address the issue on the basis of Drum & Robb's statements, especially as to the injurious effect of Baruski's statements releasing commodities without notice to a consultation w. Cap. Issues Council and he vigorously accepted our conclusions. He added that he intended to ask legislators for Congress & asked us to prepare a draft of statement to be issued by him at the same time we issued our statement.

Drum & Robb then prepared and sent me a draft of statement. As originally drawn it stated that all previous decisions of Council regarding currency should remain in force. I pointed out that we had imposed many conditions as to holding up stock issues during life of Council and that our vote to suspend operations should be treated as the end of life of Council, otherwise grave injustice would be done as certain Council members would be held up while dishonest competitors who had not abided to us could go ahead freed from any restrictions; that what I said did not, of course, apply to fraudulent or worthless promotion schemes; that

as to these we should not release them unless of course, if they went ahead we had no power to stop.

Finally Robb & Drum agreed to say nothing as to trust conditions but to arrange to give power to those who were to remain in touch, and to Chairman of Dist. Council to put an end to any such conditions when they deemed it just and equitable. Later in P.M. Drum insisted on giving out our draft today - I could not find Williams nor could he so I instructed him to hold matter up until tomorrow when draft could be shown to Williams & to the Secretary of Treas. I said it would be discourteous to publish it until they had seen it. He said Jay called him on telephone & he told him about it. I told him at once to telephone Jay to say nothing about it until we published it here.

Dec 24.

Meeting of Cap. In. Council. Williams, Drum & I present. We considered announcement & requested me to get Sec. Glass's approval. I took it into his office and he read it and authorized me to publish with it a statement of his own, prepared by him by our Council, it to be released on Thursday Am.

He said was pressed on an immediate answer wh. Belgium could place a loan over 50 millions on U.S. He thought if new loans were not to be made by Govt to Allies we could not forbid them trying to place their own bonds in U.S. Said he did not want to answer today & I said he ought to wait until we knew better what success President was having abroad - that it might help President if he waited awhile. He said he agreed w. me & would wait.

Also said that Sec. Lusk was leaving & he asked how Drum could do & wh. he was a Democrat. I praised Drum. but said some Congressmen did not like him as he lectured them on Cab. bus. matters. I thought he did not get a better man. He sd matters were very much mixed up in was successful Bel.

He asked me to bind out Drum's papers so I went to my room & telephoned him. Said he & his father were Democrats but that he voted Bryan. The Secy said he did believe! Drum also said he voted our Union in 1912 but that in 1916 he voted for Hughes etc. he favored union. was w. Germany. He said he

did not like Oswald Hughes and refused to act w. the Rep. Party and that if he knew what he now knew he would have voted for Wilson.

I told Sec. Glass & he asked me to ask Drum to come over & see him which I did.

Later I wrote Glass sending him a copy of the Cab. bus. matter & of his own announcement.

Dec 26. Thursday

Drum said he told Glass he did not accept if offered a position as As. Sec. of Navy in charge of war risk fund. etc.

N.Y. Times printed Cab. bus. statement yesterday Christmas morning thus getting a scoop on all other papers. Called up manager who said he would investigate. My copy given out was marked for release Thursday am. The Assoc. Press manager said Times did not have got statement from it as it sent it out by wire Christmas afternoon.

The only other copy not marked as to release was one I saw happening well to read: this was before it was approved by Sec. Glass.

Drum sent over copies of 2 letters sent - no one knows by whom - to the Com. Issues come: 1. Dated Nov 30. from Brown to McAdoo enclosing resignation from Com. for Com. & asking McAdoo to send it to Pres. - asks that resignation have effect Nov 30. 1918.

2. Letter, or rather copy, dated Dec 10 from McAdoo to Brown, acknowl. Brown's letter & saying will transmit resignation to President. Praises Brown in highest terms.

Says, among other eulogistic phrases: -

"You have seen the war through and you have done your part like a true patriot. You can have back to private life the consciousness of service admirably and unselfishly performed."

Considering that last summer McAdoo agreed to call in Brown on his resignation because of his utter neglect of duty & continuous absence from Washington, and considering Brown's statement to one of our ex. force that McAdoo had detailed him from Com. for Com. to secure control of Louisville Courier journal & secure election of Dem. Senator in Kentucky, - I am amazed that McAdoo did write such a letter as the above very statement in it was false.

Dec 27. Friday

Andrew Peters, Mayor of Boston sent Com. Issues come two very important letters about its decision allowing Petition of Sherbro Kelliker of Subb. County jail to make \$50,000 bonds for an hospital addition to the jail. He said he had never heard of this petition until Kelliker told him of its approval on Dec. 18. He further insolently said our Com. had been "hoodwinked" in the matter. We thought it was advisable to call Andrew down so I wrote him a letter characterizing his letters as discourteous and pointing out in polite language that his statement that he first knew of the petition on Dec 18 from Sherbro Kelliker was not true, as Jerry Kellidgh of the Boston Com. on Dec 9 wrote that Peters had told him the petition filed by Kelliker ought not to be granted. We decided in view of his statements to review our decision & so wrote him & Kelliker.

Andrew was clearly playing politics; if we had not called him down he would have boasted of his success of our Com. What he evidently wanted was to kill this petition sub rosa & our action places the responsibility directly on him - which is the last thing he would want. Personally, I believe that some one

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She wrote the letter & that Andrew signed it without reading it.

Brown's letter as to resignation laid before Com<sup>ce</sup>.

Com<sup>ce</sup> voted that the action members should send me letters addressed to President regarding their resignation & that they should, after Jan 1, 1919, indorse all checks for salaries to Treas of U.S. to account of Missell. Receipts.

Dec 30. Monday

Sen. Smart called me up in a cab. I explained plan of Com<sup>ce</sup> in suspending operations & turning back after Jan 1, '19 all salary checks by indorsement to Treas. of U.S. to credit of Miss. Receipts. He fully approved this & said it was the only thing to do as if Com<sup>ce</sup> were legally put an end to it wld be impossible to receive it by new legislature bef. Cong. adjourned.

Selden called; he said Brown told him and others that Sec. H had detailed him on the Cap. Irs. Com<sup>ce</sup> in order that he might help in securing control of the Russell's Courier Journal & in carrying Kentucky for a Dem. Senator. Brown, I remember, told me that he

was arranging for the purchase of the L. Courier Journal and he brought the parties interested up to the Cap. Irs. Com<sup>ce</sup> & introduced them to us. I remember also that he brought these parties to Sec. H. whom they had an interview. Brown told me this himself.

Dec 29. Sunday

Dr. Laughlin called me on telephone explaining why he could not come to see me; he spoke of his talk or letter about my appointment as Sec. of Treasury; said he heard some time ago matter was all settled for Glass. I said if it had been offered I would have accepted it. He said - that matter may come out all right yet - many changes may happen in future. I said that I thought my relations with White House were very pleasant, and he said that is so - usually has a high opinion of you; It will come out all right. He said he wanted to have a talk with me about Wolcott probabilities & interested in had much of interest to tell me, which he did not specifically mention. All told, there was no doubt but that he was referring to him, and, I thought in a not very friendly manner.

1914

Jan 1. New Year day. Wed.

Telephoned Tammally about Brown of Cal. Insur Com<sup>ce</sup>; said Kiley inquired at White House but did find no record of his resignation; said it ought to be accepted as of Nov 30, the date Brown suggested in his letter to Sec. H. I. said he would attend to this.

Jan 2. Selden sends over telegram from Brown saying his resignation had been accepted for Nov 30 and asking that all accrued salary checks be sent him.

At mee wrote Tammally to be sure the date of acceptance of resignation was Nov 30. Wrote Brown sending back salary checks.

Wells called; said Nat Bk of Philadelphia had found heavily on hand at inflated Govt Treas; that Treas had now suffered 50% and that Bk would suffer heavy loss, but that it was perfectly solvent. Suggested that Bd examine the Bank. I suggested that we write Sec of War that Bk was one borrower Agent & that if he requested we would send exam<sup>rs</sup> to examine it, and asked him

to make draft of letter.

He said Ev Harrim was involved in a scandal w. wife of an official out there & he felt that Phil. matters were in bad shape & that Res<sup>erve</sup> by investigating would unearth scandals. I advised him at mee to tell Sec. Baker.

He said he had told them that McBound should now gather to itself all functions taken from it by McAdoo & co. should have charge of fiscal operations; that Res<sup>erve</sup> was looked to near. more than to Board, co. the N.Y. bank wh. considered itself a central bk under control of Secy of War. He agreed w. me that the Board did have handled all these fiscal matters incl. change operations & loans to Allies, and should have; that Board can not properly do its work unless these matters are given over to it. He said next loan must appeal to the market; if not did not be raised as taxes must be paid & loan raised at same time.

He said he was satisfied near. matters were in bad condition - that McAdoo tried to do so many things he had to leave all details to subordinates who were

not big enough men to handle them.  
He said that Rev. Bureau was filled up  
w. politicians. Also said Glass must  
have thorough cleaning out in Neas.  
or will be held responsible for condition  
there.

Glass told me this P.M. President would be  
seriously embarrassed in determining wh. or  
not to rappoint Wellman as Compt.  
said he appreciated his fine points but  
also realized his weaknesses. He said  
Rehbs would fight his nomination &  
would undoubtedly throw it over to  
next session. I advised him to have  
law changed and just Compt. under  
Board rather than under Sec of Neas.  
He feared decision of Bd might cause  
delay - I pointed out that no more  
delay nec. than now when approval  
of Sec. had to be secured. He feared  
Compt. would feel humiliated but I  
said he could be a member of  
Board & no reason to feel humiliated.  
He then asked if Cates would do as  
an Sec of Neas: said I would like  
to talk w. Drown & he said to do so.

asked us to Cates politics - I called up Drown  
& he said he was originally Republican and  
later a Gov Johnson Progressive - that he hardly  
knew what he was now.

Jan 9. Thursday

Ev H said Glass had just told him that the  
President was not altogether satisfied w.  
Crosby as Treasury adviser on the other  
side and that Lansing had suggested by  
cable that Strauss be sent over to see  
the Treasury & the Board. Ev H did not  
lose this: he said the Board ought not  
to be represented at all as it had no  
control over foreign exchange as McAdoo  
had taken that to himself by delegation  
from the Presd; that if Strauss is to go  
he should be given leave of absence  
by our Board in order to represent  
the Treasury & not the Board.

I agreed fully & said if he kept the  
Board he might bind it in some  
way wh. might thwart our domestic  
policy. Ev H said it would be absurd  
to have Bd represented by one who  
had served only 2 months & knew  
little of its traditions or policies.

Jan 13. Thursday

Dr Miller very despondent about next loan: said there were about 3 billions of bonds now carried by banks and there must be placed as well as next loan. He also said we should borrow on any future subscriptions & put his cash into profitable investments to pay his taxes. Inasmuch as we remember past borrowing should be discouraged for future bond issues, I thought this a selfish, highly impatented statement.

Jan 14.

Burns at home to the Dutch Minister the Burns & wife.

Called up Wash of State Dept & he said not see Rathbone outraged the people of the war Fin. Com. etc.

He also said he always seated members of the Board ahead of an. Secs. including acting Secretaries when not actually acting.

Jan. 15. Wed.

Strains told me at Board meeting that the President had cabled asking him to come over to Paris to advise the Treasury in connec. w. Place Cember. He said the cable said that the President said that as there were only four left on Board he would only a short absence would be necessary.

Harding told me Strains spoke of it to him some days ago and then admitted that he had known of it for 10 days but had never mentioned it; he was very indignant & said it was a job put up by Strains & Burch. that Strains was crazy to go & he believed fixed up the deal. We both agreed that it was a great error to let Strains leave the Board at this critical time.

Gov. H. told me that he had not seen well for some time; that he could not sleep & feared he was on the point of a nervous breakdown; that he had intended going off for a 3 weeks rest and that Strains going would prevent this. I urged him to go & said I would do the extra work gladly.

I told him it was his duty to go to Paris



and insist that the vacancy in the Board be filled at once. He said he had strongly recommended Charles Dawes of Chicago for the place but Glass was not much in favor of it; that Glass seemed to think that he

of Indianapolis should have it; he said that was a good bumper but was a Democrat & that this would cause trouble in the Senate. He also said he thought Glass rather favored Willard for Compt. of Curr. in place of Williams; that the Pres had said Wm had embarrassed him in the last election by some of the things he had done as Comptroller & that Glass said he was not at all sure the Pres would send in his name.

W.H. said Willard would give us more trouble than Williams as Compt. & then said the time was ripe to change the law & to put the Compt. directly under the Bd instd of under the Secy of Treasury; that this was done in draft of Act introduced by H.R. wh. put Compt. under Secy of Treas as Chair of F.R. Board, and that Glass in the Council about said it was the

intention of the Council to make the Council, unsharable directly to the Bd. This was changed back by Senate. (See my Mem. as to this in Belts.)

I then went in & told Glass about W.H.'s condition & said some one must be sent in at once for vacant position. He agreed w. me - said he had offered it to Woolley of War Trade Board. I think, but being a resident of N.Y. he was not eligible. He then suggested he of Indianapolis. I pointed out that he was a Democrat & said that appointing a Democrat would make the coming Rep. Congress hostile & would make the Board a subject of political controversy wh. would seriously injure its usefulness.

Glass agreed w. me absolutely and then asked about Charles Dawes. I said I knew him but slightly but thought he would be a good man & pointed out that he had made a fine record abroad in the war.

Glass said he would cable the Pres.

and promised me that some name would be sent in this week.

Jan 16.

Harding said Elan had about decided to ask Prsd't to send in Jewell name on NRBd: that Compt. Williams said he liked Jewell very much & that he was a good man on the place; that Williams had found a statute passed in 1896 providing that Pres. officials might hold office in expiration of term until successors appointed.

Harding said Warburg is crazy to go abroad at his own expense & make a report on NRBd on exchange control; that he (H) asked Stearns about it and he opposed the idea vigorously; that he (H) thought this put the idea into Stearns head of going himself and that he subsequently pulled wires and "arranged" it.

Stearns told me his whole family was going with him. This will be a great outing on the Stearns family - all at the expense of the NRBd!

Jan. 17

In reading over the circulated letter I found one dated Jan 4 to Gov McDaniel of Chicago from Gov Harding stating among other things that the NRBd had recommended to Congress a National Charter for banks to do a foreign business; that he did not believe a Government bank should establish branches in foreign countries to do a general banking business; that it should not exercise its powers over foreign exchange in a large way on the sake of profit; that NRBs should not be competitors of private banks. I was surprised at this letter since its assumption that NRBs are Gov't banks. I originally thought they were but Elliott and the Atty Gen. ruled contra. However, I believe NRBs were established on the very pretext of competing w. private banks when rec. in the public interest.

Sec. Elan announced that he would recommend Compt. Williams to Prsd't for reappointment.

At Board meeting today the question of increase of discount rate -

order to bring about liquidation was brought up. Dr Miller favored putting up the present rate on 15 day call. Notes and Com. Paper secured by Govt securities from the present rate of 4% (on account 3 bumps) to 4 1/4% the bond rate of interest. I said in general principles I thought this ought to be done but would like to hear any reasons which might be advanced against it.

Gov H. said Mr Glass told him to say that we could not be present at the meeting but that he earnestly hoped that the Board would not advance these rates as such action would gravely injure the Govt interests; that it would necessitate raising of rates on U.S. Treasury certificates and the rate on next bond issue; that he was having the greatest difficulty in placing Treasury certificates now at the 4% rate on 15 day notes and Com. Paper secured by Govt obligations.

Gov H. and Stearns said they absolutely agreed w. Glass; that money rates had ruled up in the market which of itself made the Reserve bank rates relatively

higher.

I suggested that we place see Glass statement in our records and then if any one wished to move to increase rates, he could do so. I intimated that I should feel obliged to sustain the Treasury views until, at least, the next bond issue was out of the way.

Mr Noyes of N.Y. Merc. Post called. He said he thought it was premature to talk of an absolutely free gold market.

Walking home in Stauding said he had heard that the President had become dissatisfied with Crosby because he talked so much & that his resignation was bound; said he had also heard of Crosby's few German views in the past.

June 18.

Dr Conynton called. Said he saw Tremblay after see his resignation announced & urged my name but he of course had found the matter was all settled by Glass; that see the the Adoor talk about financial needs was all commonplace; that he had plenty of money; that he merely thought that a good time to get out in view of his Presidential term. I gathered that he

thought that McAdoo's selection of Glass was in order to get business vote on Sunday on Presd. Dr. C. thought M. would probably be a strong candidate on the records, but much to his regret, as he felt that altho a very brilliant man he would not be a safe man for President.

Dr. C. also said it was hoped that Redfield would resign - that the lead cabinet matter will w. Tamm & they both wanted to see me as his successor.

Mr. Houston told Bertie the other day that Mrs. Hoop Meyes was given a passport to go to France in January but would that she would not go to Paris - which she proceeded to do immediately on her arrival in France!

Mr. Tolson announced that T. W. Lammont of Morgan's firm is to go w. Strauss to advise on Treasury matters in France.

There has been all together too much Morgan in our administration considering that he represents the Brit Govt. What with Francis (Red Cross), Stillman (as he was) and now Lammont, I don't see any

in buying the accumulation of money better attacks in the future.

Jan. 20 Monday

George Peabody called. Said that by Attorney General Geo. W. Wickelsham had gone abroad to Paris to act as correspondent of the N.Y. Tribune; also that he knew that Roosevelt had picked out two men to be sent abroad nominally as newspaper correspondents but really to undermine the influence of the Presd in Paris. P. felt certain that Wickelsham was there for the same purpose.

I firmly believe that the Munster Muffler and kindred industries are conspiring to defeat a seaper of Valerius & that Wickelsham, Beck & also are doing their dirty work.

At the meeting Straus showed us a copy of a cable from Sen. Owen's secretary to Musher as follows:

To Natham Musher, Washington  
 are directed advise strongly close out Italian deal immediately.

(signed)

Biller

Biller is Sen. Owen's secretary. Our Board believes Owen is speculating with Musher.

Jan 21. Tuesday

See Glass dropped in at my room. said Gov Harding wanted to be relieved of the work of the War Fin. except for & had resigned in old resign; that he would make Meyer the managing Director in Harding's place and he offered me a position as member.

I told him I felt much work would have to be done in the matter of a Bill as to work hours & fraud, slack issues & that I feared I could not take on any more work, but that I would consider it and let him know.

Glass said matter of applicant to vacancy in Fed still undecided - that he would like to have John Farwell of Chicago applicant - but feared he would not take it.

I fear the Presdt does not favor Glass unless See G. did not say so.

He said he did not at all favor Strauss leaving the Board and going abroad at this time; that he wished Govt did

have been more positive in the matter & that he would have urged the Presdt not to have him come. He said his misunderstanding was that he was to be there only 2 or 3 weeks.

We spoke of Dr Miller & See G said he had told him that Dr M. should be dropped on Board. I said I thought there was room for his being on Board; that as an economist he had ability although he stuck to straight laced orthodox theories & was unresponsive to existing conditions - that life to him was theory & not fact. Nevertheless I felt that it was wise to have one man, but only one, of his type on the Board. See G spoke of his unwillingness to work, which I said was true.

See G. also spoke of early history of Fed. said that in first draft almost all the powers of the Board were vested in the Compt. of Cur. then being no Board provided for; that it was Presdt Wilson who first suggested idea of a central Govt Board.

He also said the Bankers insisted on having  
 representation of the banking interests  
 on the Board & that he arranged an mtg.  
 w. the President at which Burns, Reynolds  
 & other bankers were present; that the  
 Presd heard them & then challenged them  
 to name a single Natl Board or Com<sup>o</sup>  
 in which private interests were given  
 representation; that they could name  
 none and that ended the matter.

See G. also said he had cabled Col House  
 protesting against Sen. Owen's presence  
 abroad & at his apparent objects to  
 participate in the proceedings. He  
 added that he believed Sen. Owen  
 was speculating in exchange with  
 Murree as shown by cable above  
 referred to, and that he should show  
 this to Presd.

He absolutely agreed w. me that we  
 should have at once told the Presd  
 about Murree turning his brother  
 in law - that it was grossly unfair  
 to him not to have at once done so.

See G. also said he had had a break late,  
 w. Compt. Williams; that he said he had  
 made a fine record creditable to him &  
 to Virginia, but that he had been very  
 unfortunate in his manner & way of  
 enforcing the law & had incurred the  
 deep distrust of all the banking interests  
 & had injured the country by so doing;  
 that there was some reason on this  
 distrust & that he hoped he would  
 in the future avoid these errors.

Grand Inq. w. Gen. Jan 21 with Swedish Minister,  
 Ekenspin. Admiral Blue was there and  
 he said that if Germany, instead of  
 sending out her submarines ruthlessly  
 to destroy commerce, had concentrated  
 them at home, she would probably  
 have been able to defeat the British  
 North Sea Squadron.

Jan. 22. Wed.

See Glass asked Gov H. to say to Board that any  
 increase in rates on bonds secured by Govt obligations  
 at present time would seriously embarrass the  
 Treasury in coming deb. down; that the case in  
 local rates in N.Y. was equivalent to an increase in  
 FR rates.

In view of this urgent request, after discussion,  
 with Dr Miller concerning, it was voted to  
 make no change at present time.

264 Jun 23

Sec. Glass asked me confidentially about a proposed public statement of Comptroller Williams as to a newspaper correspondent who admitted that he had been paid \$250 to attack him & prevent his resignation.

I said I thought it very undesirable to publish it but that the proper course was to give the information to the Senate Com. He said there were two series exactly & he should suggest to the Comptroller not to publish it. The Comptroller, however, did publish it. See Senate Report.

Sec. Glass also said he suggested to Comptroller not to recommend a guaranty of bank deposits in his annual report saying that while he rather agreed with it in principle, it could not be done during this session and would only irritate the banks. He said the Comptroller however went ahead & made the recommendation. He said he had no power to order him as he reported direct to Congress.

He was very much included at the

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Comptroller. He said he constantly kept coming to him & annoying him with petty matters of detail. I told him he ought to ask Lang, to put him under the McBoard & that seemed to please him although he did not specifically say so.

Jun 31

Gov. H. said Glass told him that Comptroller Williams gave him more trouble than all the rest of the Treasury; that he was told that he had not paid a large state bank that it did not convert into a Natl bank, within a certain time he should withdraw all the Natl deposits from it. Glass was very indignant and said he should insist that Williams either give up the Natl deposits or the Comptroller shut.

Gov H said Sen. Underwood was opposed to reprimand of Williams and also Sen. Bumphead.

Mo 3. Monday

Conference with Jay and some N.Y. bankers over proposed Belgian credit of 50 millions to use to Belgian bonds.

The tentative form of agreement based

the rate at 1% higher than the FRB bank rate on Bankers Acceptances, i.e. 4 1/2%. They explained that they fixed this with relation to the FR rate because the Board in the April 1918 Bulletin said this should be done so that rates should not be held fixed for long periods through involving credits.

I thought the rate on Bankers accept. was a spread rate but Jay pointed out that the only spread was in rate on other accept. because of Bankers Accept.

I asked Jay whether there was not danger that the discounting banks would turn in all these accept. to FR banks because of profit on the lower FR rates, but he said No.

I then said that of course it was understood that even if the Board allowed the eligibility of these accept. it would not in any way interfere w. the discretion of the FR banks to take them or not and in any event they would. He said this

was clearly understood. We then tried to induce them to buy rate at 1/2% above FR rate instead of 1%. They said if whole issue were taken in N.Y. this might possibly be done but that N.Y. could only take 1 1/2 millions because of its limited assets. However and that the course of the country generally would want 1% spread.

Finally we heard the story of Sec Glass, Hobbinswell and Asst Sec Rathbone that it was vital to test this through at all.

We noted that Sec. Glass should inform the banks that we would rule that these accept. were eligible for rediscount at FR banks, but that these banks could be free to use their discretion as to wh. or not they would take them and to what amount.

The total cost to the Belgian banks was about 7%; we thought this rather high but felt we could not insist when fixing the rates.

Mountain Camp told me some time ago that Hobbinswell was opposed to



to the case. In case bill as to stock issue. I sent this to Glass some time ago & he said he would send it to the House & Senate but nothing has been done. Thus P. M. called up Cooney who said the bill was still in Leffingwell's hands. He said he would try to hasten the matter.

Leffingwell has observed one error in many ways, but I can't see how he can oppose this Bill - it will be of great help to the Treasury in next bond issue.

No 5.

See Glass asked me to consider certain changes in case in case stock issue that suggested by Leffingwell & Ralston. I thought them on the whole, good suggestions & arranged w. Palmer, our Counsel to go over them.

Glass said the N.A. Admin had to borrow some money on Southern N.A. and that J.P. Morgan & Co's syndicate were the highest bidders, but that Leffingwell

thought Morgan should get the loan as his syndicate was A1 while the syndicate underbidding him was not as high. Glass thought such an idea preposterous & so do I.

Glass said McAdoo bitterly protested against the appointment of Sumner to go to Paris w. Strauss.

He also showed me a cable that Deans could not accept position in N.A.

I told him Dr. Miller told Gov. H. that Deans was coming back soon and wanted to be reappointed. Glass said he felt sure President would not be willing & that McAdoo would treat it as a personal affront; that Deans took his wife & daughters to Chicago in order to vote against Wilson.

I told Glass personally I should not oppose Deans, in fact I should be rather pleased to have him reappointed and that I felt w. Warburg out of the Bd, he would get along all right, but Glass indicated squarely he could not

recommend it.

Nov 17. Monday

Gov. H. said that some time ago Compt. Williams asked if he would care to join him in buying from alien treasury notes in Kansas Co. summing \$100 million; that it would require 3 millions of dollars and that there was a certainty of very large profits. Gov H. said he did not care to go into it. Told her he was astounded at Williams' suggestion as he was an officer of the RR Administration which would or might buy securities from the Company.

Mr. Catchings of Fed Trade Com. (Council) had met w. Bradley Palmer as to Fed Stock Prob. Act. Catchings called last week and said the Fed Trade Com. had power to do most of the things covered by our bill & were ready to begin at once if we desired it, pending action in our bill by Congress. Palmer advised us to accept the offer as a favor by the Trade Com. under its power to

prevent unfair competition would scan the brand. promoters & protect the coming Fed. Loan.

Nov 18. Tuesday

Sec. Glass dined w. us. I told him of Fed. Trade Com. idea & he heartily approved it & said go ahead.

Nov 19.

Palmer gave me a draft of letter for Glass to send to Trade Com. asking their cooperation. I suggested a few changes. Note that Glass refers to Treas. and as one regarding the large banks as well as the small promoters to assume some responsibility for published statements.

I told Palmer there would undoubtedly be many protests & we must be sure Sec. G. & Debbinswell understood this & fully approved our action. I called up Debbinswell & he said he unhesitatingly approved. I then made an appointment for him to talk w. Palmer & P. went around to the office.

Nov 24. Monday

Dr Miller at Board meeting said he did not believe in the League of Nations. At first he said it was unconstitutional & later he said anyway we should suffer more than the good we get out of it. He said he considered it Socialistic, here and sensible. I said if we did not get a League of Nations we would see arise a League of International Socialism which would dominate the world.

Nov 26. Wed

See Han asked me in confidence what I thought of Swager Sheeley by Mr Ad. I said he was an able man and one of character & personally very agreeable to me & I favored the appointment provided it was decided not to appoint a Reserve. Han said he had offered it to 4 Reserves who had all declined - Gov. Fawcett, Fairwell of Chicago, & Woolley, (in some Board met.) Han said Presdt had mentioned him to him. Han also said S. was very quick tempered & brow beating & he had his doubts wh. temperamentally he was suited for it. I agreed that W. Williams

known lack of temper it would be best to have another in the Board, but I thought Han did talk frankly with Sheeley and win the vote.

See Houston told me Presdt at cabinet meeting yesterday looked very subdued and earnest. The Presdt said that the League of Nations was not in violation of the Constn; that many changes in the draft had been made when he pointed out they would be unconstitutional; that if we did not get it we would be swallowed up in Bolshevism; that scarcely a Nation in Europe, except perhaps St. Britain, trusted its own Govt but that the people of all Nations trusted the U.S.

Nov 4. Tuesday

Williams told me Harding had written note to the Fadden of H.R. Basing & Co. Co. Co. Co. thanking her for her assistance to Mr Ad & the Fadden had then in Howell in answer to Williams attack on her. Williams was nearly crazy w. anger.

Board's resolution method. Harding to Williams and send Resolution through Howell.

Sen. Comers. Later Harding told me cause to write letters to Chairman of each Comers to which I agreed.

It seems that Harding did this but later Phelan Chairman of House banking Comers let Harding know very important to write each member & Harding did this without consulting me or Miller, who was in N.Y.

H. should have not written Dec 7. without consulting us - a thoughtless mistake.

Wm & Harding had a row but finally I reconciled it with. See above thought

Harding acted unbecomingly & matter should be dropped.

Tuesday Nov 7

Miller announced that he was going to Camden. So. Car. for a week or ten days; he did not ask wh. it would be convenient for us to have him go nor did he give any reason for going. Later I discovered that the Lunds were also going, which explains the matter. Miller seems to have no sense of obligation or duty either to his associates or to the Govt. Nothing but dire necessity would warrant him in leaving his post

of duty, adding to the burdens of Govt. Himself. Gov H. told me this P.M. that Miller said to him that he might possibly go in to Savannah Ga & inspect the N.R.A. Agency there and asked whether it would not be all right to put in a voucher for his expense from Wash. to Savannah & return! Gov H. told him it would not be all right. Miller is so stung I believe he will start trying to bilch this money from the Govt.

I am slowly but steadily reaching the conclusion that Miller should be asked to resign - I stood up for him several times in the past when Sec. McAdoo wanted to get rid of him but I shall never defend him again.

Nov 10.

Williams held up application of Nat. City Bank to establish bus. branches in Australia, S. Africa, Ceylon, Kingston, Jamaica etc. They were all on proper form, but his hatred of the Nat. City Bank evidently dominated him. He said the Bank had an amount nearly equal to its capital (25 millions) held up in Russia. We thought not that that was not its fault, that their applications were proper and valid to proper cases

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of anti-communism. He would not yield however  
and as there was no discussion nothing  
could be done. Gov H. said he would use  
see Glass to be at meeting Wed. Later he  
said he had seen Glass who said he was  
satisfied W. was inspired by malevolence  
into Nat. City Bank, that Williams had  
decided him to the limit etc etc.

Mar 12. Wed.

Meeting at Sec. Glass office. Williams read extracts  
from Wamers report showing that Nat. City  
BK had tried to in the Reserve State Bank  
an amount of exceeding its capital stock.  
He argued from this that the Bank should  
go slowly as to new branches. All the rest  
of us felt that these branches were most  
desirable & finally on vote we Williams  
did not vote against consolidation. We  
succeeded in holding the matter up  
for some days and that seemed to  
satisfy him.

Some days ago Sec. Houston told me that  
he thought the Presdt had been very  
wretched in not putting Root and Tolt  
in the League of Nations Com<sup>m</sup> & in not  
consulting the Senate; that there were  
cold have taken out of his hand if  
proper tact had been shown.

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This PM Sec Glass told me he was thinking of  
appointing Mr Brooks on the Board and  
asked my opinion. I rather favored it. I  
said I was told that he was a great  
talent. (Frank Taussig once told me he was  
tempted to resign on the New York Bd  
because B. talked so incessantly.) I felt  
that he was such a good man - and  
also a Republican, that we could lose the  
risk. Glass said he had offered the  
position to Robt. Dawes, Farwell, Woolley,  
and 1 other Republican but all had declined.  
He said he offered it to Shirley who also  
declined. (Shirley has just been appointed  
under RR Admin at the scandalous  
salary of \$2500 per year.) He said he  
also offered it to \_\_\_\_\_ of Indianapolis  
who at first accepted it & then  
declined and now was disposed  
to reconsider.

Glass said he really felt Miller should be  
asked to resign and he was doing little  
work on the Board; he was very  
indignant at his going off for a weeks  
vacation leaving Gov H. & myself alone.  
I told him I had talked with Miller  
when McAdoo wanted to remove him  
but I confessed I had almost reached  
the limit.

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Mon P.M. I called on Tennally and suggested  
we call on Chairman of the Civil Service  
Comm. He said he thought it would be an  
ideal opportunity & asked me to send him a  
letter giving particulars of his life, which  
I at once did.

Later see Houston told me of the row in the  
Comm. Mr. Kennedy tendered his resignation  
to Presdt & the Presdt mentioned it to  
Houston who said Galloway was a deaf  
blind & it was impossible to get along  
with him; he said when he told the Presdt  
he said - it is impossible, I knew his  
father who was a Bishop! He also said  
the Presdt was still disposed to back  
Galloway for this vacancy, but he finally  
convinced him it would not do, and  
the Presdt called for resignation of all  
the other Comm. including Galloway.

Mar 20. Thursday Dinner to Mrs. Miller did not come as his  
brother in law was visiting him.

Mar 21. Friday  
Important conference w. Egan & C. C. Cunniff  
of Fed. Council.

Miller left for lunch before 1 o'clock; did  
not return until 3.40 P.M.

Mar 22. Sat  
Continuation of conference.  
Miller did not appear as he had gone  
to Mt. Vernon in the night w. an ex. Sec. Hoover!

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Mar 27. Wed.  
Mr. Stephen Wild and Mrs. Wild dined with us; Sen.  
& Mrs. Kellogg and Hitchcock also. Sen. Hitchcock  
said the Press statements that Wilson refused  
to consider any amendments to League of Nations  
Plan were absolutely false; that W. said at  
the White House dinner, at which he was  
present, that while he did not think the  
suggested Amendments were necessary, he did not  
object at all to their consideration by the  
conference. These amendments were the Monroe  
doctrine, the right to withdraw, reciprocity  
etc. Sen. H. said Presdt said that when one  
amendment should be offered it would stir  
up the objection of other Amendments and that  
the draft in its present form represented  
a compromise acceptable to the 14 Nations,  
but that he would be glad to secure the  
passage of the Amendments, unnecessary as he  
thought them to be; that as to the right  
to withdraw Presdt W. bound he was the  
only member who assumed that there  
could be no withdrawal, that the other  
Nations all wanted such a right and  
thought the present draft gave it to  
them. Sen. H. said he thought the Presdt  
would arrange to have these amendments presented  
through some other Nation. Sen. Kellogg

said he thought the present draft clearly  
did not merit any Nations withdrawing.  
Both senators thought Sen. Knox made a  
very poor argument against the League.  
Sen. H. said I was right in my belief that  
the League of Nations had not delayed  
the Treaty but that the delay was  
caused by refusal to agree upon the  
boundary lines, indemnity etc.