

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

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36-33 (rev 4/77)

Oct 13. Friday

The joint conference with the Board, the Evans and the FR Agents terminated today. It began Tuesday Oct. 10.

It was largely given up to the question as to how Fed. R. Rates should be determined.

It began with a spirited debate as to whether credit control should be exercised by Rates or by direct action in controlling rediscounts, or by both.

Mr. Perrin contended that the Rate did not control unless it was higher than the commercial rate of the Member banks and this was not practicable, certainly not where the State Money Laws permitted a high rate, e.g. 12% in some States. Perrin was insistent that the Fed. R. Rate should know what was going on in the Member banks before they applied for rediscounts and that their supervision should be exercised even tho a bank was not rediscounting at all.

Ev. Steinf contended that a discount Rate was objectionable even although lower than the market rate for commercial notes, or when e.g. the Money market the Rate, the Member banks increase their rate charged their customers and

conclusively. He claimed that the Mbs should simply consider the amount of redemptions made by Member banks in treasuries, to their reserves, and that if a reasonable amount, the Mbs should grant it, no matter what the bank had been doing; e.g. loaning on Wall St., Real estate loans, Capital loans, Speculative loans etc etc. He said, as a fact, however, the Mbs often made direct inquiries.

His claim was that bank redemptions generally to reduce the Reserves, and that to refuse redemptions would be disastrous to the Depositors. Wells, (Cleveland) strongly supported Perrin and showed how Cleveland had maintained a 6% rate as a maximum (when N.Y. was charging 7%) by virtue of direct control. Perrin claimed that where direct action is used it would be possible to keep a reasonable rate in force without charge, and to keep control through direct action. The claim strongly supported Perrin.

No vote was taken, and I think probably a majority favored both, i.e. by Rate increase & also direct action.

The day depicted consisted of an item of Res. Council as follows:

A cattle raiser sold cattle to e.g. 6 January

using their individ. Notes, each note being within the 10% limitation of Sec. 5200, and discounted these Notes with a Member bank, placing the endorsement on each Note.

The Member bank offered these 6 Notes to the Mbs which declined to discount them as a total, on the ground that the cattle raiser was the real borrower and, the cash Note was within the 10% limit, and made by a different bank, the total of the 6 Notes exceeded the 10% limit, and the issuer the borrower was thus borrowing in excess of the 10% limit. The Council, Logan, held the Member & not the issuer was the borrower and that the Notes were all defensible.

Ed. Truham had a memorandum (see Serial Book) on the same question.

The Conference reached no conclusion but the M Agents were divided.

The Conference also discussed at length the matter of investment by Mbanks in Govt securities, Acceptances etc. It was pointed out that at the present time the Mbanks held about 400 millions of paper deposited and over 600 millions of paper bought in other ways, Govt Notes, and Govt certificates (excl. of Pittman certificates).

It was pointed out that while the 400 millions of rediscounted treasuries represented commercial needs for credit by Member banks, the 600 millions of open market purchases depended on the will of the Mbs, and that this large amount of money poured into the market might have a distinctly inflationary tendency, especially considering that an inflationary boom, with the treasuries short level, seemed likely to be under way.

There was some feeling that the Mbs should sell its holdings of Govt obligations. Mr. Sturgis and Messrs. claimed that if this were done direct discounts would be increased to the advantage of the System. Mr. Sturgis said that although discounts secured by Govt obligations held by the Mbs had greatly decreased, the holdings of Mbs of Govt sec. had in great ratio increased.

Mr. Messrs., in reply to Mr. St., said the question of the Mbs carrying debts & expenses was not involved, as they, at present, at least need these things.

Mr. A. Austin said if there were any material reduction in carrying assets, expenses & debts could not be carried.

Mr. St. then said that the Mbs were intended by Congress to be permanent, going institutions and should never lose sight of the necessity of carrying enough to meet their expenses and pay the 6% dividend; that while the Attorney General had given an opinion that the Mbs could, if necessity arose, pay dividends out of the accumulated surplus of over 200 millions, yet that an announcement that the Mbs had failed to carry dividends would be hailed all over the country and be as a blow to the M System.

Mr. St. did not deny that if some unexpected crisis should arise, it might involve a discussion as to whether, or not, or if possible, the dividend might not be so paid, but that in considering the Mbs holdings of investments, which could be regarded as a means of meeting expenses and dividends, we should consider the matter on principle; as if no surplus had existed.

Mr. St. pointed out the question had arisen as to necessity of carrying for expenses & dividends in 1916 before the Mbs. Council; that some claimed then that the necessity of paying for expenses

and dividends would bring the M<sup>ts</sup> into undue competition w. Member banks, and that therefore the paid in capital should be paid back to the Member banks to avoid the necessity for such competition; that the Council once voted in favor of paying back the capital and later reversed itself and voted contra; that Mr. Joyan pointed out that this capital was essential to the M<sup>ts</sup> as a strengthening of their position, and that the needed money could easily be earned without undue competition w. Member banks; that it involved no more competition than would the establishment of one new large bank, e.g. in N.Y.; that failure to earn dividends & expenses would be a serious blow to the M<sup>ts</sup> system. Mr. C. said the question was now coming up in a new form, not competition with the Member banks, but interference with Treasury operations in Govt Secs, and object in the volume of credit generally; that while he wanted perfect cooperation with the Treasury he felt our holdings of Govt securities, probably could be reduced w. out interference with the M<sup>ts</sup> profits for meeting dividends & expenses and so far as this could be done he was glad to cooperate w. the Treasury; that he

was glad furthermore, to see everything possible done to avoid interference with the money market along involuntary lines, but that we never should lose sight of the fact that the M<sup>ts</sup> must as a matter of self preservation make their expenses and dividends.

Mr. Mitchell made a vigorous address backing up Mr. C.

Some of the Govt called attention to the fact that at the last meeting of the Govt (never yet placed before the Board) it was voted that in considering other market investments, the necessity for earnings should not be considered, and a similar vote of the Fed. Adv. Council at its last meeting was referred to. Mr. C. pointed out that the resolution of the Fed. Council as reported, was to the effect that primary consideration (in words to that effect) should not be given to earnings; that under Sec. Gilbert who was present suggested striking out "primary"; that Mr. Rice, the President at once put this motion to settle out "primary" & it was carried, at a time when the Members were leaving and

without any discussion.

Mr. Stimp presented and that we should agree upon some Policy; - that the Board had bought hundreds of millions of Govt Sec & acceptances, better settled, without any fixed policy.

Mr. Jay then presented a Resolution, which after reciting that the Mobs were now carrying on the seasonal and emergency requirements of Members Gov, stated that it should be their policy to take care of all necessary credit extension but to see that it should not be permitted to degenerate into credit inflation. This was briefly passed.

Mr. Stimp also put in a resolution to the effect that Mobs should as far as possible lower the amount of their own market investments in Treasuries as their investments increased. Some one, I think Mr. Brown, moved to add, "and as gold markets increase".

After long discussion the amendment was defeated & the main motion was carried.

It was during this discussion that the debate arose, as to necessity of making of houses and dividends, arose.

Nov. 8

Judge Ramsey of Dallas died a few days ago. At meeting this Am. Plat, Mitchell and Crisinger were asked a com<sup>o</sup> to report a list of class C directors for next year.

Nov 10.

Wm. W. Underwood was to meet Admiral & Mrs. Niblack. Adm. Niblack was very bitter against Lodge but saying in the Chamber that the Admirals should have declared war against Turkey. He said it was a master piece of diplomacy not to declare war; that the Turks hated the U.S. and would do all in their power to work uniceably with us; that Admiral Bristol was the main diplomat in Greece & Turkey and told the Turkish leader Mural in the hollow of his hand; that Mural now saw her mistake in opposing the Turks against the British as Turkey had thrown her down as hard as she did at Britain; that he was frankly Pro Turk as against Greece; that the Turks were far better and cleaner than the Greeks; that their word was as good as their bond etc etc; that the U.S. was now sliding a battle ship into the Straights w. submarines on the

Russians, & that Mussel would let the stock go through, holding the up perhaps on a few days as a matter of course only; that never having declared war against Turkey, we had a right to demand this. Adm. Niblack also said that the Bolsheviks had absolutely laid up to their agreements w. the U.S. as to shipment of supplies, but that, on some news, this news had never been made public.

Nov. 24. Tuesday

HPH lunches with Mrs. Wilson and meets Mr. Wilson. Mrs. Wilson told HPH that newspaper source letters were like a bolt from the blue to Mr. Wilson, and that he said bravely that "his bank must have been greatly in need of the money she got by publishing them!"

Nov 29

Sam May Patton tells me that see Hufsch was crazy to be appointed chief justice; that he was sure he would be, and when trouble struck to him about it, he made no disclaimer; that he was bitterly disappointed when Tust was appointed but he gamely said it was a good appointment.

Nov 30. Thanksgiving day.

James V. Pratt Marshall & wife and her & her Charles Warren dined with me.

Nov 16.

Forgot to write that Mr & Mrs Belmont invited me to stay at their house, 16th St, while they were away in the west. Bertie and Anna went there Nov 16 on their return from Ill. and stayed until Sat. Nov. 25.

Nov. 27.

Creswell a few days ago predicted that within a short time there would be one central bank at Washington and the present Fed Res would be branches. He favored this.

Dec. 2. Sat.

Board referred to allow \$100,000 of \$5. to buy prop. for the Portland Branch; would Perrin steel question of consolidation of N. West branches must first be settled and that the Bank should report on this before the present lease expired, and that if nec. they should get extension of present lease.

Dec 4

Dined. Mr Demack's

Mitchell moved as the sense of the Board that the 3 N. West branches should be consolidated into one, and Crumpler seconded it.

C. said we should first hear from the M. Bank; that they had been asked some time ago to report on this.

Crumpler wanted immediate action without waiting to hear from the Bank.

C. thought next that this was a most serious question in which the N. West was vitally interested; that while these branches were not self-sustaining at present, they were not the best, but reasonable necessity for service; that while he thought that, if consolidation must be had, Portland was the most central location, yet Crumpler favored Seattle, and this showed the necessity of avoiding any such judgment. C. finally moved to substitute for Mitchell's motion, a resolution to effect that the Board would not allow purch. of land at Portland until question of consolidation was settled, in which the S. F. Directors were to report at once. This motion was carried, and a telegram sent along these lines.

C. in voting for it stated - yet is so relieved in the minutes that in so voting, he expressed

no opinion on the merits, as to wh. or not there should be consolidation, & if so, where.

October 5. Tuesday

Crumpler brought 2 Nat. Ex. Examiners to talk with Board as to proper method of examining because we have branches. They suggested, Herson concerning, that there should be at least one competent examiner at each branch and 2 competent assistants in the average.

Crumpler complained that Calif. had only 8 examiners in all and could not examine e.g. the Bk of Italy, w. out borrowing examiners from M. B. to which he was utterly opposed. He said he would not admit a state bank with such a large number of branches as the Bk of Italy has (65) if it were to ask for a charter.

It was not denied by C. that the large lessons of this character could be examined but C. said the expense would be enormous, i.e. 500 would dominate.

C. said that the M. B. must after examine every state member bank, whether its size, and that only way to relieve itself from this expense, is to accept grants of state authority, and if this was not sufficient it must examine for itself.

C. wanted that the Board should take the



same view of self that he did not not pointed out that was on the McBoard to determine.

C. wanted the Board to prevent further acquisition of branches on ground that Calif. law did not provide for adeq. examiners.

est pointed out that it would be restrictive to permit the Bd of Staly to keep its 65 branches and to refuse this privilege to other banks whose conditions warranted e.g. 65 branches.

est told C. that if it was impracticable to examine a bank w. 65 branches in the future safe would compel us to force the Bd of Staly out of the system. C. said he did not insist on this but wanted to prevent any more branches over other St. Ls, as Calif. was doing them in the community w. the belief that the McSystem would examine them.

est said we must examine, if the St. L. examiners in bad, whatever the expense.

C. said this was imposing an unjust tax on the community, was this as est said, the one examined must pay for it.

est + Platt pointed out that C's examiners had admitted that it was certainly no more difficult to examine 65 branches than 65 ind. bks.

C. said that sending our examiners to state authorities would involve things the examiner was a J.N. examiner; est replied that the Board could make a public statement wh. would clear this up.

one of the examiners asked est just what the scope of a J.N. examiner of state member banks + branches should be.

est said it should be a careful thorough examination to ascertain the condition of the bank on the point of view of solvency, general management, condition etc; but that the McSystem should not undertake to ascertain wh. banks were violating their state banking Act; merely their condition was good, but should merely report as to violations of the 7th Act; that if we should publicly announce this it would throw the burden on the state, and that Calif. would then have to make large appropriation for state examiners.

Undoubtedly, Calif. w. only 8 chief examiners can not adequately examine banks with a large number of branches, and undoubtedly she is using our assistance to do work she ought to do herself.

The J.N. Act however makes it obligatory for

Did it seem to examine state banks, no matter what the cost, unless they accept the state examiners. To refuse to loan any examiner to help state authorities would cause deep dissatisfaction & trouble; on the other hand, it might be trouble for the Board to prescribe reasonable limitations beyond which it will not go.

The state law, however, authorizes the branches and Sec 9 as amended allows them to come in w. all their statutory powers, solely w. the reasonable regulation of the Board, and the Board must examine them a) when applying for admission; b) after admission, unless it is granted an exception.

It is thought, however, the Board might like the notion that for the present branch banking must be confined to largest towns number as a maximum, i.e. 65 banks (Bk of Italy) allowing other banks, when otherwise better also to have this maximum.

The examiners were asked to examine the last report of Calif. in Bk of Italy. They did this hurriedly and reported no objection to the bank but said the findings of doubtful assets in the Report were far

more favorable than in the case of the most conservative N.Y. bank, - the Nat Bk of Commerce, which made them suspect the Bk of Italy report.

Dr Miller pointed out that very likely many, in fact he knew, many Calif. banks etc. were in N.Y. and not in Calif and that they were the ones who had subscribed most; also that Perrin had said the Bk of Italy had been managed in a careful, conservative way.

Mr. Cresswell really is against St Bank Branches. Nat Bk can not have them, and CFB can be as far as almost to declare war against St. Bk branches.

Mr. C. thinks only in terms of the Nat Bk system, while the N.B. Board must consider all Member Bks, State as well as Natl.

Dec. 6. Thu. Wed.

Board finally voted that Calif. should suspend accounts until they receive as demand deposits.

The Bk had already voted this last October, but Platt viewed report to them to reconsider.

Dr Miller moved yesterday to reconsider, to

close the question.

The Bd then was voted to reconsider and later on currency matter voted that these deposits must carry reserves up to demand deposits.

Curtis and Mitchell voted against this.

Dec 7. Thursday

Mr Curtis called. said Mr How intended to resign. COT Board best heard of this when Miller said Mr Colburn told him on Sun 7. He was present at directors meeting in Boston when Mr H's resignation was read as part of the minutes of last meeting.

Curtis said How had not formally resigned but said he intended to; that the matter was discussed at meeting at which Mr Colburn was present; that it was confidential, of course.

COT told Curtis his action in not telling the Board had embarrassed him - that he had first heard of it from Dr Miller.

Curtis said Mr How had pledged him to absolute secrecy; that it got out through Mr H's telling it confidentially to Mr Stearns & also.

Curtis said the Board was considering Bullen, Mr H. & also; that some of the Board felt that appointment of Mr H. might be construed to be a snub at the President.

COT advised Curtis to tell the Board to consult Sec. Miller, and that while he COT had, of course, nothing to do w. the matter & would under no circumstances suggest himself in the matter, he thought the Bd would welcome this suggestion in view of what C. had said.

Curtis said Mr H. would hold over any way until June & then would be glad to go abroad for 6 mos without salary, leaving Bullen an active Gov.

Curtis also said he heard this morning that currency had been applied this morning. COT asked if this was official & Curtis said he felt certain it was.

Later Cuddy told COT that Miller had

demanded this to Pass Rules. + said the steel belt  
 would be made. E. H. would be satisfied.  
 (said w. Mr + Mrs Arthur Bullard.

Dec 12

Dr Miller moved that Mr. Bullard be permitted to purchase  
 Business Receipts in which notes relating to domestic  
 storage of goods, w. a maturity of 6 months - the  
 same now, as extended to Business receipts in full  
 + extra trade, - except that dom. receipts are  
 limited to readily marketable, stable agricultural products  
 secured by wh. receipts to during life of the  
 acceptance. Unanimously voted.  
 Then will be of great help to business work.  
 Meeting adjourned.

Dec 9

conf. w. Mr Elliott as to examn of cal. stores + branches  
 cost had been val 4. Mr Bullard in wh. Fed had done  
 possible of cooperation w. State authorities and the  
 examn to be by the St. authorities  
 Mr Bullard had ruled that examn of the  
 Los Angeles Bank + the Bk of Italy must  
 be carried on the lines examined under the  
 NAct, but that 2 examns were made by the  
 Mr Bullard and not by the State Bank auth.  
 Elliott read telegram from St. Louis stating

Mr A. Pease had entered into an agreement w. the  
 before they entered to examine them w. out expense  
 to them. This undoubtedly grew out of the practice  
 of accepting the St. examn, which the above  
 circular - Nov. 1918 - said had always been done in  
 the past.

The question now arises as to what will be laid  
 down in the future.

Wright advised us that we had legal authority  
 to loan examiners to supervise and assist  
 in the St. examn, w. out incurring any  
 charge.

We brought out our Elliott that in Calif. the  
 St. examn may enter cost of examn by banks  
 into a state bond in favor, to their revenues.

Elliott practically admitted that in view of  
 the great expense of examn stores, e.g. the  
 Bk of Italy w. 62 branches, the St. examn  
 were trying to make some of the cost by  
 relying on assistance furnished gratis by  
 Mr Bullard examiners, but cost of the alleged  
 agreement w. Pease, has in the least  
 somewhat justified their claim.

Dec. 12

Bullard voted to ask cash Mr A. to report what

The practice was as to business expenses, with or w. out of house, to assist in St. Louis expenses.

Elleotte claim was that Calif. State has got little help on Fed R. Bds in a majority of their deposits were savings deposits so that lower based on them were very restricted & did only to limited extent business banks or reflect. Not only this fact, considered w. relying that 3% int. did not be carried against their savings deposits (10% used by Fed relying), given some equity to the St. Louis claim that the M. B. Dept. should give help in St. Expenses w. out charging them.

Est. tells however that to be made very 60 expenses when Calif. has only 8 in going two over.

Dec 13.

Miller obtained Resolution making holder of Cook. Res. by another, made of wh. are used on advances to members against apic. moderate delivered to it, apic. holder.

all agreed as to desirability if it could legally be done. Finally it was moved to adopt this subject to checking up and action of council. We did this before getting agenda of council so that

we would not have to call another meeting, and Est. stated specifically that this vote was to be made subj. to council's checking up and legal opinion. Est. did this to give Miller the benefit of it on his address before a Farmers Association on Friday, and bec. we would have no given tomorrow as Cresswell was going away.

Dec 14

Council reported that as at present advised such holder could not make the law or make apic. holder, altho he said subseq. investigation might possibly enable him to reach a different conclusion.

Miller had our vote read and the Record as read stated that the Board unanim. voted subject wly to the wording to be subjected to council's opinion.

Est. said this was not the vote & he would so state at next meeting, and Platt said he would have to reconsider, to make the matter clear at the next meeting.

Dec 16. Sat.

Mitchell says while in Chicago, Mitchell of Fed. C told him Warburg and Paul had wired him that Ewell had told them in N.Y. that his name had been withdrawn by him on further consideration in Eur., and that they urged him to touch name of trustee, President of 1st Trust Co (owned by Ingersoll Co) on Ewell of the Board; that some one, not exactly who, had told him that Warb. & Paul intended that written he nor Platt were competent to be Eur & that M. A. Jay had said he felt so also.

Mitchell was very angry with Jay & said he would let him understand that he reflected himself & Platt even if Jay did not; that he was sorely tempted to write Jay but that he had told Ewell what he thought of her & that undoubtedly he would tell Jay. Mitchell said the influential bankers did not mind currency & were appalled at the war suggestion of his name.

Mitchell said it was an affront in the face of Prudt H. to put any one in as Eur vice their heads.

M. Smith of C. was asked Eur he should go in & say he would support her loyally as long as he (M) remained a

Member of the Board, meaning clearly, in other words that he would at once resign. Platt also was very indignant.

Two dinner:

Mr. Houston, Mr. West, V. Prudt & Mrs. Marshall,  
Mr. Chilton, Ew. Harding, Under Sec. Pillsbury  
& Anna.

Reserved automobile on Wash. Cnd. Co. Pd 1365 + old blackman

Dec 17. Sunday

Dined with her & then Judah Sears.

Dec 16.

Ew. Harding tells that he has had a talk with Sec. Miller who advised him to withdraw his name from consideration as cand. on Mtd as the President felt he could not recommend him as the opposite to combustion would black legislature. Sec. H. said the President expressed vaguely some regret that he had not sent in his name unless after expiration of his term.

Thus ends this miserable incident.

miserable

Dec. 18. Sunday. Dined w. Mrs. Mrs. Grant

Dec 19. Dined w. Mr & Mrs Ch. Henry Butler

Dec 18. Sunday

Charles Washburn of Worcester called - said Mrs. directors were thinking of electing Gov. H. Gov. of Pa.; that Stewart, Allen & Long strongly favored this; that Beal, Haller & Curtis opposed it might be considered as a stab at the admn.; that he had seen Miller & Sec. Wells who favored it. He himself simply favored it.

Dec. 22. Friday

Harriet and Jane Humber came on a visit.

Dec. 23. Sat.

HHH gave luncheon on H & J. Among others, Mrs. Woodman Wilcox, Mrs. Bayard, Mrs. Janice Rice were present.

Dec 24. Sunday

Gov. Hardy dined with us. After dinner he said he had read a contribution late last Sunday afternoon with a lady who said that as a friend of C. H. he should warn him that the bitterness of himself and family towards the admn. was being much

entered about and that we should be careful. Gov. H. said he told me this as a friend, especially in view of the urgency of the state treasury in Pr. Harding to obtain objects held by Democrats and urging him to call on their representatives. C. H. asked Gov. H. if he had heard from any source that Pr. Harding was being asked to call on the republicans, & he said No, but that he merely alluded to this in conversation with Mrs. W. this woman, whose name he said he did not mention.

C. H. told Gov. Hardy that neither he nor his family had criticized Pr. H. in his absence. Publicly; that on the contrary he & Mrs. H. had at times defended it, citing an instance where H. H. had rebuffed certain Rep. women at a luncheon who were vigorously criticizing Pr. & Mrs. Hardy; C. H. also cited case where a woman was waving Roosevelt on the campaign, intimating that this was in great contrast to Pr. Hardings measures, when C. H. said, "Can you point out a single instance where Roosevelt was shown the campaign Pr. Harding showed in retarding the Boston Bill?" The woman then became silent.

C. H. told Gov. H. they were scrupulously careful never to criticize Pr. H. in an admn., but that they never hesitated & never will hesitate

to answer vigorously any attacks upon Mr Wilson  
at any time & from any source.

Ev H said he had no doubt of this and added  
that usually Anna may have said something,  
wh. Ed did not for a moment believe.

When Ev H was leaving Ed asked him how Mrs  
Patten was getting along with her broken arm  
& Ev H said he had had a talk with her  
last Sunday, - him telling her out out of the  
way!

The last time Ed & HPH called on the Patten,  
2 or 3 weeks ago. Mrs Patten had quite a  
dispute w. HPH over the repeal of National  
and it was this, Ed thinks, that influenced  
her remarks to Ev H. This matter, of course,  
should not be called political, but the Rebs  
made a political issue of it.

After leaving Ev H said, "What would you  
do if Mr. H. called on you frequently?"

Ed at once replied, - "In such an event I would  
tell him that if he had any cause, under  
the statute, he should of course remove me, and  
I should leave him to that remedy!"

Ed believes there is something behind this  
wh. Ev H did not reveal on Mr H. and the  
Rebels. are bitter at their recent defeat  
and would gladly remove any Democrat,

if they dared to do it.

Ed believes Mr H. would not dare to do this. He  
can not have forgotten his attempt to secure  
the insurance on money shipments for his  
treasure in law, the attempt to overthrow the  
IM system to replace by adopt of counteract etc.  
He surely would not want to have these facts  
made public!

Dec 27. Wed.

Then Mrs Wilson called on Birtie and asked me &  
Harrist & Jane to take tea at 5.30 P.M.

Ed, HPH, Har. & Jane went there and had a half  
hour talk with Birtie & Mrs Wilson.

I had not seen him since some time before  
Nov. 4. 1921. I was somewhat shocked at  
his appearance. He was sitting in a chair and  
abolished but not rising. His countenance  
seemed slightly drawn down, and he did not  
use his left hand. He had a look of intense  
weariness. His mental faculties seemed undisturbed  
altho' notably, a little sluggish. He seemed at  
times to be as if sleeping thro' a somewhat  
thick fog. He seemed very glad indeed to  
see me.

He shook Sen. Bush; said he believed him a  
sincere man, but one who just felt sheep



of mystical accomplishments. He told Harriet he had found some difficulty in understanding just what the Fascists in Italy stood for. She said originally it was a patriotic society something like our legion but in pulling down Bolshevism in any form and that later many extreme radicals had joined it. She said they went around w. vestals in traces and a club in hand & if any one were doing what they thought was wrong they would go to her house and demolish her furniture and give her a warning. COT said, <sup>seriously that</sup> if this were their sole object he would love to burn such a band right here, and he would know where to begin. He looked at me with a smile. "Yes! But you would never know where to end; the task would be so great!"

He also spoke of agitators & said he always felt the best course would be to hire a hall for them & give them a bull session; - wh. would surely effectually kill them off.

He expressed great gratification that Koolha had been stricken off his travels by the narrowness of his chest; that it was better to be dead than to be alive and be dead.

He spoke of P. H. in terms of contempt; said he was absolutely servile; - a bullworker and not a leader.

He said that whatever history might say

of him otherwise, it would surely be recognized that he never feared to fight on any cause he deemed to be just.

He told COT that the manner of her treatment by Mr. Hardy & Sec. Weeks at the burial of the unknown soldier was absolutely true; that he was given no invitation to attend and assigned no place in the procession; that, amazed at such an affront he wrote Sec. Weeks who very courteously replied that he would be furnished a place in the procession but that he must leave the line before it passed into the cemetery; that scarcely believing this could be true, he wrote Mr. Hardy, who replied - speaking of him in the letter as "Mr. President" - that he was sure he would appreciate that the decision of Sec. Weeks was approved and well understood it. He described it as a deliberate affront.

Some time ago Admiral Grayson gave Bertha a different version of this, intimating that Wilson was mistaken, and he refused to do in very guarded terms. COT will ask Admiral Grayson as to this.

Mrs. Wilson told Bertha that Cleveland told her on occasion of her recent call on her that he intended to make a eulogy

study of the life of President Washington; that he had never considered him a very great man but he wanted to look into his life carefully. Mr. Wilson also told Bertie that shortly after inauguration Sec. Wallcut - agree - wrote her a charming note saying that the Genl. would send flowers to her & to President Wilson every week; that she accepted his letter and thanked him; that the flowers came on 2 weeks & then suddenly stopped & have never been sent since; that a friend told her that they had been discontinued on order of a person "Lipke uh".

Mr. W. sd she had no idea who that person was but Edith believes it was Pr. Harding as he is the only man "Lipke uh" then a cabinet officer.

Dec. 28. Thursday

Mr. H. called; said Carl of Mass. N.Y. told her Mr. August Curtis of Boston wanted to talk with her. Mr. H. called Curtis for Edith's office & Curtis said he wanted to talk with her in N.Y. tomorrow at 3 P.M. at the Harvard Club. Mr. H. agreed to meet her there. Edith thinks Curtis is to obtain the Gov. of Mass. Boston.

Mr. H. sd he had under consideration an offer for a large contract - not a banking contract - but leaving large fiscal transaction, in N.Y. to act as the head, w. offices in Wash., for 5 years at \$100,000 per year salary, and, in addition a stock bonus of \$100,000. He said Dr. Hellee was a stockholder.

Mr. H. also said that Mitchell would resign from the Board within a week; that he was utterly disgusted w. Pr. Harding & his failure to support Mr. H.; that he was alienated by Sen. Hellee for the efforts to secure a debt premium on the Board & his Bonus vote; all to catch votes & carry favor; that he could not vote for him & was glad he was defeated.

Mr. H. said Mitchell would resign now, before the Jan. election of Bo. officers, so he would be eligible - 2 year term - by Jan.

1924.

1923

Jan 1. Monday

Gov. H called and said Charles Washburn in N. Y. last week. offered him the Gov of the Fed. R. Bank of Boston by unanimous request of the Directors.

New Year reception at our house, about 300 people came, including the Wilsons.

Jan. 2. Tuesday

Ad voted to allow a Branch of the Fed. Res. Bank at Pasadena, Calif.

Ad and Cramer voted No, Ad on the ground that we had turned down Bank of Italy's application for a branch at Juba, Calif. on ground, among other, that M.A. Perrin owned as a bank and reported to the Board that there was no necessity for further banking facilities there, and that in this case Perrin practically owned there was no such necessity in Pasadena, but he overruled the application on ground that Pasadena was within the Metropolitan Area of Los Angeles. The majority voted to allow the Branch on the latter ground.

Mitchell told Ad that yesterday at Ad's New Year reception, Sen. Pomeroy asked him why Pr Harding would not reappoint Gov H and that he told him it was because of the Comstock view; that Sen Pomeroy said he was absolutely amazed to hear this.

Ad told Mitchell that he had carefully avoided telling V. P. <sup>(Marshall)</sup> Marshall of this when he said he had written Pr H. about M.A. Heath of Chicago, adding that he had told Pr. H. that of course he would not interfere with the Board as to appointments wh. the M Act entitl'd the Board to make.

Ad told Mitchell that as a Democrat he had been scrupulously careful never to criticize the President nor the administration. Mitchell should not have done this and I am fearful Pomeroy may try to make political capital out of it.

Mr Harding this morning sent me a tin box of coffee with the rubber lumps out, with a note from her saying Mrs Hulken, saying she remembered that

one night at dinner, some glass up, the President, then Sen. Harding had told Est he would send him some, and that later he went around to Est's house to give him some, but found we were all away. The Note ended with an expression of pleasure at Bertie's sketch of "Patric" which we had sent her. Est at once wrote thanking Mrs Harding enclosing the note in a similar letter to Mrs Harlan.

It seems extraordinary that she should have remembered this incident and most kind in like to carry out the President's promise.

Sen. Walsh (Mass) told Est at her house in New Year day that Estlin was a corrupter, that he accepted her nomination; that he refused to have name w. Lodge against interests of his wife in large measure; that if he had been elected there would have been a scandal worse than that of Newberry.

Jan 3. Wed.

Dinner with Mr & Mrs Alfred Meyer

Jan 7. Sunday.

Mr. H. told me that Sen. Reed of Pa said he had great doubts wh. he would vote to confirm Crumpler if elected in Md., as, on the occasion of a recent dinner at Pittsburgh, he became gloriously drunk and made a semi-maudlin speech.

Jan 8. Monday

Dined w. Prince Bidersee and wife, the Minister of Rumania.

9. attended meeting. Dist. Embassy, to Dist Com<sup>rs</sup>

Jan 12. Friday

Printed Harding sends to Senate the names of Crumpler for Md.; Campbell for Green member of Md and McVay of Texas for Comdt. of currency  
attended wedding of See Hopton daughter to Mr Robinson at Christ Church Alexandria; took Mr & Mrs Platt with us and we all sat in Washington's pew, and went to Uelster afterwards

Jan 13 Sat.

Dined w. Mr & Mrs Dwight Davis to meet See. Hughes.

Jan 14. Sunday

Dined w. Sen & Mrs Salisbury

Jun. 15. Monday

Two dinner to Mr Baldwin, Chancellor of the Exchequer and Mrs Baldwin, and Mr Montagu Norman, Gov of Bk of England. Present: Combit. & Mrs Curren, Sen. & Mrs Glass, Mr Mr Grant, Sen. & Mrs Kendrick, Mr Lee & Mrs West Wadsworth, Mr. & Mrs Waring, Charles Warren and Anna.

Jun 16. Tuesday

Dinner with See Walker. COT took out Mary Blumhardt the author (the Basing point etc), told her of the story of Sen. Charles Hamden & wife at Parker House. Said she would use them in some book.

Jun 17. Wed

See Mr Adoo, accompanied by Mr Hunt, formerly of War. Jun. Combit, called.

Talked abt Bk of Italy and Boards adjacent about to crush its branches, also about Jubba City abstract.

COT explained about cost of ex ams and Mr Adoo denied necessity of a simultaneous ex ams of all branches.

COT told her of Bde decision on Jubba abstract; he denied Bk was trying to monopolize credit market.

COT begged her to come before Board and

discuss all of these matters. He said he had no time and it would be of no use anyway. COT said he would arrange a meeting for her at any time, but he did not want it. He was in COT office not over 2 minutes and did not even sit down.

Jun. 20. Sat.

Dined w. Lanning to meet Sen. & Mrs Reed of Pa.

Sen Reed said McNary - would for Combit of cur. was charged w. borrowing from the Bank in San Diego up to the limit - 10% - of \$100,000 and in addition borrowing from in notes signed by office boys stenographers etc; that a sub com<sup>tee</sup> had been appointed to investigate the charges

Jun 21, 1923

Sunday. In Hegerman of New Mexico took supper with us. He said he knew McNary - mounted on combat of currency, well; that he was a very agreeable fellow with an interesting wife; that he got his start from his father in law, - a very rich man; that he was really a resident of New Mexico but residence in Texas being his "summer" or vacation quarters; that he was very prominent in politics and a very liberal economic enthusiast; that he was very anxious to obtain some position in Washington and had been a candidate for anti-ill of case; that Ben Perry knew him in France and liked him very much. Hegerman said he felt he was surely safe to the position of Comptroller.

Jun 22. Monday

Went to President's house to meet French Amb. Bertie took her Hegerman to reception at Pan American building given to see & Mrs. Hefner by Cent. Ambr. delegates

Jun 23. Tuesday

Got a nice note from Laura Harlan See to Mrs. Harding acknow. some eggs. Ed sent her.

Jun 24. Wednesday

Mitchell told Capt. Platt and Hopton the status as to proposed M. Agent on Dallas:

Mitchell said that the Director of Mint School and Crumpler originally wanted Brewer, a Natl Bank Examiner, appointed; that he was the choice of all the Texas Rep. politicians; that he told them he was hardly fitted for the job. Ed remembers that Brewer, he thinks, came originally from Marion Ohio, had some brief trouble & finally went to Texas; he came before our Board in matter of cattle losses and made a rather poor impression.

Mitchell said the politicians then took the callie, V. President of a Texas bank; that McNary - mounted on combat. of currency, was steady for him; that Crumpler had shown him a letter from President Harding stating that Ben Kruffe (of a Brownville bank) had introduced callie and that his recommendation should be followed; that Kruffe was the Republican "Boss" of Texas.

Ed some time ago analyzed the letters favoring callie and there were a very large number from all parts of Texas and practically every one was addressed to the Combr. of the currency, and not

to the Fed. Board; among them was the statement of several that his opponent would be true politician and that the recumbent of the Noble could had truthfully stated that he would "shortly be appointed" as a Christmas gift!

Mitchell some time ago told the Board that Collier bank was well obbedid and he intimated that they wanted to get rid of him and dump him on the M. system.

Collier's indorsements were evidently the result of a careful canvas, and Collier's subjects, it was suggested by Crumpler.

Some one sent letters favoring Collier, subject to various recumbents of Tally.

Mitchell said he was rather inclined to Tally and Collier pointed out that the directors of M. of Dallas, some of them Republicans, had unanimously indorsed Tally.

Collier told Mitchell that <sup>Gov.</sup> ~~Gov.~~, formerly Sec of Treasury, had called on him and said that Tally was the best man for the place, altho he was a Republican. Collier at that time brought Gov. into Platt's office & he said this same to him.

Gov. is an intense Democrat and the fact that he said Tally - a Republican - was the best man, made a great impression on Collier.

Collier fears another political row, - hope that over Comstock is brewing. Unless the Comstock case, however, Prud' Humphreys letter to Crumpler as to Kruger's indorsement was not sent in the files and Collier never heard of it until Mitchell mentioned it this morning.

Jan. 24 Monday

Dinner at Met. Club on members of Council on Efficiency and Economy. Crumpler spoke and expressed view that Congress ought to amend the M. Act and permit exchange changes; - said he as "protectionist" Gov. of the Fed. Board" had received many letters favoring this.

Collier replied that this fight had already been won and any attempt to reverse exchange changes wd be met with universal opposition of bus. interests of U.S.

Collier hopes Crumpler has made no pledges as to this.

Crumpler has queer views of M. Act. He

has many times said the small banks should not resist w. M. L. and has expressed the opinion that the M. System should be converted into a central bank.

at the dinner Cressinger said there should be one National system of banking, C. agreed with this but not with C's method of doing it, - removing everything favorable to State banks like, e.g. Branches, 10% res. in special savings acct. etc.

Jan 20

Cressinger told me it was rumored that I was opposing McVay's confirmation as Compt. of Cur. C. denied this absolutely.

Hegerman calls up C. - has been all with grudge - asked C. if McVay has been confirmed - C. said he had heard nothing. asked C. if he had met McVay. C. said yes and that he liked him very much personally and liked the change vs him - of wh. C. knew no details but only gossip - would be surprised and that he would be confirmed. Hegerman said he had spoken to several Senators on this.

C. told Cressinger that no Democratic Senator had consulted him as to McVay; that one Sen. Reed of Pa. told him that charges had been filed against him, but he shook off this voluntarily w. out any question from C.; that Sen. Glass also shook off the charge to C. but that C. had never expressed any opinion favorable or the reverse, and that he had no knowledge sub. to back any opinion on as to said charge.

no. 9

Mitchell says Pres. Harding told Sen. Caldwell that he would <sup>not</sup> sign Cumbrell's commission until McVay was confirmed. What the commission of Cumbrell has to do with McVay is hard to understand, if C. is dirty politics.

The Nables have announced that the Senate Sub. Comm. - Coughlin, Peckler, et al. that McVay can not be confirmed. Some one has that Cumbrell's name over one of our rooms. can not find in what authority!



Feb 10. Sat.

Spoke w. Mr. & Mrs. Walcott. Next seen Sen. Cassin of Wash. He told me that he had gone to Pres. H. with Sen. Peckole & Sen. Hitchcock, who told him that McNary, by virtue of their inquiry into the charges against him, could not be confirmed; that Pres H said he should resist on a vote, and, I think he said, Pres. H. said there was no hurry about it. He intimated that the committee would probably remain in charge for a long time. evidently Pres. H. intends to give McNary a recess appointment.

Sen C. also spoke of Campbell; he evidently had a poor opinion of him and said he had been in active politics for 55 years; that Pres H. was withholding his support as a means of giving Wilson or McNary.

Feb 11. Sunday

H.H. & C.H. call on Mr & Mrs McNary but they were out.

Feb 12. Monday

Receive letter from Hagerman, dated Rowell, N. Mex. Feb 9, stating that most of the banks in the State would like to see <sup>McNary</sup> confirmed, as they like him personally & would like to see a western man on the job; but they all feel also, I believe, that the job needs a great big man at this time, and that, perhaps, McNary is not of quite big enough calibre for it, although personally I think he will make it." See letter file.

Feb 20

The Ind. Adv. Council received an unusual notice in direct vote for 4 to 4 1/2% at N.Y. Porto and San Francisco.

The Board later met. Platt wanted us to advise N.Y. that we concurred in their resolution. edit objected as he felt it most desirable to obtain the judgment of the N.Y. directors, unobscured by any suggestion from the Board. The Board felt, however, individually, that the conclusions at N.Y. as shown by the strong in his letter to the Board, and Warburg's strong before the Council, warranted an answer, as the shared but. Minutes and

market rate was necessary, and there were some indications of speculation in commodities, both in N.Y. and Boston.

The N. Y. Herald Tribune, the Globe & the Herald both with us. Sen. Reed of Pa had to recall his assistant and because of a misunderstanding some of Sen. S. G. Shurtzoff of Calif. duly accepted and did not come, sending us no word whatsoever.

Mo 27. Wed.

N.Y. + Boston both voted yesterday man. to increase rate on  $\frac{1}{2}$  to  $4\frac{1}{2}$  %. Their reply used the Am.

Platt called special meeting of Board, and told that Miller was anxious to come & vote favoring the increase, but could not see. of an abt w. Pres. Hardy.

The Bd voted unanimously to allow the N.Y. increase, Miller saying that he appeared warranted. Cressinger did not seem happy about but voted for it.

Platt said Miller sd he had talked with Cressinger & had persuaded him to vote for it.

On the Boston application Miller, while not opposing the increase through it

should be postponed until Congress adjourned as Congress would probably attack us on it!! He is moved to let it, and Cressinger voted with him but the others defeated it.

On the main motion Miller & Cressinger voted No and the others Aye. & it was carried.

Mitchell read a letter from Hill class B. director of Dallas urging quick action on matter of abatement of M. Agent. Platt said Newcomb had written asking to be relieved as quickly as possible.

Mitchell sd it lay between Tally & Collier. It was voted that the com. - Mitchell Platt and Cressinger report on Friday as to the best man.

At the D. Adv. C. meeting Mr R. L. Ball of Texas told me that Tally was by all odds the best man altho Collier was a "good fellow"; that he had endorsed Tally but was told he had no chance and that then he wrote Newcomb Collier; that there was no question but that Tally was the best man and that the abatement would eliminate Toler, which was behind Collier; that Tally had been told that if he would give the

credit on his apartment to the Reubens, -  
Krieger, he (Krieger) had said he could secure  
it but that Tully had declined.  
Culler is the man Mr. Handley wants,  
and I fear Cressinger will make a bluff  
on him. The Board has been telegraphed  
into politics indeed!

Mr. Bass told me Tully was a Republican.

Question of housing relief requirements for  
two St. Louis banks was taken but no action  
taken as Cressinger refused to vote thus thereby  
was leaving the necessary few abnormalities  
voters. See William told Platt he favored it but did not  
want to oppose Cressinger!

Nov 22. Thursday, Washington yesterday

Dined w. Mr. Bayard to meet Sen. & Mrs.  
Bayard.

Nov 23. Friday.

Work with Mr. Agard at Dallas. Cressinger said he  
should vote for Culler as would also McVay  
if convinced, but later intimated that he  
did not know what McVay would do.  
He evidently, however, felt sure that Culler  
being a truly political aspirant, McVay  
would vote with administration.

We all feared Cressinger would protest against  
any action before the new committee had  
come into their positions, but he did not.  
Miller raised all sorts of objections to  
Tully, whom the rest of us, except  
Cressinger, wanted, evidently seeking  
to carry over w. Cressinger. Finally  
Cressinger had to leave & it was agreed  
to meet at 3 P.M., but Miller said he  
could not come. I asked him if he  
would ask to have his vote recorded  
and he said, aside, he did not then  
know how he would vote, if at the  
meeting. Later he said that as between  
Culler & Tully he would have to vote  
for Tully. Finally we adjourned to  
10 am tomorrow.

Nov 24. Sat.

Long discussion over Culler & Tully.  
Mitchell had a report as chairman of  
the committee stating that Culler was an  
estimable gentleman but that his banking  
career was not conspicuous for  
ability and that, after careful investigation,  
he was satisfied he was not fit for  
the job, but that Tully was first

clan, basing some temperamental peculiarities which, however, he thought Tully could overcome.

In the discussion that ensued yesterday and today it was brought out that Callier was the nominee of the Texas Political Convention, that some revolution, I think, Crigler, had publicly announced a month ago, that Callier would have the job as a chairman if it were the Adams; that there were a number of telegrams from prominent bankers stating that Callier's appointment would be merely nominal. On the other hand, very discreetly of the N.A.S. of Dallas & Mr. Ball, of Ind. Adv. Council, said Tully should be appointed, and many prominent bankers, including Robinson of Los Angeles, (Miller's friend,) Green of San Francisco, sent telegrams to same effect. Miller still wobbled & finally said the committee had not done its work properly when they appointed Mitchell & Platt, who had been necessary fortuitously for over 6 months.

Finally, in view of the letter of the temporary N.A.S. asking to be relieved

at once, we felt it could not longer be delayed, and a majority felt the Com<sup>tee</sup> had fortuitously performed its work, and it voted, the vote being all on Tully, including Miller, except Crigler who voted on Callier. Crigler evidently remembered the committee incident and did not object to Pres. Harding, who as Mitchell said this morning had been ordered Crigler to secure Callier's appointment at the behest of Ben Crigler.

A second victory for the Fed in carrying out business principles & cutting politics over the head!

Nov 23. Monday

Dined w. Sen & Mrs. Andrew Jones.

The wife of a senator present told N.A.S. that Pr. Harding signed the order dismissing the Pres. of Improving & Printing employees late one night when intoxicated and was greatly pleased the next morning to learn what he had done. Pr. Harding has recently revoked the order of removal & has restored the employees to their civil service status but declines to put them back in their old positions! One of them is to see the President and

if he does, this lady said all the above will come out.

Nov 28. Wed.

Bertie + I gave a lunch to the Exec. Comm. of the Natl. Bank. Mr. Lowell, the Master, the Exec. Master of the Illinois Bank, Mr. Thompson of So. China, Maine + others came. To meet them we had Mr. Miller, the Sec. of the Treasury, Messrs Platt, East and Hoxton, Sec. of War, Mr. Clegg, Mr. Meyer, of War, Mr. Condit, of War, Mr. Condit, of War, the 3 members of Fed. Reserve Board and several agents, a lady representing the Intern. Institute of Agriculture w. office a Rome, Italy all made addresses (except Mr. Miller) and we had a very agreeable time.

Nov 2. Friday

Gave dinner to the Belgian ambassador + his wife + children.

Nov. 4. Sunday

Met Sen. Calder at a tea given by Int. Com. Com. McLeod at New Welland.

Calder said Sen. Coughlin objected to the nomination of McVay for Controller +

upon speaking at 10 am saying he should speak for 3 hours; Sen. King said if Coughlin did not use up all the time until adjournment he would. The committee was divided. Calder said Sen. Pepper changed his mind + voted to endorse McVay.

The count vote was 6 Aye + 5 No.

Those voting against nomination were:-

Sen. McLean (Rep.), Coughlin (Rep) Glass (Dem) Pommeroy (Dem) + Hitchcock (Dem)

Calder said Sen. Payne of Va. did not vote but that he told him that as a business Natl. Bank Pres. he felt McVay was not a fit man for Controller.

Calder said he hardly thought Pres. H. would give McVay a recess appointment; he added that he felt he was not a better man for the place but that he had promised the Pres. - at his urgent solicitation, to vote for him.

I am annoyed at Sen. Pepper; he went on.

The sub. came to Pres. Hardy + notified him that they could not vote for McVay + now he turns tail + votes for him!

Yet he said the Democrats will not smile

in voting against Newberry! His record on the L. of D  
was hypocritical.

CSA mediates, sorrowfully, that Peckham will  
avoid Tracy and Penrose as a machine  
volunteer.

One day last week, Berte was talking w. Mrs  
Peckham at a tea when Mrs Peckham came up and  
said, whenever I see you, I think of the  
sturdy way in which you brought on the L. of D.  
Berte quickly replied, - Be careful or you will  
have "Peckham" thrown into your eyes! all companies  
and Mrs Peckham said that her husband was  
changing his views of the L. of D; that he  
felt it was doing good work along the  
lines of better public health and social  
questions where it had no power and many  
made recommendations to it! Perhaps the Senator  
is getting ready to "blow" or in line just  
done in McNary's case.

Nov 6. Tuesday

Application of State Bd of Italy for permission  
for the State Bank of Italy to purchase 1st  
Nat. Bd of the Center, Calif, under an agreement w.  
stateholders of the center on subject to approval  
of State Banking Dept & M Board.

1st Nat. of Center, Calif + surplus \$220,000 and assets  
2 millions.

No approval by M Board nor disapproval.

Bd voted that as at present advised it would  
not approve turning above branch bank into  
a branch and it would not approve the  
purchase.

The Bd based its refusal principally on  
the ground that it would not consent  
to Bd of Italy going 7 or 800 miles down into  
the Imperial valley into territory naturally  
territory to the Los Angeles banks, one of  
wh. already had a branch in the center, as  
it would certainly lead to consolidation  
in part of Los Angeles banks.

CSA voted w. majority, but on ground that  
M Board did not approve the application  
& that it would prob. influence the desirability  
of examination - the question, being still  
pending.

CSA said he doubted power of Board,

under the power to impose conditions of admission to regulate the broad question of policy whether the banks e.g. of San Francisco should be allowed to invade territory e.g. of Los Angeles, and reserved right to vote on this question when it came up specifically.

5 P.M. Sen Glass called.

Spoke in rather contemptuous terms of Sen. Peckler for his efforts to secure McNary's confirmation. Said that Sen. Water called Dr Harding on telephone & told him there was hardly a single senator, Rep. or Dem., who believed McNary a bit more or completely & urged him to withdraw it, but that Dr Harding said he absolutely declined to do so and that the Senators must just stick bills up to the saw.

Glass also said he believed John Speltin well known to be an unpunished scoundrel, and that he had prepared a sketch showing him in his unrepentant way told Sen Beveridge of them, and he told Sen Heblin, who then went to the floor and talked ) hours up to nearly the close of the session, & then cutting him out.

Glass said that he thought that Campbell, the dead farmer was a much better man than Cresswell; that Cresswell evidently was a shrewd politician as he had obtained the support of Sen. Heblin, & that he had heard that Cresswell had said that he did not approve of Gov. Harding & the Bds record. Glass said he feared C. had made promises as to his future action.

Mon 9. Monday

Dr Harding called & took lunch with me.

He told me that the Cuban Govt was to ask U.S. to ask the Ind. N. RR of Boston to establish an agency in Havana to buy and sell bills, cable transfers etc and to furnish U.S. money which is legal tender in Cuba. (The Cuban silver dollar is also legal tender but of same fineness etc as our silver dollar.)

He also said that he had gone over this with Dr Miller who approved of it.

CRP told me, without committing himself, it seemed a good thing & desirable, especially if the Cuban Govt should ask the State Dept to ask the N. RR of Boston to do it; that he should approve

no opinion as to whether the Boston Co. or some other Mbk or all the local jointly should establish it.

Mr H. said Comy said he would establish a branch in Havana if this were done & that he was enthusiastically in favor of it, as was also Gen. Crowder who asked him to come to Wash. today to meet a Cuban & confer as to it.

Mr H. said the only difficulty was as to M. Water of office from the Boston bank, - whether if paid in to the Agency they must be sent at once to U.S. to Bk of Issue or redeemable. He said he thought not as they are legal tender in Cuba, although he said the Council of Mbk of Boston said he could not determine this & put it up.

Mr H. wishes to have law carefully looked up on this.

He also said he had seen Miller who at first thought the Mbk of N.Y. would object; that he told him it could be written not to give N.Y. anything & that Miller said that there was much all being done rapidly in N.C. & he

thought it would be well to do this and that he would favor it.

He also said the Cuban Govt were to enact a law whereby that the Managers of the new Cuban Co. must be chosen by those members of the Fed. R. Board who had served continuously for 5 years, wh. would include Mr H. Miller & not only.

Mr H. doubted policy of this and jokingly said that the act had better provide in addition, - "and who graduated at Harvard, lived in Ill. and had had their testicles glands cut out"

Nov. 13.

Mitchell says he has made up his mind to resign from the Bd., which he tent. it temporarily on the ground of necessity on attention to his private affairs, he shows very freely of his disgust at the Administration's political interference with the Bd., Esce. w. reference to Kane City (Comptroller) and Tallar (collier)

He said he would do nothing on the present but would go West for a month or so to attend to personal matters.



Mar. 14.

Wash Post prints an alphabetical list taken from program of an assisted Wash. Govt league of people in Wash. - evidently those on whom he was purchasing liquor, altho not so stated.

Anna says she was told by a friend in state Dept that Pr. Harding, Sec. Weeks, and Edw. McLean (owner of Post) were also on the list but were suppressed.

Among those printed were Cong. Hill of Balto, An. Sec. Bliss of state Dept. Mr. Thum, and many other prominent people.

The boot legger made an affidavit that the list could mean to whom he looked to sell automobiles which made all Wash. smile!

Two dinner to Amb. Hambara -

Sam Auden came to the dinner well loaded up & before he left was quite full. After dinner he ordered one Maid, w. out sheeny to Bertie, to buy whiskey & soda into the trunk & he sat there soaking himself. He made a very spectacle.

Mar 16.

left 7 P.M. on Cleveland to attend funeral of Neddie Goff, Pres of Central Trust Co. and formerly of Capital Issues Com. Washburn also was there and we were both temporary ball players.

Aug. 17 Examined new Mt. Bank Building; - a beautiful building but very large. V. Priddy <sup>member (?)</sup> of Bt. R.R. who attended funeral, invited me to ride back with him. I exchanged my RR ticket and lower berth on Pa RR to Bt. R.R. and road home with him, I of course, buying the regular fare.

Mar. 16. Friday

Bd voted not to approve letting of contracts on Little Rock, Ark. Branch Bank.

Two Platt & Cist voted to interpose no objection but Cressinger, Miller & Combs voted to disapprove.

An objection of Cist Miller was actuated by fact that he originally was against a Branch bank at Little Rock, in 1918 when it was granted.

Cist told Bd he was satisfied of the necessity of a Branch there in 1918 when

we voted on it, and believed the same necessity existed now, and also that the report of the secret service as to the condition of the present vaults showed a present necessity.

Mar 19. Mond.

Ad voted for a stunt as to necessity of suspending building construction in Branch bank buildings, in view of present high prices, in conn. with sending out its disapproval of the Little Rock Branch.

CRS did not vote against this stating to Ad that his opinion as to necessity of a bank building at Little Rock was unchanged.

CRS urged the Board to state that it would interfere no objection to Little Rock building but that directors should carefully consider wh. it would not be wise to suspend the matter in view of high cost of construction, but no member moved to reconsider former vote & CRS could not as he had voted against it.

There were 2 sections of policy - Miller & Campbell.

Campbell offered a resolution giving as a

reason for suspension of building construction the disparity in prices of farm products and other prices. There was too much for Dr Miller who mildly deprecated such a measure & Campbell finally withdrew his resolution & voted for Miller.

CRS fears that Campbell may cause trouble in the future.

CRS warned Ad that by disapproving the Little Rock building it now assumes responsibility for all other buildings in the past, but if we have the positive power to disapprove now, we have always had it.

Mar 22. Thursday

Mr. Campbell (Miss D) of the National, dropped dead at the Columbia Country Club house, where he had been playing golf with Sen. Townsend of Michigan.

Mar 24. Sat.

Some days ago, Mr Eddy, told me that the new act sec. of the Treasury, Mr <sup>Moss</sup> House of Rep., wanted the picture of Sec. Carlisle in my room. I told Eddy that I had much sentiment about this picture, as I had served under Carlisle 4 years, but that, of course, I realized that all of the pictures belonged to the Treasury, and if Mr House insisted, of course I could not and should not offer any objection.

This morning Eddy said that House's secretary, a new man - told him that House wished to have the picture, and I accordingly told him to have it transferred.

In a new act sec. to act in this way is certainly most discourteous; he might at least have called & made his request in person.

Mar 25. Sunday

Anna said she met Gilbert at dinner & told him about Moss, and he said it was most odd, that Moss had nothing to do w. the pictures as chief clerk was under Wadsworth.

Mar 26

Monday

Gilbert tells me he has mailed an order that Sec Carlisle's picture remain in Mr's room.

Tuesday

Dinner w. Eddy at Met Club

Sec Hoover delivered an address, saying; -

that approx. exports will shortly fall off, as Russia will soon export grain; that only trade of farmers is in excess of the total; that while we had a favor. bal. of trade in specific commodities. in 1922, the invisible balance was greatly against us and was unbalanced by some 500 million; that exports of Hubbs articles would not increase much; that imports would not increase much but were increasing for so. Amer. countries; that probably we are near an unbal. balance in specific commodities as opposed to invisible items; that gold would probably shortly begin to be exported; that it was vital that the 1 billion of gold received by us since 1920 be not used as basis of credit

of housing etc etc.

also said that his circular advising suspension of Govt contracts for building purposes was not based on belief that there was any present inflation in building trade; that there was a great demand & great need for further construction of houses, RM equipment etc etc

He also discussed his plan for separating reserves as to deposits & RM Notes.

COA said the 1 billion of gold was a condition, not a theory & must be treated as such; that while he favored separating the reserves, he felt there was merely a qualification, and that the Board must have courage to meet the situation and hold any speculation wh. may appear in check, using disc. rates when nec.; that he favored recent measure as a means of berley the mouth of the market; that he was averse, <sup>especially in times of large reserves,</sup> to putting wh. disc. rates on a merchant who needed credit on a nec. commodity merely bec. his neighbor was speculating in some other commodity; that what was needed in the first instance, at least,

was direct action of London base to keep speculative activities under control; that this was done by M. of Cleveland wh. kept a 6% disc. rate during war, supplemented by direct supervision over its M. ops; that when such direct supervision got out of hand, the M. Board must have courage to meet the situation thro the disc. rate, no matter how high one reserves suspect be; that wh. we should announce this as our policy, as the economists seemed to wish, was a question to be considered but that we should, in any event, act on that policy.

Crittenden agreed w. COA as to necessity of direct action by M. ops.

Ev. Hardy told COA that direct action could do much, in spite of the contrary opinion of N.Y; that he had used it recently in Int. U. Co. in Porto and that the next day it reduced its advances by \$500,000 dollars.

Nov 27. Thursday

Mr Lobdell, of Farm Loan Board, issued a circular as to its policy under amended law - Llewellyn bill. It thinks it discouraged 3 year loans, advocated formation of subsidiary banks on loaning turpentine, etc etc.

Under Sec. Gilbert wrote a very courteous letter to Lobdell asking by what right the Board issued such a circular, so completely in disregard with the policies of the Treasury & the Compt. of the Currency, & practically forbidding action w further announcements without the approval of Sec. Mellon.

Lobdell at once wrote an equally courteous letter stating that Sec. Mellon altho a Member & Chairman, had only 1 vote and that the Board fixed its own policies etc etc

Gilbert at once returned the letter stating it was so impolite he did not care to keep it in the files.

an analysis of the correspondence follows;

The <sup>Farm Loan</sup> Bd. Board has general supervision of the <sup>1911</sup> Fed. Farm Loan Bureau which is declared by the Fed Farm Loan Act, Sec 3, to be a Bureau of the Treasury Dept.

The Farm Loan Board is in the same as the Compt. of the Currency, i.e. Bureau chiefs.

The Compt. of Cur. Sec 10 of MFA Act makes Compt. Chief Officer of the Bureau, under general supervision of MBoard as to MNotes, and it also says he "shall perform his duties under the general direction of the Sec. of the Treasury".

The Fed Farm Loan Act creates the Fed. Farm Loan Bureau, "under the general supervision of a Fed. Farm Loan Board."

The Sec of Treasury is made a member and Chairman, ex officio, but nothing is said as to any general supervision by the Sec. of Treasury

Farm Loan Board.

minutes. Dec 12, 1923

a) No loans were to be made by intermediate credit banks, for the present, on larger than 9 months

o) Nat. agree, credit contracts have no relation to the intermediate credit banks and can not redress with them.

circulan. Mar 22. 1923

discourage country banks redressing with intermediate credit banks, on long term trade advice organized by country banks, of loaning corpora, under state laws with bond in cash. of \$10,000 + ab, to be obtained and served by officers & employees of the country banks, w. out of hand.

say that, having no deposits they could safely redress up to 5 or 6 times their capital....

then would take the long term trade out of the country banks which ought not to carry it....

Gilbert, Under Sec to Lobdell. Mar 23. 1923

as to circular of Mar 22

say suggestion of opening state loaning banks is "entirely out of harmony w. policy of combt. of cur. which has consistently disapproved similar suggestions for years back

asked Jan loan Bd to state what it had in mind in issuing such a statement,

and how it could be issued w. out consultation with w. combt. or Sec of T.

say, Mr. Jan loan Board, in future should first submit all proposed statements of policy to Sec. of Treasury for his approval as by Officers chairman. "I wish you would take steps to see that this procedure is followed in the future."

Lobdell to Gilbert. Mar 26. 1923

your note touching statement issued by authority of Jan loan Board on Mar 22, falls on me.... I do not recog. your right to ask Board what it had in mind or to give direction as to its future policies.

You are not a member & have no voice in its deliberations or responsibility for its policies

The Jan loan Board is not a group of automotons, but an independent organization... we recognize no superior authority except the President of U.S.

say when Sec. of Treasury is only one member, with one vote & without power to override its final conclusions in remote contingency that they are at variance with the own.

As you have any different idea of our status, the question may as well be settled. The chance of improbably and discourtesy of Gilbert's letter.

Says Fed has never intentionally been discourteous to Sec. of Treas. and has never and will not promulgate a general policy without the fullest consultation with him, and repeats it is not now. to have more frequently the benefit of his wish, pending judgment. The Board certainly will not, - promulgating Rules + Regulations, or Intermed. credit banks, take any action as to relation of Natl banks to such institutions wh. does not have the concurrence of Compt. of Curr.

Gilbert to Hobdell. Mar 26. '23

"The communication which you sent me this morning is one that I can not consent to receive, and I am accordingly returning it herewith."

The question is one not over our doubt. It may be contended that in Burman under Treasury the statute usually gives Sec. Treasurer of control. E.g.

a) Comr of Bur. of Inv. "Under direction of Sec. of T."

U.S.R.S. Sec 321

b) Director of Bureau of Mint.

"Under the general direction of Sec. of T."

U.S.R.S. Sec 343

c) Director of Bur. of Inf. + Printing

"Subj. to direction of Sec. of T." act June 4. 1897. c. 251

d) Comr of Bureau of Navys.

"Under direction of S. of T." act July 5. 84. c. 221 51

e) Dept House Board

shall be attached to office of Sec. of T. and under the superintendence shall discharge all administrative duties etc

U.S.R.S. Sec 4658

The fact that the Farm Loan Act gives no such transfer to Sec. of T. will be cited as argument that no such supervisory power was intended to be given.

Clearly, however, the Farm Loan Board should not have advised Natl banks not to use the new Inter. credit bank, nor should it have advised them to begin subsidiary state banks in violation of the policy of the Compt. of Curr. and, I assume, of the Natl Bank Act.

The Gen Counsel of the War Dep. certainly also wrote Gilbert denouncing the ruling that the Agric. credit bank could not reduce w. the Inter. credit bank, - a knowledge given to all

state law and all state agree, under law.

Crumpler intimated to me that this construction was made available by somebody misplacing a comma in the new bill.

Mar 27. Thursday

Board met with Ews.

discussed 3% reserve against special savings deposits. Finally Ews voted against changing present regulation v.c. against allowing a 3% reserve. The vote was 7 to 5.

Ews, Calhoun, Harris, McDaniel, Ewing and Harding voted in favor of the 3% reserve.

Ews says argued in conference on the 3% reserve, but voted against it.

The question put to the Governor was, assuming that the Board has power to permit the 3% reserve, should it, in exercise of its discretion, do so.

discussed proposed open market circular opportunity a central course to leave general change of open market purch. & purch. of Govt securities, also laying down principle that the object in the money market should be primarily considered.

Ews Harding objected to preamble stating that Board had authority to regulate

amount of open market purchases a Board can make. He said Ews agreed entirely as to the policy laid down, on present conditions, but denied power of Board, in general principles, to regulate the amount, and he suggested leaving out the preamble asserting the report.

Ews H. said there was nothing in Act author. Bd to regulate amount of Govt securities as Sec 13 & 14 merely gave Bd power as to bills & acceptances.

Much was said about the McBank not being created for profit and some said it would be a good thing if some of the Banks had to operate at a loss.

CHA said the figures of the Bd showed that the Banks had earned expenses & dividends in 1922 with 400 millions less of earning assets & that this excess affected the money market; that he voted for the proposed circular for reason that the proposed course was wise & would not conflict with nec. earnings; that while he believed the Board had regulatory power, in a general way, over all open market purchases, yet he was satisfied that the Bd had no power, by regulation or otherwise, to force any McBank to do



business at a loss, i.e. to live on its surplus, and he ruled the intent of Congress was to create virtue, living, and not emergency loans wh. should certainly cover their overhead expenses, and perhaps their dividends, whatever the effect on the money market might be.

It was pointed out by Gov. Harding that these reports should not affect right of Fed to buy assets. Fully in spite of their own dissent, as in such case, the whole matter would be centralized in N.Y. building it up at expense of other districts. It seemed to be generally accepted by Fed & Gov that above objection was proper.

No formal action taken.

Combrune also took up gold question.

Gov wanted each Bd & Fed to issue a bond note to wisely stand to object that we held 1 billion dollars of gold rally, as it were, in limit to buy it back at perhaps no distant date to Europe, and that the real gold reserve was smaller than it seemed.

Dr Miller readily objected to this and favored showing separately the actual reserves vs deposits & M.N. but when Gov H. said he feared this would startle the public he at once said it would & practically withdrew his suggestion. His amended list for Miller had been passing this on 2 or 3 weeks, also some years ago, & had about satisfied Cdt as to its wisdom, but the minute the plan was attacked he got cold feet just as he did years ago.

April 3.

Bd took action towards sending out to Mpls its statement as to when best policy in the purchase of bills & Gov securities through a central bank, as discussed w. Gov.

Cdt moved to reconsider the form of the statement by omitting the whole passage stating the power of the Bd, along the lines suggested by Gov Harding at the meeting. Cdt said they added nothing as the circular etc implied that the Bd had authority. Motion to reconsider resulted in a tie; Cdt & Platt, Yr, Miller & Cresswell No, and Motion was lost.

Cdt feels there is much doubt how far

the Bd. can go on limiting the amount of such purchases, and that the circular was voted on with little or no consideration of such power.

April 4

at meeting today the advisability of continuing the practice in part of Mbs of buying cost of transfer of bonds was considered.

Edt pointed out that if Mbs could not buy this expense the M-clearing system would collapse. "Crucial at once indeed," that would be the salvation of the M system!"

Apparently the exchange problem has got hold of currency, and trouble is brewing.

Bd also considered matter of reporting sek. reserves on deb. & M.V. on weekly stmt.

Heller gave a long lecture about M system, and said we had never imposed any limits in issue of M Notes but had left it to the M Agents who had pumped Notes into the circulation with reckless disregard of all banking principles; that we had never refused an application etc etc; that the Gov & M.A. knew nothing etc etc; that if he were a practical banker he would never think of joining the M System as at present administered etc etc.

Heller did not seem to realize that he was indicating troubles more than any we did by this sort of rubbish. I fear I may be tempted to reply somewhat vigorously to him some day.

April 7. Sat.

Special meeting to consider application of Chicago to increase all rates to 5%. See Heller was present. After a long discussion the Board felt that the matter should wait awhile & that the best course would be for the Board to liquidate its holdings of U.S. Bonds, Notes & Certificates first. Heller offered a resolution suggesting to all Mbs, before increasing rates to liquidate its holdings of U.S. Securities and also to allow accch. when not holdings to run off & to put up buying rates. Edt objected as to the accch. resolution and pointed out that the total carrying assets of Chicago bank had increased 31 million since Jan 4; that if the Bd liquidated all of its holdings in Govt Sec. it would draw in from market: - U.S. Bonds & Notes, 7.7 million; U.S. Certs 35.7 million, a total of 43.3 million, which would make the total carrying assets 145.1 or 5.5 million less than

the 150.6 used Jan. 4; that such a withdrawal from market would be amply without interfering w. other market operations in Bills.

The Board, however, voted on the resolution.

The Chicago request was laid on table pending reply from Bk to above resolution.

The Board felt that it was not sure that production had yet reached its peak - Chicago, and it had no evidence of any speculation in commodities.

The Mbrs of Boston asked for approval of an increase in rate on 9 months apic notes to 5%, as in principle this maturity warranted a higher rate.

While 4 other Mbrs have lent in the same rate on shorter maturities, and while the discts of apic. paper, of all maturities, were small in Boston, the Bd did not feel it ought to override the wishes of the Bk and  $\therefore$  approved it.

Mr Platt spoke of the application of Boston to establish an Agency in Cuba.

Sec. Miller said he did not object but the Board N.Y. would. No action was taken.

Mr H wrote with a personal letter on this, discussing certain legal questions as to the relationship of such an Agency, if permitted, to the other Mbrs, and sent it to Platt suggesting that our Council look it over.

April 10. Tuesday

Long discussion as to the center bank - Bk of Italy. Cst moved to notify Mr Adoo, in answer to his written telegram saying that he would agree that approval of negotiations by Treasurer would not commit Board in any way as to whether later it would admit it as a Branch; - that the Bd consented to the Treasurer on understanding that it was not committed as to any future application for a Branch.

Repealed: Platt & Cst. agr. Cramer & Miller.

No.

Finally it was decided to inform Mr Cramer that Board's decision remained unchanged. Miller claimed that by this refusal of Board to reconsider - as made by Cst

last week, the Bd had decided the question of  
policy as to spheres of influence etc. COT &  
Platt said we had not decided this.

COT then made a motion (see Ser. 1311) that the Board in determining as to branches would consider a) the need of the territory for banking facilities (if branch = de novo) or for increased facilities (if branch = voluntary purchase of an existing one), b) the effect of the proposed branch on condition of parent bank, but would not undertake to regulate Br. br. policy by laying down territorial limits as to spheres of influence, but would accept the policy of the State w. regard thereto, as determined by the State authorities.

COT asked that the above motion be considered unopposed business to be voted on when we had a more nearly full Board.  
This was agreed to.

April 12. Thursday

Washburn was in town & Gov Platt asked him to go before Board and discuss the resolution sent to MRB of Chicago as to selling its Gov securities & withdrawing from other flat as to Bills letting existing Bills run off, before acting for res. in direct rates.

Washburn said if Bd felt it well to increase rates it should do so but he did not favor ordering sale of Gov Sec. or withdrawing from other flat.

He made the point, - as did Gov Platt the other day that a Fed R. br had a right to keep invested in the other flat an amount equal to its cash & surplus, that this was not imbalanced as this cash & surpl. was withdrawn orig. from the flat and the investment of it merely restored the same amt to the flat.

He was strenuous against allowing Gov other flat as to purch. of Bills, while as a rule by all banks, and he said COT was right in saying that there was a fundamental difference bet. putting money into circulation by a) buying Gov Sec. and Bills; that money kept out by b) want to remain,

to and a general business transaction, while in case of a) no one else had where it might go, e.g. to be loaned on Wall St. etc.

Dr Miller said many speculative transactions had been bloated thru acceptances, but COT believed that this did not affect the general principle that money used in purchasing bills normally went to finance a business transaction. COT also pointed out that 90 day Notes secured by Govt Secs. could be & often were used for purely specul. purposes, but that Fed had ruled that the M'banks could assume that such paper was issued to carry a trade in U.S. Bonds.

COT said that broadly the associates seemed to be trying to find an excuse for not raising disc. rates by widening money for the Fed by sale of carrying assets & thus indirectly accomplishing the same result, but, he said, this would not prevent the Fed. from raising disc. rates or, at least, only for a short time; that widening money from the Fed would tend to raise when market rates changed to customer & that this would widen

the gap bet. M. disc. rates & customer rates thus forcing us to shorten the gap by raising our rates, unless we were prepared to stand by & lose all control over the situation, and that if, <sup>instead of money from Fed</sup> raising ~~disc.~~ rates made the Box increase their interests, we should then have to raise our rates if we felt any credit control or restriction was necessary.

COT also said that in his opinion the Fed - by the resolution - being in doubt wh. rates should be raised, was deliberately creating a confusion, wh. might not ~~be~~ <sup>exist</sup> ~~at~~ once ~~now~~, - which would necessitate the raising of rates in near future. Wainwright said he agreed to this.

COT asked Dr Miller why the Treasury was so desirous of having the M'banks sell the Govt Sec. holdings & Miller said that the purchase of such Secs. by pouring money into the Fed, disturbed it & made it difficult for Treasury to know just what rates the Fed needed to absorb these certificates; that the last week was now below Par.

COT is convinced that the Treasury is trying to tighten the money market to

depress prices & thus buy about a return to  
 him of credit. Certificates held in trusts making  
 money scarce will raise interest rates and  
 perhaps force the Treasury to tent in a  
 higher rate for the next issue, w. the  
 possible use. for redeeming all credits now  
 outstanding wh. are below par.

April 14. H.H.H. & Anna sail on Volundian

April 18. Wed.

Apr 19 Thursday

Prof. Frank Taussig called & I brought him into Board  
 meeting where he talked and answered questions  
 on our line; on Thursday he lunched w.  
 me and had a talk in my room with Platt  
 and myself.

Taussig said that he did not favor a public  
 announcement of our rate policy, as did the  
 Boston economist, Straup etc; that the  
 secrecy of rate making was not exact; that  
 any statement we might make would be  
 surely criticized by economists; that he  
 believed we should study production, prices  
 in relation to production, speculation in commod-  
 -ities, speculation on stock market, supply  
 of labor etc etc; that we had no exact  
 knowledge of production, at least as to  
 the many industries built up in the

boundaries of the base industries; that all we could  
 do was to watch carefully & be ready to act at  
 any time in way of increasing rates; that  
 while it looked to him as if the time might  
 be near at hand for an increase he was not  
 prepared to say it had yet arrived and he  
 could only advise watchful waiting; that he  
 felt that the present gap bet. our discount  
 rates and customer rates was too great and  
 might have to be closed in the near future;  
 that the tariff in its relation to the recent  
 increase of prices was irrelevant except  
 in case of wool; that even sugar was not  
 much above the war prices; that prices  
 would not fall much below present levels  
 for the next 5 years, largely owing to the  
 labor monopoly caused by the immigration  
 law; that he saw no objection to stating  
 separately the reserve ratios against deposits  
 and Notes; that he did not believe it was  
 to amend the Mact so as to make Notes  
 issuable only against com. notes; that  
 all gold held by Mbon whether in vault  
 or w. FR Agent, should be included in Mbon  
 assets and all Notes in their liabilities.  
 Platt asked him as to policy of Mbon gradually  
 going out of other market by selling them

holdings of Govt securities. T. said he saw no reason for doing this as we had withdrawn money market on Cash & Surplus, over 300 millions & purchase of securities merely restored money previously withdrawn; that this was not inflation.

Platt indicated to him the Treasury policy of having us get out of open market bid. & interbore w Treasury sales of securities. T. was very much shocked at this. He said that the Treasury should acknowledge the fact as it bound it & not attempt in any way to interbore with it. So far as Treasury policy was concerned he was strongly of opinion that Board should not artificially manipulate the market to help the Treasury.

Est. told him he agreed absolutely, but that he was willing temporarily to leave the M.B. lower than holdings of Gov. securities because of the peculiar conditions at present time but that on the whole yes it was plainly the duty of the M.B. to care them over head of interest & dividends whatever the effect on the market or the Treasury might be.

T. agreed with this.

T. finally said the only suggestion he could make was that some members of the Board might

in some address stress the point that the present high yields were not an adequate indicator of credit conditions, as the streets in the M.Bulletin to this effect were too misleading. T. said he did not agree w. Hoover that gold exports were likely to start in in any large amount in the near future.

June 20. Friday

Dr. Wells called. He said that Gen. Wood's interest in the war debt was a beautiful able official and had managed Philippine matters well; that he might be a little hesitant in acting but this was probably for reason that he had to have his orders all approved by the Sec. of War; that he believed firmly that Gen. Wood wanted the interest omitted & was intrigued to bring this about; that a resolution was offered in a meeting of the Phil. Ch. of Commerce in N.Y. censuring the interest which Wells believed was started by Gen. Wood.

Wells said it might be that the interest had done some things which might be open to criticism in management of the relief funds, the whole trouble started with Forbell who when Gen. Wood used some of the money to build roads.

Wells said the Philippine Bank was all right while he was President of it; that under Harrison it made bad loans and got into a bad condition; that Harrison was personally honest, but of bad moral character; that he did not unload immunity politicians in the Islands; that his weakness lay to such that he did not discharge incompetent and corrupt native officials; that Sec. Weeks sent for him two years ago; that he advised him to send out as head of the Bank some able banker; that a man named Wilson (?) was sent out who managed the Bank well; that he gave the same advice to Sec. Baker who ignored it; that Sec. Baker was directly responsible for the bad condition in the Bank; that these conditions were bad today but not as bad as formerly; that Justice in his report with Wood said conditions there burned me of the blackest checks in the history of banking; that they were bad but no worse than conditions in many U.S. banks e.g. Guaranty Trust Co etc.; that he had not made up his mind yet as to wh. the Bk should be dissolved; that if it were it would give a monopoly to the foreign banks there; that undoubtedly the Bk had helped the Filipinos.

Edt at once called up Asst Sec of Loan Bureau & told him Wells was here & would be glad to go over & talk to Sec. Weeks if he wished to see him; that later down letterhead Edt that Sec. Weeks was getting ready to start out on the Isthmus of Panama, (Edt thinks this was the place) and thought the matter could not be the present, perhaps until Fall; that Edt told this to Wells who thereupon went back to N.Y.

Wells talked with Edt as to clearing of checks: He said we now had a system of half clearing & half collecting; that he was firmly of belief that we could safely turn it into a genuine clearing system by means of letting the banks of checks charged against their reserve balances.

Edt asked him if a bank had not a legal right to examine a check to see e.g. if the signature was genuine before being called on to pay it. He said Edt had so advised the Board and that he thought his opinion was correct as matter of law & that i. nothing should be done except by voluntary agreement or enactment of law which he said nothing about favoring Wells' proposal of the 3% reserve on savings.



deposits. Wells said savings acct. in sec 19 had reference only to Natl bank in bank instance; that the Natl banks felt the reserve, 18, 134 10% were too high; that they told congress that they had large dormant deposits wh. were rarely checked against & were in some savings acct. & that they should carry a lower reserve & finally congress gave a Res. of 5% later lowered to 3%; that finally cong. in sec 27 provided for separate savings depts on Natl banks w. sep. assets, their own etc wh. the senate struck out; that he saw no reason why the regulations as to Natl banks & state savings depts should not be identical; that as to Natl banks if checks were submitted the same reserve should be made as against com. deposits as all deposits, com. & savings, went into a common fund to be loaned commercially; whereas in Calif. state banks all savings deposits were segregated & limited as to investment & that such segregation & limits were the cause of savings accounts; that he saw no reason why the Board in its discretion, if it deemed a 3% reserve adequate, should not permit such reserve, when

the bank had right to require notice & present of Pass bk., when this in practice it would then right and permitted use of checks stamped so as to be subject to this right at any time in discretion of the Board.

Platt today sent a letter to Sec of Treasury pointing out that Mbs's investments in Govt sec. had fallen from 603+ millions on May 31 1922 to 239+ million on Apr 4, 1923; a decline of 355+ millions; that of the 239 millions held Apr 4, 10 millions were held under irrevocable agreements, and 39 millions were holdings of Govt bonds nearly all bought before the war under Sec. 18, some of wh. bear circulation privilege and others converted into 3% bonds; subtracting these only 189.5 millions are left as investments by Mbs, of which 34 millions are Dec. 1923 maturities, 2 million Mar 15, 1924 maturities & the balance, 117.5 millions are Treasury Notes.

Platt further pointed out that since May 17, 1922 Mbs have sold 14 millions of U.S. Bonds bearing the circulation privilege, wh. in his opinion, they should not have done as it would tend to

equal amt of Natl bank Notes into circulation.  
Platt said above figures show a pretty  
drastic depletion.

Platt pointed out that the cash & surplus,  
327 millions had been withdrawn from the money  
market and that the MBSs have 137.4 millions  
invested in Govt Secs less the item cash &  
surplus, ∴ these investments were not  
depleted.

Platt said the MBSs had agreed to see to  
maintain its Sept 15<sup>th</sup> maturities which would  
leave them with only 153 millions invested  
in Govt. Secs & Notes.

Platt said he favored considering 153 millions  
as a minimum and 350 millions as a  
maximum.

Platt added that purchase of Bills of 4th  
in open market so directly, presumably,  
to purchase a business transaction and all,  
∴ very different from investments in  
Govt securities, in their effect on the money  
market.

Platt said he talked Sec. Mullen today  
as to above & he said he agreed with  
him on every point.

April 20.

James Brown Scott, sec. of the Carnegie ~~Foundation~~  
endowment for Intern. Peace, writes <sup>in Apr 23</sup> ~~that~~  
at the annual meeting of the Bd of Trustees  
held April 20, he was elected a trustee, and  
did by letter of Apr. 23, accept.

28

Mitchell said Pres H. had accepted his  
resignation to take effect May 12 and showed  
me a very flattering letter from Pr. H. praising  
of his distinguished service etc. He also said  
he saw Pr H yesterday, I think, and after  
a few minutes later Mitchell said that he  
felt he had done some things which on the  
Board which Pr H had not approved of;  
that Pr H said he had been greatly  
disturbed because the Bd had declined to  
carry out his recommendations, evidently thinking  
or appearing to think that he was the  
authoritative power on the M. System; that  
he had promised the class C directors  
at Cleveland to Mullen which the  
Board accepted Knight in full knowledge  
of Pr H's wish; he also spoke of our  
not appointing Leffingwell in NY: he  
admitted that our attempt of Ford at

Kar city was a good one, but such matters are to  
be expected.

Mitchell explained to me that the Board had  
not reappointed Wolfe of Cleveland bec. of  
alleged unfair attacks on Pr H (circulating the  
Negro rumor, I think) & Pr H said he would  
have been very sorry had we appointed Wolfe.  
As to Leffingwell, see Miller & the whole  
Board wanted to appoint him & C. S. especially  
as an offset to Irving, but L. was counsel  
for a number of Bk's &, as C. S. remembers,  
finally L. himself decided he did not accept  
& still act for Banks.

Mitchell said Christian, Pr H's secretary, had  
filled up Pr H with ideas that he had power  
to make all MN apply, & that in his  
opinion Christian was a "stumper"!

April 30. Monday

Heard an establishment of an agency of the Mbk of  
Boston at Havana, Cuba. Present, Irving Harding, Norris  
Willson & J. M. Apple McCard. & det. Ir case of N. Y.  
Irving H. opened the discussion saying that Gen Crowder  
held it vitally important to have such an Agency  
established; that the State Dept offered no  
objection; that the Cuban Govt had invited the  
Bank to establish such an Agency; that the U.S.  
through the Platt amendment was deeply  
interested in Cuba; that almost the entire  
circulation of money in Cuba was American  
currency, there being no Cuban bank notes,  
no central bank, and a few Cuban silver  
dollars of small weight and bullion in use;  
that the holder U.S. money then converted  
supply of Natl Bank Notes and probably be  
40 to 50 millions of MN Notes, supply of the  
Atlanta bank; that the establishment of  
a Mbk agency would be of great help to  
amer. bus in Cuba in that they could  
buy & sell cable transfers through the  
agency, thus obtaining short cash and that  
the agency would be of great help in  
keeping up the quality of the Cuban  
currency, especially MN notes, now in  
poorly condition; that 7/10th of Cuba's business

trade was with the U.S. but that the Royal Bank of Canada did 50% of the banking business; that Cuba did not allow its banks to issue Notes and that the central banking system arranged for by Gen Crowder & Amiel had broken through; that following the establishment of such an Agency he believed many more banks would establish branches in Cuba in aid of Amer. commerce; that Boston was greatly interested in developing its trade with Cuba & had regular S.S. service there; that Boston was a lender decided and better situated to buy & sell cable transfers - wh. he estimated would amount to between 2 & 300 million yearly, than the Atlanta bank; that Boston's business lay in developing its sea commerce; that its directors were unanimously & enthusiastically in favor of such an Agency; that Curtis, Bullen & Washburn had studied the situation in Havana; that the M<sup>ns</sup> of Atlanta's district had the largest population of any district; that it needed all its resources for its own development.

Mr. Noyes said his bank did not desire an Agency on itself but he favored some

Agency of the M<sup>ns</sup> System in Cuba.

Mr. Wellbourn opposed a Boston Agency, saying that there were probably 40 millions of its M<sup>ns</sup> Notes in circulation in Havana but that if Boston were given the Agency these notes would gradually be displaced by Boston notes and the Bank would lose the gold against which the M<sup>ns</sup> Notes were originally put into circulation in Cuba; that his district had an enormous business w. Cuba; - vastly greater than Boston; that his directors had advised on an Agency in Cuba in 1921 wh. was declined by the M<sup>ns</sup> Board.

Mr. Harding replied that the bulk of the export traffic was from other parts of the U.S. through the Atlanta district and not from it; that the size of the ship traffic was caused by fact that there was no direct a berry service bet. Havana & U.S.; that tobacco was the principal import; that so far as handling and M<sup>ns</sup> Notes was concerned his bank would be willing to put out only Atlanta M<sup>ns</sup> Notes or Notes of other M<sup>ns</sup> which wished to participate. Mr. Cook deprecated permission to a M<sup>ns</sup> to establish an Agency in complete with one Member bank, and spoke of

was in a hurry with view of exchange fluctuations; he said that the Mbk of N.Y had always utilized the Atlanta basis in shipping Notes to Cuba. He finally admitted that the 2 memb. base in Cuba, the Natl City and the 1<sup>st</sup> Natl of Boston - just recruited - wanted the agency as a distinct benefit to themselves as it would give them short cash on cable transfers & acceptances. It was also pointed out to him that there would be no exchange fluctuations as all bills would be payable in dollars.

The Board then took up the matter. Platt said the Treasury wanted this done as also Gen Crowder & the State Dept - although latter merely said it had no objection.

W.H. made a rough draft of permission board in statements of E.W.H. and read it to Board. It gave power to deal in cable transfers & defable bills of exchange.

\* Miller said should be restricted to definite time basis accept. & they should be secured by shipping dock. The Bd finally agreed on this & Miller was asked to call on Carl in the morning & read draft to him.

May 1. Tuesday

Miller read draft over telephone to Carl who said that, without assuming his general objection to an Agency he thought the limits of its transfer very satisfactory but wished to consult Warburg.

Platt called on Warburg who said he thought the limits of transfer was all right but did not want to give any general opinion of opinion because of his relations with Comf. Council was asked to put the matter into shape.

all agreed that all Notes must be issued notes and not unissued

\* Crumpler & Dawes took oath office, and C. was designated as Governor.

May 2. Wed.

Carl presented revised draft drawn by Council wh. put in cable transfers as an unissued transfer for right to buy and sell transfer accept.

Miller read this to Carl in N.Y who said the form was satisfactory but that some banks, e.g. the Bank wanted it changed so that the Agency could buy secured bills drawn on banks but not yet accepted, as otherwise it would be to member base having branches in Cuba which

we did not have. Finally Carl asked that the matter be postponed until N.Y. banks could be heard by the Board. Warburg also called up Platt & said he had been under the impression that it was a Federal Reserve agency & not a Member agency the Fed had in mind, - when he talked with Platt, and that he seriously doubted advisability of designating a Fed RBA agency.

The Board finally voted to accept next Monday on a hearing at wh. Carl & the N.Y. banks, & Gov H & Boston banks should be heard.

May 3. Monday,

Gov Crampton brought up matter of 3% reserve on special sav. deposits in Calif. banks. He said the matter had been decided by vote on Oct 10. 1922, no notice of which was sent to Perrin, and again on Dec 6. 1922 of wh. Perrin was notified, this vote Carl & Mitchell voted against, Crampton, Platt, & <sup>Mullen</sup> ~~Mitchell~~ voted for.

The last vote read:-

"That the Board make no change in its present rule regarding savings deposits, & that the so-called special savings accounts in certain Calif. banks must be regarded as demand deposits against wh. must be carried the same way as by the M Act to be carried against demand deposits

The banks asked us to hold up our final decision until arguments on the law & facts were held. Resolutions were filed & oral arguments at meeting of Governor.

Carl moved to reconsider the vote and after discussion reconsideration failed by a tie vote, Crampton & Platt. No, Carl & Mullen. Yes.

Mullen explained his vote to reconsider and said he favored the decision & vote rendered on Dec 6 1922, and voted to reconsider merely to give Platt the opportunity to offer a motion as to the form in which final notice should be sent to Perrin.

Gov. C. & Carl explained to Mullen that no reconsideration was necessary on Platt to offer this motion, but he would not change his vote.

Finally Platt offered a motion to object that Board held that these acts were not savings accounts under Sec. 19. M Act.

Carl said this was in proper form, but Gov C thought it better merely to say in object that the Board declined to reverse its decision of Dec. 6. or to that effect.

Platt's motion failed 3 to 1, Carl voting against it on the merits, and Carl was inclined to think that Gov C's motion was sensible, and Carl felt that his vote of Dec 6. '22 could be construed as an exercise of judgment in part of Board and not as a

subm of law.

Tuesday May 4

Met under Sec. Phillips at dinner at the Hamilton  
 Jennings & chose to turn about designating a  
 Fed. R. Bank Branch at Havana. I told him  
 that Platt said he had talked with him  
 & had shown me a copy of the cable & the  
 crocodile sent him (Phillips) and added that  
 the State Dept had no objection to such a  
 designation. I then said that the first  
 phase of the matter was an international  
 one, because of the relations of U.S. to  
 Cuba and the fact that we were supplying  
 Cuba w. practically all of her circulating  
 medium; that I thought the State Dept  
 should do more than say it had no  
 objection to the designation and should tell  
 the Board whether it wished such a  
 designation to be made & that I had  
 asked Gov. Cressinger to discuss with him  
 about this. He at once said that the  
 State Dept wished to back up the crocodile  
 absolutely & that if Cressinger would  
 talk w. him, he as wh. the State Dept  
 would say that it favored such a  
 designation, & told him to Cressinger who  
 said he would see Phillips.

May 7. Monday.

at instance of Gov. case in behalf of certain  
 N.Y. Banks another hearing was held today  
 in Boston held to estab. an agency in Cuba.  
 a largely attended hearing. N.Y. Banks; Gov. case,  
 Mitchell (Nat City Co), Mr. Larrick & a wh. of letters.  
 Amer. W. Bay courts; many attorneys present  
 Cressinger, G. Sen. Howe Smith for Julian Nath,  
 Atlanta, addleton for Mrs. Atlanta, Gov. Hardy  
 for Mrs. Boston, M. A. Curtis, and a couple of  
 Prof. Cleary Home, - wing, Allen & Bangsford.  
 Gov. called on Harding who present, case  
 of Boston with brief of <sup>with</sup> ~~Gov.~~ his counsel.  
 Gov. case said the bank did not want  
 an Agency & had a letter from Warburg  
 stating that Sec 14 e) was taken from  
 Aldrich Act which he drew, and that  
 he meant & the MBoard meant by  
 "Agency" some bank other than the MBoard.  
 The report of the MBoard com<sup>o</sup> on Foreign Agencies  
 in the form sent of MBoard dated Oct 12, 1915  
 (1 MBoard. 348), however, shows conclusively  
 that the Com<sup>o</sup> had in mind agencies of  
 Mbanks. The Com<sup>o</sup> said "in trade centers  
 where Amer. bus. are not established it  
 might be proper for MBoard to appoint  
 joint correspondents or Agents in order to

facilitate the development of Amer. assets in such places". It seems to me this could not refer to foreign banks but to Mex agencies. This is clear by fact that this was a conclusion to McAdoo who wanted Mex Agencies in Mex. countries where through Amer. banks were already there.

McAdoo, of the Nat city bank favored keeping Cuba supplied w. our currency but opposed giving an Agency any power to buy or sell cable transfers or bills or acceptances, in act of the completion <sup>but</sup> w. Mex banks & other banks.

It was explained to him that the Bd if it granted an agency would restrict it to dealings with Banks & he was asked what completion w. Bk was involved when any transaction w. Bk was in the interest of the banks themselves. He could not answer this but vaguely hinted that if all transactions were limited to Mexican banks or at least Amer. ones he might favor it. Later, after Mr. Durrell's (his Cuban manager) testimony he practically withdrew all objections, admitting that such an agency would enable him to reduce his reserves from 25 to 10% and he even said he might contribute to the expense of such agency if asked.

Mr. H. pointed out that if we gave any remedy to Amer. one it would cause a bitter feeling in Cuba as it would mean a fight against Canadian banks & also the Cuban banks. Mr. McAdoo also opposed generally an Agency.

Mr. Utley & Hope Smith questioned somewhat why we had power to create an agency but if we had, they wanted it for the Atlanta Bank.

Wm. Allen & Bancroft spoke for Bk and said there would be no competition bet Mex Agency & the local banks or branches.

In the afternoon Mr. White, representing the State Dept, had letters & cables from Gen Crowder, stating it to be absol. necessary to est. such an Agency & favoring even retroactively by the agency. He remarked that the Bk there were in combination & were charging fr. 10 to 12% for 1<sup>st</sup> class com. paper. White said that the State Dept felt that from the point of view of the Political situation (i.e. Internationally) such an Agency was most desirable. Later we heard a Tampa cigar dealer who said the ones in Cuba were in a combination



and charged on collections 3% +  $\frac{1}{8}$  per cent on commission!

May 8.

Curtis called me on Boston & said he saw Mitchell (Nat. City Co) on train & that he said he considered an Agency absolutely nec., but he did not care wh. Boston or Atlanta had it; that he had favored Atlanta as to note since U.S. it had agreed to furnish him notes in Cuba, if it were designated, absol. free of charge. Curtis said  $\frac{1}{8}$  % should be charged.

At meeting this am. Ew Crampton said the President had received many telegrams about the designation & knew nothing about the facts; that he had talked with him last night & Pr. Harding said he would take the matter up with Hughes & the cabinet this am and asked us to take no action until we heard from him; that he had also talked w. Mellon.

Platt: advised the State to designate Boston.

On Sat. May 5, Ned & I were walking across the Park to the Met. Club and met Sec. Mellon & walked along with him. I told him the White House had just announced the appt of Cunningham to the N.S. Mellon seemed perfectly amazed, and it was the first he had heard of it. He asked me who he was and said he knew nothing about him although he had a vague idea he may have heard or read of his name as a candidate. This is useless in the part of Pr. Harding with a vengeance.

In the afternoon of Sat. Mr. Chubbuck of Kansas, an unsuccessful candidate told me Cunningham introduced and passed through a resolution, at a meeting of the Iowa Jan. Ben. Kelly, condemning the subsidy Bill, Pr. Harding not happy! He also said Cunningham was Sen. Brookhart's right hand man.

May 9. Wed.

Ew Crampton read Board a letter from Pr. Harding to him stating that he had brought up the matter of the designation of an agency in Cuba by some N.S. Bank in its bearing on the Political (i.e. International) aspect and that

they were unanimous in the order that such an Agency was most desirable, and he requested the Board to create one. He said he had no suggestion to offer as to which Bd should be designated, but he thought the Bd could arrange it so as to create as little friction as possible.

Crumpler added that Pr. H. told him the cabinet all felt Boston should be designated & that Sec. Miller told him he was strongly in favor of Boston.

COT then moved that, in view of the communication from the President, and after due consideration of the banking considerations involved, the Board designate an Agency of one of the Banks in Havana, Cuba. This was voted unanimously, after COT had explained that he was satisfied that Warburg's letter did not sustain his point that the Board Sec 14 (c) in referring to Agencies meant agencies other than Banks, & pointed out that the M. Com<sup>o</sup> of which Warburg was chairman expressly stated that under certain circumstances therein enumerated the Board had the power to establish

a Bank agency in a foreign country. The Bd then took up the question as to which Bd to designate. Platt moved that Boston be designated. After discussion it developed that many members favored the designation of Boston. It was finally decided to call the Gov & other officers of Boston & Atlanta to Wash. next Tuesday but not to vote formally until they came & then to let them see the desirability & have them consult together to work out the details so as to keep Atlanta's note issue in Cuba unchanged.

Curtis called me up in the afternoon to ask what our telegram wh. he had just received, meant. I said I could not say anything until Tuesday. He then asked if I remembered that Boston had not asked for a joint agency & I said I understood this fully.

Later I saw Crumpler & said I heard Gov H. would believe we were going to give an Agency to both Bds & would get the directors to withdraw their applications.

Crumpler advised me to call up Gov H. and tell

was metaphorically to "keep his shirt on" and come down Tuesday.

I then told Platt about Curtis & Mitchell came in. Finally Mitchell telephoned Curtis and said that w. and committing the Fed he held that matters were going along all right & to tell Gov H to hang with him Tuesday Bullens a sensible practical man to work out all nec. details with Atlanta.

May 10. Thursday

Dr Miller delivered a lecture to the Board. He said the real reason for rediscounting was to obtain Fed R Notes; that the Fed had virtually surrendered its control over issue of FR Notes to the Money & had never exercised the faintest restraint; he said the Board had acted all these years in a shamefully negligent manner; that inflation was caused primarily by unrestricted issue of FR Notes.

Ed said he would reply to this attack on former members of the Board later. Dr Miller must be crazy!

He thoroughly answered the letter of Gov Harding to Curran of Sunday & even.

come, Aug 8, 1919. stating that nec. vol. of

FR Notes in circulation is the object of advancing wages & prices and not their cause. (S. M. Bull. 702.)

So also the M. Bull. for Oct. 1919, which was edited by Dr Miller, stated that an attempt to regulate prices by refusing to furnish FR Notes, might involve an upward movement in retail prices (albeit prob. it would only cause necessity to adopt devices such as dual bills or bearer checks etc), but if successful it would be so at cost of business disaster; that wholesale prices are not appreciably affected by the volume of hoarded money; that it is the volume of circulating bank credit that influences the trend of wholesale prices; that such Note restrictions would break down arguments of trade by making it difficult for retail prices to adjust themselves to change; that the hoarded money of the country is a function of the general money volume of the country's business; that to attempt to turn it into an instrument of credit control would be a perversion of the currency function of the banking system.

S. M. Bull. @ 913

so also Dr. Miller said in his address at Chicago on Sept 25, 1914 before the Amer. Inst. of the Banking industry that credit expansion in U.S. has taken the form of banking credit in shape of bank deposits; that expansion of the currency has played a very subordinate role; that it is no exaggeration to say that expansion of the currency has been a consequence rather than the cause of our high prices; that so far as expansion of the purchasing medium of the country is responsible for our great rise in prices, it has been and is purchasing medium in the form of bank deposits and not in the form of the N. Note.

May 14. Monday

Mr. Jamieson & Mr. Cunningham took the oath of office as members of the Board.

May 15 Tuesday

Hearing in Petn of Nbr of Boston on Cuban agency.

Mr. Williams & Adellston, Mr. Harding & Bullin were present.

Cunningham told them that the President & State Dept felt that the establishment

of an agency was most important from the point of view of international policy, and that the Board, after careful consideration of all the evidence had tentatively reached the conclusion that Boston & not Atlanta should be designated but that such designation should not be allowed to interfere with the circulation of N. Notes of the Atlanta bank & he asked the 2 banks to confer and agree upon some method to work this out.

Mr. Harding said that Atlanta had only about 40 millions in circulation there & that probably 100 millions would be required as the N. Note would probably displace other bank money there. He suggested that Dallas be allowed to issue out Notes to a maximum of say 25 millions, the balance to be furnished by Atlanta.

Cunningham asked the members to say a word & Miller said if it were only a matter of currency he would vote for Atlanta, but if only a matter of banking i.e. purch. of bills etc Boston should clearly be designated; that he looked upon the banking function as the principal function & that Boston clearly should be designated, primary

however, Atlanta's status as to M.N.  
 crumple them called on C.H. who said,  
 coming from the Boston, she had thoroughly  
 rebound from taking any part in the discussion  
 feeling that it would be better to have his  
 associates form an independent judgment  
 upon the evidence before them; that the  
 conclusion that Boston should be designated  
 was reached unanimously & that he fully  
 concurred in the decision; that Atlanta  
 was nearest to Cuba in proximity but that  
 75% of the exports from Cuba to U.S. and about  
 60% of the imports from U.S. to Cuba went to  
 and came from Phil. N.Y. & Boston; that bills  
 naturally were furnished where the goods  
 went; that the only Amer. banks now in Cuba  
 were N.Y. bank and the 1st Natl of Boston;  
 that, in an opinion, the principal reason  
 was assistance to the trade bet Cuba  
 & U.S. and the question of M.N. was  
 only incidental; that if there were a contest  
 bet Phil. N.Y. & Boston, he would be very  
 much puzzled as both Phil & N.Y. did  
 a much larger for. business w. Cuba than  
 did Boston; that Phila & N.Y. stated they  
 did not want such an agency & that  
 he felt Boston's selection should be granted.

Mr James told C.H. that although he had always  
 been a Democrat, he had voted for Pt. Hardy  
 in the last Natl election

May 18. Friday

Mr See the Advor appeared before Bd and talked  
 with us from about 10.30 to 1.30 as to the  
 Bd of Study's application for branch banks. He  
 complained bitterly of Bd's decision as to the  
 1) Sacramento case & the 2) Yuba City case.

In 1) the Bd declined application to permit an  
 agency in Sacramento on ground that it was  
 beyond the territory of the municipality of  
 S. Francisco, (it had granted an application for  
 Paradise however to a San Angelo bank); in 2  
 the Bd declined application on ground of Peer  
 disapproval, 3) statement of Compt. crumple  
 that Bd of Study had tried to buy an existing  
 Natl bank there but failed & now was trying  
 to establish a Branch there to crush it out  
 of existence.

He argued that the M.Bd was bound to accept  
 decision of State as to necessity for further  
 banking facilities, and that in passing on  
 a Branch application, the Board should only  
 consider wh. the Branch would improve

the conduct of the Parent bank. He denied that Bd had lawful power to divide state into spheres of influence as to establishment of branches. He said Bd had discriminated vs Brk of Italy in giving so many local agencies to do auxiliary work; - that these agencies were to all intents & purposes branches.

7 PM.

Meadow calls on COT at corner club; was very indignant at alleged discrimination of Board vs Brk of Italy. among other things he said to COT that, very lately he was coming back to Washington; that many were asking him why, by God! he had made up his mind to come back, and when he did he would name some of the Bd for their discrimination!

COT assured him that no member of the Board intended to discriminate against Brk of Italy, & finally he admitted this but said it was discrimination - law, if not in intent.

He had vigorously objected to Cramer's discrimination vs state law, but COT pointed out that Cramer acted as Compt. of cur. but now that he was Gov he represented both

Nat & state banks, and that he would and believed he would try fairly to represent both.

COT said at the hearing he agreed generally w. Mr Advo's construction of the law, except that COT believed that if in any case it were proved that a state law wanted a branch merely to destroy (as opposed to competing w.) a Natl law) the Bd had power to prevent such destruction by refusing to allow the branch.

Mr Advo pointed out w. some force that whenever a Natl bank had a monopoly it naturally put a very high price on its stock and often refused to sell at any price, to perpetuate its monopoly, and that clearly the Bd had no power to prevent fair competition by refusing to grant a branch. This seems sound to COT.

May 21 Monday

nd Adv Council meeting.

Some days ago Rue would Bd that the Council wished to be heard in the question of abolition of a M Agency in Cuba.

At the meeting, Rue as Chairman of the Council, evidently very much stirred up said the Bd should not have voted for such an agency without first getting

the opinion of the council and this led to an extended discussion, brought out by fact that Cramer had told the council that the Bd had voted & settled the matter prior to this meeting of the council. Mr Miller at first took the view that the council had no right to call on the Board for a report but Cramer cleared the air & said clearly the council had such a right, but that he felt sure Mr Ruel would not claim that the council was an appellate body, or that the Board was in any way bound to secure its consent prior to rendering any decision. Mr Ruel said he did not claim this - this backing down on his original stand. Cramer then upheld that the Bd never thought of consulting the council and that if such a suggestion had been made he would have been only too glad to have consulted them. Finally it was brought out that Mr Ruel & Wauson had been invited to attend one of the hearings held by the Board, and nothing more was said of the business to ask the advice or consent of the council. The question of the advisability or legality of appointing an Agency in Cuba was then discussed at some length, but little was said as to whether Boston or Atlanta should be

given the designation, except that Mr Saul stated that if Atlanta were not designated there would be a violent attack on the Board from Reps & Senators in Congress as soon as it assembled. Mr Miller said that this statement was blackmail. Saul said he had done nothing along propaganda lines, but Mr Cramer replied that propaganda had been used in the interest of the Atlanta bank and that it was most reprehensible.

May 22. Tuesday

Wauson had a report of the council simply objecting to any Mr Agency in Cuba and stating that the council believed that by Agency the Mr Agency meant the designation of some local bank as correspondent w Agent. He dwelt on the danger of revolution in Cuba and said the Mr Agency should never be established in a foreign country. It was replied to him that Cuba occupies a peculiar relation to the U.S. because of the Platt Amendment & bec. it had made all Amer. money - the bulk of its circulation, - legal tender. Wauson said that his draft of Power to purchase bills in other notes was well drawn but was so stringent (and rightly so) that the Mr Agency could do little business & could not earn its expenses, as sugar, the principal export,

moved only by 4 or 5 minutes in the year.  
 He Lane, of the Council, objected to discriminating  
 against Atlanta in favor of Boston and said  
 that if we did it, we should be attacked by  
 all the Southern congressmen & Senators. Dr  
 Miller said this was merely blackmail.

Walking over to lunch w. <sup>June</sup> Lane I tried to get him  
 to state Atlanta's position: he said Atlanta wanted  
 the Agency both on MNote & Warhorse and occupy  
 Warhorse; in short she wanted everything and  
 was against Boston having anything. I asked him  
 if he thought this a fair position, and, speaking  
 personally, without any authority from any  
 member of the Board, asked him whether, -  
 if the Board were to designate both banks,  
 they to operate together under the agreement  
 already agreed upon in the assumption that Boston  
 was solely to be designated, it would not be  
 a fair proposition which Atlanta should  
 accept, and after reflection he said he thought  
 it was fair and he would gladly report it  
 to the Atlanta directors. He was going to  
 N. Y. and he asked me to talk this over with  
 our Board and advise him, & that he believed  
 it a most happy solution.

In the meeting this am, the subject of the  
 Cuban Agency was again taken up. James  
 said he thought we ought to consider  
 the matter of designating any Agency very  
 carefully in view of the opposition of  
 the Adv Council, and that we ought to  
 have Cunningham & Sec. Miller present.  
 Dr E. reminded me that it had already  
 been unanimously voted and could  
 not be further considered except when  
 motion to reconsider. Nothing further  
 was done.

At the Council hearing Warburg said the  
 Board should deposit MNotes with  
 the Cuban Bank taking out credits  
 in which Cuban exchange could be  
 sold, that the Notes would be cash  
 in the local bank vaults, and that  
 any MNote which desired could do  
 this. [This, of course would incidentally  
 break up Atlanta's monopoly.]

May 22. Tuesday

Mr. Adoo & Elliott came before the Board  
 to ask permission for Bk of Italy or its  
 auxiliary bank to purchase a bank at Ontario  
 wh. was in a precarious condition & a city.



for M A Peerm & the Bd. Subst of Calif. was read favoring them. He also asked reconsideration of our adverse decision as to Yuba City & Sacramento.

After long discussion Dr. Hullen moved that permission to acquire the involved bank be given w. notification that a Branch would not be permitted. Crot moved to amend so as to grant permission but with stip that such decision was based on an emergency & must not stand as a precedent against any future policy laid down by Board. Both motions were defeated.

Finally another motion was offered by Crot like the above amendment which was defeated by a tie vote, Pratt & James voting w. Crot and the Drs. Hullen & James voting contra.

The real reason for the adverse vote was that the 3 believed that this bank was beyond the proper sphere of influence of the Bd of Study.

Crot urged the Board not to amend its Policy in such a case as this but to meet it as an emergency, saying he did not move to reconsider as he had voted to grant the application. Finally

Davis said he was convinced by Crot & moved to reconsider wh. was feared & then it was voted to permit the purchase on condition that the State Subst & Bd of Study agreed that this should not interfere w. any future policy the Board might later lay down. Crot advised granting the application as well for a Branch, but Hullen objected, and Board agreed that if later a Branch were asked for it would grant it on above conditions.

May 24. Thursday

Peerm with Bd of Study had applied for a branch at above place & Bd voted to grant it on above conditions.

Board also voted to ask Peerm to review his bonding as to bank at Yuba.

Hearing that M A. McLeod was in Wash. Crot sent for him & talked over matter just as he did w. Lane. McLeod said he felt sure that Crot's idea would be accepted w. enthusiasm by the Atlanta Bd & by whole South, that he would take it over & write Crot Monday. He said clearly Boston should be allowed to do the banking business under its own designation & added that one of his directors told him he should be allowed to Atlanta buying bills in

Cuba man is authorized so to do.

~~about~~

Last night, May 23, I vaguely suggested a compromise to Ew H. such as I had talked over w. Lane. He blew off the candle & said Boston would never consent & would prefer to withdraw its application. I advised him to think it over confidentially.

CRS then asked Ew H. to write him, after consulting w. Lane just what business he thought the MBS could do in Cuba along banking lines. After he blew off the candle & said we should have his word on it, and that he had already explained this to the Board.

CRS said he had had the Bd report went it in writing to answer Washburn's demand; that in fact Dr. Miller wanted more information as to the scope of the agency. He was very bitter against Miller but CRS said he should give us this information in writing. He finally half said he would do this.

Ew H. said he had seen Sen. Lodge who said he would back him up to the hilt and would see Pr. Harding tomorrow.

Two or three days ago Dawell said he wanted to congratulate me on my success at the Ind. Adv. Council meeting; he said he had never before heard such a tactful, able and convincing address.

May 24. 5 P.M.

Lane just called me up from N.Y. I told him Melchord had left for N.Y., would see him there & he need not stop over here as he did last w. Melchord.

May 23.

Judge Chase came to Commerce Club as my guest and made very fine address on L. of N. Dawell also spoke well. (See Serah Bk.)

May 24

Melchord told CRS that the Atlanta bankers were all missing CRS and that although he came from Boston they <sup>were saying they</sup> would <sup>not</sup> <sup>april</sup> in advance that he should settle the dispute bet. Atlanta & Boston over the Cuban Agency.

May 25. Friday

Mr A. Curtis telephoned that T. P. Neal, director had just died. Cresswell & Platt thought I ought to attend so I took evening train for Boston.

Before leaving I saw Cresswell, Farrow & Platt & talked over the possibility of designating both Atlanta & Boston, but Boston to do the operating under an agreement to be worked out.

Platt opposed <sup>but</sup> by Cresswell & Farrow but I and C. suggested I talk it over w. Harding & Lewis.

May 26. Sat

at Mr's Boston, talked over about matter w. Harding, Curtis & Lewis. They said they were irrevocably opposed to leaving Atlanta also designated. They did say, however, that if ordered by the Board, they would doubtless comply but that, personally, they would prefer to have the whole agency plan gone through than have Atlanta also designated. I pointed out that everything wh. Boston could do alone, it could do with both banks designated,

under an operating agreement under which Atlanta could have one representative to hold & they met Mr. Note as directed by Boston and to see to Boston in the street all bills, cable transfers etc bought by Boston and paid for by Mr. Note of Atlanta. They said it could not be done in that way, altho under their own plan it will be done in the same way except that one of their employees would act as Agent of Atlanta.

Mr Harding read to me and then mailed to me to work, a letter from Gen Crowder dated May 26. 1923 stating that Dr. Yarrington President of Cuba, and Mr Perry, Sec of the Cuban Banking Legislative Com<sup>tee</sup> announced to him their agreement w. the suggestion that the Mr Bank of Boston should at once establish an Agency at Havana, and suggesting that the Mr Bank of Boston establish an agency w. consent of Mr Bd.

Mr H. also showed me and mailed me a copy of a letter dated May 25. 23 wh. he had sent Gen Crowder, stating that he had applied for an Agency, that the Mr Bank of N. Y. opposed any Agency, but took notice that if any were

established it should be Atlanta; that the M&B informally agreed unanimously that Boston should be designated & that a plan had been worked out by operating w. Atlanta (under protest); that the Bd instead of voting formally to designate Boston decided to lay the matter before the Jado Council; that at meeting of Council Washburn offered any Agency but favored Atlanta, if any should be established. etc etc

Mr H also mailed me a memorandum stating,

1. M&B N.Y. wants no agency but still and others any agency, but if any is designated it favor Atlanta
2. Atlanta insists on being designated about if any Agency is established
3. Natl City Co. N.Y. was given an agency some time ago, in understanding it was not to do any thing under it; that it is advertising extensively that it is the agent of the M&B of N.Y. & has thus created the impression in Cuba that it has facilities & advantages not now enjoyed by other bank doing business in Cuba

3) that the N. City is able to designate and the M&B of N.Y. to deposit with it a large volume of M&B's so that it could exchange them for Cuban currency, but M&B of N.Y. declined.

4) The Natl City Co. made some proposition to Atlanta, which agreed to do it, but the M&B disapproved on representation from Mr Crowder that such an arrangement would be a discrimination against other banks in business in Cuba

5) Atlanta then filed w. Bd a statement that if an Agency for exchanging new notes for old were well established in Havana, it would claim the privilege

4.

Mitchell, of Natl City Co. does not want the agency disturbed; told Board an agency of M&B's would be advantageous to Amer. business, but if one established it should be Atlanta.

What was the motive?

Curtis says Mitchell told him after the conference at Wash. that Atlanta had agreed that if designated as Agent it would business the branch

of the Nabl city at Havana with currency  
 free of all expense to it.; that Hatcher  
 makes ultimately to be designated as an  
active agency by Mbrs of N.Y.; - after this  
 agitation has died down, - to do all that  
 the Mbrs of Boston wants to do in Cuba, - to  
 buy & sell cable transmitters, business access &  
 bills & to buy shares from bonds to be  
 furnished it by Mbrs of N.Y.; that this would  
 be highly advantageous to Nabl City branch  
 but a discrimination against canad. bns,  
 cuban bns, the Mbrs of Boston and any  
 other bns doing business in Cuba.

5.

ask Board to cancel at once the memorial  
 agency of Mbrs of N.Y. now held by  
 Nabl City branch bank in Cuba.

We went over the above at the meeting.

I told them that considerable report  
 show that, although largely a matter  
 of trade or opinion, Atlanta report have  
 an equitable claim for at least the  
 use of its name as an Agent although  
 the operating would necessarily be and  
 should be done by Boston, especially  
 that part relating to purchase & sale of

cable transmitters, access & bills.

Mr H said that to designate Atlanta as well  
 as Boston would be to yield to a political  
 attack.

Mr H said he certainly did not favor any  
 attack, political or otherwise, because of  
 any vote he might cast; that there  
 certainly would be an attack in the  
 shape of a charge that the Bd had  
 unjustly discriminated in Atlanta in  
 not at least designating it as well as  
 Boston under an operating agreement;  
 that the only question in his mind was  
 whether it would not be Board's duty to  
 recognize both bns; that if only 1  
 Agency is to be established unquestionably  
 Boston should have it, as to his mind  
 the Agency was primarily to help the  
 Bureau of U.S. in Cuba, to assist them  
 to increase their numbers, and to stop  
 bunkering in Cuba, as 3/4 of Cuban foreign  
 trade was American and 3/4 of Cuban  
 exports and a majority of its imports  
 went to or came from Phila., N.Y. & Boston;  
 that just as Trade follows the flag,  
 so Bills follow trade; that the question  
 to his mind was - did not all this be

accomplished equally by designating both banks; that if any charge of discrimination were made, Mr H in his memo (see above) had expressly stated that the MBS of N.Y., Washburn & Mitchell had all stated that if any Agency were established, it should be Atlanta and not Boston; that such a charge of discrimination, backed up by above authorities, might not be easy to disprove.

Mr H + Long both said they did not care a rub about any charge of discrimination in favor Boston; that if there was to be a fight Atlanta would soon find out that Boston could fight.

Mr H pointed out that the charge would be against the Board & not against the Boston bank, and that it was the duty of the Board so to decide the case as to do absolute justice bet. the two banks.

Long said if the account turned down Boston it would suffer noticeably but Mr H replied that had nothing to do w. the Board; that it would decide the matter absolutely without regard to politics or its effect on political questions.

Long said he took Washburn's view that there should not be Agencies in foreign countries. Mr H then asked him, do you or do you not favor a Fed. R. Agency in Cuba; and he said Yes, because the status of Cuba is different from that of a purely foreign country.

Long also said the Natl City Co. Agency should be at once discontinued; that the branch would be operating in Cuba within a month & that it would be gross discrimination against the Branch to have the Natl City designate content.

McChord was told that Lane will come out from Jacksonville Monday and that the matter is working satisfactorily.

Lane will:

Satisfaction can be arranged. Would you advise special meeting or would regular meeting in Atlanta about June 10 be satisfactory. answer quick.

Mr H at once would Lane to hold matter in abeyance until he heard from him as he had not as yet mentioned it to Board.

May 28 (contd)

estd talk currency details as to embargo at Boston. C. spoke bullly w. estd that it is most desirable to denigrate both banks if we can lawfully do so.

C. said Miller is wrapping in question of having any Agency!

estd has talk w. Platt and Weyatt together.

Platt is more inclined to denigrate both banks.

Weyatt says the best way is to denigrate both w. power to buy bills etc but to arrange by regulations that Atlanta is to allow an Agent to hold etc M Notes (perhaps in joint custody); and Boston is to manage the agency, buy bills etc, and the Atlanta Agent is to buy over Notes to Boston agency receiving the bills bought immediately selling the Bills etc to Boston which will pay on them through the gold settlement fund.

Weyatt says that if Boston alone had the agency, while it might be possible to work the matter out, there would always be the danger of a legal attack; that to appoint an employee of Boston agent also for Atlanta might be construed by

the court to be analogous to a Fed R Bank appointing another Mbr etc Agent to receive and pay out etc M Notes which would be a plain violation of the clause in M Act requiring a Mbr receiving Notes of another Mbr to return them at once for redemption or credit.

We asked Weyatt to prepare form of letter to be signed by estd a currency subcommittee expressing their views to Gov H.

currency agreed w. estd that, in view of Gov H's talk w. Sen. Lodge, it might be well to see Lodge, and Platt, at estd request, said he would go with estd to see him.

Sat. Friday, May 24, Mr. Reilly, advisor to the Interstate Commerce Com<sup>n</sup> was in the train. He said, in a talk w. Perry Todd, of the Bangor & Aroostook RR, Todd said that J. P. Morgan & Co had a special account on their line w. Miller while he was President & that they gave Miller 15% of the difference bet what the N.Y. N.A. and H. RR got for miles of the bonds and the price J. P. & Co placed them on the market! Todd said something of a similar nature to me some years ago.

May 29. Tuesday

At Board meeting this P.M. the various letters of Mr H. as to Cuban ex situation were considered by the Board. First in great detail told Bol of his talks with Lane, Melhord, and of the conference in Boston. The whole matter was gone into in great detail and Mr James moved that a committee of 3 be appointed (later fixed as Currier, James & Coe) to prepare a resolution designating both Boston & Atlanta as Fed. Res. Agencies in Cuba & providing in as great detail as possible regulations on operation as far as possible along the lines of the contract already entered into as agreed upon by the 2 banks, (on assumption that Boston alone be designated), except that Atlanta is to have no representatives to hold and pay out FR Notes on bills etc. brought by Boston. This was voted unanimously and it was agreed that when the Bd had passed upon the report of the Com<sup>a</sup>, the case would be authorized to take it up w. Atlanta & Boston

7.30 P.M.

called up Mr A Melhord at Atlanta. Told him that if I had good grounds for believing that the designation of both banks with a view of joint

operating agreement would be accepted by Atlanta as a just & equitable solution, I was ready to take the matter up w. the Board; that I had spoken of it to the Bd this afternoon and was engaged in drafting a new resolution in the above lines but would proceed only if satisfied that Atlanta would be absolutely satisfied. Melhord said yes, and I think he said Wilburn, thought it would be looked on as a happy solution of the whole question but did not want to assume the responsibility of saying so until they had consulted their directors. I told him the difficulty would arise from the Boston end. I said I might call him up again on Thursday

5.45 P.M.

called up Sen. Lodge & told him about the situation. (I called up his Sec. at Capital & he asked me to call up Lodge at his house, giving me his telephone number.

Lodge told me Harding had told him the whole matter was settled.

I explained the question of establishing an Agency was settled by man. vote but that it was merely the sense of the Bd that Boston should have the Agency & that a hearing had been held based on this



general understanding, and an operating agreement had been made bet Boston & Atlanta, based on this understanding; that much opposition developed at the hearing to the designation of Boston alone as a discriminate vs Atlanta; that at the Council conference, the Council objected to any Agency, & while it did not in its report say so specifically, there was little doubt but that its members, as bet. Boston & Atlanta favored Atlanta rather than Boston, as did also Warburg & Mitchell of the Nat City Company; that EWH so stated in his mem. to COT; that COT felt it would be a poor solution to designate both here under an operating agreement; that COT thought Atlanta would be absolutely satisfied but that EWH absol. refused to agree, and said if Atlanta wanted a fight she would find that Boston did fight also, & that Sen Lodge had promised EWH to fight for Boston to a finish.

COT told Lodge that the fight would not be vs Boston but that the charge would be one of discrimination by the Bd against Atlanta & that Lodge would have to defend the Board, if it designated Boston alone, knowing that the Juds Council felt that Atlanta should have been designated. Lodge at once said this would be an impossible situation.

COT pointed out that the suggestion would be a happy solution & would give Boston 99% of what it wanted, merely giving Atlanta the nominal right to have agency and use its name, altho the operate would be practically all done by Boston.

Lodge thought this a good solution, altho of course, he did not, in this short talk, know all the facts.

June 1. Monday.

Cummins, James & COT reported a draft resolution on designating Agency for both Boston & Atlanta. It was voted unanimously that this draft be tentatively accepted as a basis of conference between said Com<sup>tee</sup> and the Boston & Atlanta banks to see if they will accept same.

Platt moved to reconsider the vote of the Bd declining the application of the Bd of Italy to establish a branch at Sacramento, Platt & COT voting for reconsideration & Cummins, James, Miller & Fawcett contra.

COT reported form of a letter for Bd to send to the Advs giving the reasons for the original neglect of Bd of Italy branches.

at Yuba City & Sacramento. The Board had asked Peeren for another report on Yuba City, but this letter was in response to Mr. Adair's request for the reasons for our original refusal.

CSA, as to Sacramento referred to fact that the Suptd of Banks gave the certificate before the new policy had adopted as to banks de novo. Miller insisted that this be struck out & the statement made that the Board has no information that the Bk Suptd gave a certificate after the new policy was laid down. CSA said this was a mistake as the Bk of Italy would probably get the Suptd to give a new certificate, and it would not be in apparent point of relying upon the presence or absence of such a certificate, to which Platt & CSA would not object but to which the other members decidedly objected to.

CSA & Platt said they felt on a matter of law the Bd was bound to accept the certificate of the St Bk Suptd, except in some extreme case where it was clearly erroneous.

CSA telephoned Melhord at Atlanta & asked him to come to Wash. & consult w. him on the Cuban situation.

June 4. Monday

Melhord would earnestly asking CSA to attend meeting of Atlanta Bd of Directors on Friday June 8 and CSA, after consulting Crumiger, would that he would be there.

The Calif. Suptd of Banks had conference with Board. Present, Ew. C. Platt & CSA. The Suptd said that he had thought about a change in the state policy as to branch banks; that there was a feeling in California that their Suptd had gone too far & had been very easy in granting permits; that the policy, reached after an agreement with the various banking interests was now to permit branches in the town or city of parent bank when necessary and not to permit branches de novo outside except where on special reason he should grant a certificate; that he gave a certificate in case of the Bk of Italy on a branch at Sacramento before this change of policy; that he had given no certificate to Bk of Italy as to Sacramento since the change of policy, & if one were asked for now he would decline to give it.

The above clearly justifies the Bds decision turning down Sacramento. CSA & Platt

voted to grant the veto bill. of the certificate given by the Com<sup>r</sup>; if they had known his present attitude they would have voted differently.

The Suptd was asked as to Cuba City branch & said if asked he would go over it carefully again.

He said he felt that the examinee questions did not work out satisfactorily & that he did examine the Bd of Study and branches simultaneously w. his base augmented by clerks on auditing & other Dept and w. such assistance as Albany would give him.

He said one idea as to 10% reserve against special savings deposits was looked on as very extreme & that it would cause great hardship on certain banks.

June 5. Tuesday

Had talk w. Gen Hove Smith as to my proposed compromise as to the Cuban Agency. He said it was most satisfactory and that Atlanta ought to accept it gladly.

June 6. Wed

left on Atlanta 7.35 P.M.

June 7. Thursday

arrived Atlanta 4 P.M. Melvold & Wellborn met me at station.

attended dinner at 7.30 given by Atlanta bankers; sat beside Mr. Otley, a director and one of the bitterest objectors to deregulation of Boston.

June 8. Friday

attended meeting of oil handlers of Mr. A. Melvold & Geo Wellborn to Mr. B. by employees. Then sat w. directors all day. Finally it was agreed that my compromise would be acceptable. (See my Mem. in Ser. 64.)

Otley said to me; before you came down I said publicly that I would be damned if I would agree to any compromise, but your reasoning was so strong and

commencing. Your address at the dinner was so charming & we directors all have such an affection for you, that you twisted us around your finger and we rather liked to be so twisted.

Mr Howell of Atlanta County was at lunch w. directors & said to me he believed a 3<sup>rd</sup> Party was inevitable; that he thought Hearst & Murray (N.Y. Her) would ultimately come out for Ford. He thought in relation of Sud. might be counted.

Tuesday June 11.

at Board meeting in reading minutes of last meeting (Cott absent) it appeared that Wyatts mem., that Elliott desired to file a brief w. Atty General, in construction of Sec. 4, St. Gov. was noted and Miller said it was the intent of the Bd to reject it. ~~Cott then moved to correct the records so that it would read that the Bd do~~ ~~Cott~~ when minutes were read would to send word to the Atty Gen that Elliott desired to be permitted to file a brief, the Bd neither to approve or disapprove but merely to transmit it. On vote, everyone being absent, all voted on Cott motion & Elliott

Miller who voted No, and it was passed.

Miller was very ugly and said no one should ~~read~~ ~~print~~

~~Cott called up Elliott and asked how~~ he submitted to file a brief. Cott asked if he was afraid Elliott's arguments would convince Atty Gen. that the Miller opinion, or Wyatts, was wrong. Then Miller intimated that some one had impropriely told Elliott such an opinion had been or was to be asked. Cott told Miller that at the hearing at wh. Mr Adoo and Elliott were present, May 22, the fact was stated that the Bd had or would ask opinion of Atty Gen & Elliott then asked to be allowed to file a brief. as a matter of fact Dr Miller, was suggested to Mr Adoo to file a friendly suit to test the case.

Wed. June 12

Cott called up Elliott and asked how he came to know of request for opinion of Atty Gen. He said it was referred to in above mentioned hearing, also that two members had mentioned it to him. as a fact the Bd agreed to ask for an opinion before May 22 but Hoxton told Cott he

could find no mention of it in the minutes. COT told this to Bd + Iw C + Platt agreed w COT that Bd had so voted; later, on May 29 the Bd formally voted, altho as shown above it was so agreed 10 days before.

Dr Miller moved to reconsider vote refusing permission to Bd of Italy to establish a de novo branch at Yuba City, Calif. The Bd had asked J. A. Peun to review the report, who had been advised, and he had just sent another report championing his recommendation. In the report he said there was need of further banking facilities in Yuba City; that the existing Natl bank would not be crushed out of existence by the establishment of Bd of Italy branch; that the Presdt of the Natl bank favored granting of the application, as he said it was inevitable that some new bank must be established there to take care of the growing bus. of Yuba City and Sutter county in wh. it was situated.

COT said he originally voted against the application, because of statements of crissangle that he had received a telegram commencing him that Bd of Italy intended to crush out the Natl bank, not being able to buy it, but that now it appeared that

there was no such danger and that, on the contrary, the Natl bank favored the establishment of the branch. COT said he understood that the State Bd. Supt had given his approval. Iw C. doubted this but some one pointed out that it was the Sacramento bank where the Supt said he would not give a certificate, under the new policy, and that he did favor giving the branch at Yuba City. COT said that he felt bound to follow the state policy + that in the circumstances, as stated above, that there was in accordance with the state policy, he felt bound to vote to reconsider. Dr Miller also said he thought the motion should pass. On vote to reconsider, Miller, Platt + COT Aye, and Iw. C. Cummings, James + Fowler No, and motion was lost.

James then moved to make the Little Rock building an exception to bond policy + to authorize its construction as an emergency at cost not to exceed \$400,000.

dry discussion. COT + James pointed out that since Bd's policy was announced building operations had been materially cut down + that it was right to prevent the construction

Platt said he would be willing to vote on this in 2 months; Miller said there would be higher rates than now.

Platt moved to lay motion on table. On vote, E. C. Miller, Cunningham & Platt voted aye, and James, C. B. & Fowler No. Motion to lay on table unavailed.

C. B. then offered a motion to unite. City of Salt Lake City, - the same in form as that of James (wh. C. B. had written for him). Platt moved to lay on table. On vote, E. C. Miller, Platt & Cunningham, <sup>& Fowler</sup> voted aye, and James & C. B. No.

Fowler explained he voted aye, because the Little Rock motion had been laid on table.

C. B. had a telegram from Sen. Elam as to the clearing deal & C. B. read a telegraphed telegram from him to Elam giving the facts. Bd voted to allow C. B. to send it, but Dr. Miller said he wished C. B. to add that he, Miller, regarded it as a body blow against the McLeary system. E. C. said he felt same way & told C. B. to put in his name. Platt said he would join C. B. in statement that he did not concur in this latter statement of E. C. & Miller.

E. C. is evidently delighted at courts decision, & said it had broken up the whole plan, that the court had decided it was illegal etc. We pointed out to him that the court had merely said the Board was not bound under the Act to establish a currency with surplus.

We are going to have trouble in near future. E. C. hates the McLeary & I believe will do all he can to discredit it in every way!

June 14. Thursday

Dr. Miller begged the Bd to reconsider its action in the Yuba City case. He said we had visited our decision on Perrin adverse report and the City of the Natl Bank protesting, but that we had asked Perrin to go over the matter again & he had done so and had changed his views, now reporting that there was need of addit. being facilitated, that the Natl Bank would not be crushed out, but that, on the contrary, the Profit of the Natl Bank favored now the granting of the application. Miller said our refusal would put the Board in a ridiculous an arbitrary position & open us to a charge of discrimination.

Ev. C. said he did not believe there was need of any further being collected there, & Dr. Miller said he did not claim this in view of Plummer's finding. C. H. mounted out, however, that Ev. C. was logical, altho he differed from him, as he took the month that he did not accept Plummer's conclusions, & that clearly he was not bound so to do. No action was taken, but matter was left for the next come in of another, when asked, to consider.

C. H. told Miller that Elliott first learned of intention of Board to ask opinion of atty Gen at Board meeting w. H. Adams & Elliott, - see section. C. H. said Elliott said Ev. C. had also shown of this to him.

Sat. June 16

Sen. Glass called 3 P.M. Platt & Crenshaw came in. Ev. C. mounted out that the Sub. Ct had ruled that checks payable in exchange of obtain of drawall were not "checks pay. on presentation" under N. Act & ∴ N. B. had no right to take them on collect, and after long discussion Ev. C. said only way was to direct N. B. not to take any such check, where laws of state gave such option to drawall, but to advise them that,

if sent in states where there was an adverse statute the N. B. could collect over the counter, under Atlanta decision, and to advise the banks to accept exchange checks at their option.

Ev. C. said if we excluded all checks drawn in states like N. Carolina he believed that the state banks would soon see that it would be to their advantage to remain on the par list, and Sen. Glass & we all agreed with him. We also agreed that in circularizing the N. B. we should say that we are bound to exclude such checks because of the Sub. Court decision.

We were all pleased that Ev. C. took this view but we feel now he seemed a bit opposed to the continuance of the par collector system.

Glass said, to check Ev. C. he would write him a letter referring to the interview and pressing his stand.

June 17. Sunday. Took rd by train for Boston.

June 18. Monday

Met w Gov Harding on Cuban agency. Gov H. + Bullen agree to separate despatch of Atlanta + Boston with a few suggestions as to change in draft agreed upon by both Atlanta.

Gov goes to Manchester in quest of Russell Codman. Very tired.

June 19. Tuesday

Gov + class of 1883 entertained by A. C. Burroughs at Blawie

June 20. Wed.

Gov met w Gov Harding. He wants his suggestions as to Cuba in new draft.

Young class of 1883 dinner at Union Club. 40<sup>th</sup> anniversary. Gov speaks.

June 21. Thursday

Gov goes to Wash. - Colonial Express.

June 26. Tuesday

Gov H. agrees to draft of Wyatt in Cuba; at his suggestion power given to buy bills not drawn on Banks

June 27.

Board at meeting passed Cuban revolution. Elmer Melford came this am and read Wyatt's draft, wh. Gov H. 5 PM yesterday introduced, and in presence of Mr James expressed his approval and introduced same.

The Board dissipated one w two wh. remarks of no importance, it having been carefully read to Board by Gov.

Very slender voted Aye except Miller who voted No.

Miller said in absence of a preliminary operating agreement it would surely cause a row bet. Atlanta + Boston. Gov replied that you can't make an operating agreement until you have something to operate.

Miller then vigorously objected to broadening the power granted so as to permit purchase of bills drawn on other than banks or bankers. He

said there were trade bills and we could not permit those to discount or



purchase them in U.S. cash wanted and that  
most questions of trade bills involved a  
discounted rate; also that the Board had also  
ruled that a Bank could rediscount a bill of  
exchange before acceptance, if it were secured.  
Miller then read a statement prepared by Ev. Call  
showing that in a certain date most of the  
acceptances held by Porto & N.Y. in exports from  
Cuba were business acceptances.

Then he gave asked Miller what his negative  
vote meant & why he was opposed to an  
Agency in Cuba. Miller expounded at great  
length and finally said he favored such an  
Agency in general principles but was opposed  
to this draft etc etc. Miller evidently felt  
or knew the vote was sure to be favorable  
so he voted No to appear conservative and,  
as I believe, to please Warburg.

July 30

We observed of Messrs of Atlanta cum Calum Bol  
& we adjusted all controversies connected w  
the Cuban affairs satisfactorily to all.

July 31

Ev. C. had letter from Elliott again asking to  
be shown the 2nd report from Peerin as to  
the Petition of Bk of Italy to estab. a Branch  
Bk at Yuba City, Calif. None of those who  
originally voted to refuse, would now be  
reasonable, so the matter was lost.

Ad took up <sup>by</sup> Petition from the Pacific S.W. Sav & Trust  
Co to estab a branch at Porterville, and of Bk  
of Italy to estab. branch at Long Beach, Calif.  
Porterville is 236 miles from Los Angeles but is  
south of Mono - which is the dividing line  
as to freight charges but San F & Los Ang.  
Long Beach is 25 <sup>miles</sup> south of Los Angeles.

1) does not involve the doctrine of "spheres of  
influence" as it is in territory reasonably  
within Los Angeles Bay area; 2) does squarely  
involve it.

Ev C said he opposed both, as also Miller  
& James. Platt & Call favored both, as Peerin  
had reported favorably.

Call then observed & moved a Resolution

ing. offered on Aug 10, 1923 to object that Bd was bound by decision of State Banking Com<sup>v</sup> as to need of new banking facilities & that the Bd did not legally divide state into spheres of influence. (See See Bd).

This caused long discussion. Miller bitterly objected to ~~the~~ resolution & moved reference to the Com<sup>v</sup> wh. was finally voted

Miller then moved that in view of the strong opposition to granting these petitions of 2 of the branches Com<sup>v</sup>, these 2 Petitions be referred to that Com<sup>v</sup> to report back to the Board a statement of reasons for Bd to see what it vote finally to turn down these Petitions, and this was passed, ~~the~~ voting No.

Aug 2. Thursday

Com<sup>v</sup> reported against all of above applications in form of a Resolution stating that state laws w. numerous branches could not be examined satisfactorily either by the State or by the Branch; that admission of state laws with unlimited right to establish branches was not consistent w. the spirit of the M Act etc.

No report was made on ~~the~~ resolution.

Platt presented a minority report.

vote against admission to establish branches:-

Aug. Cummie, Fawcett, Cunningham, James & Miller  
No. Platt & ~~the~~

Dr. Miller offered a letter to Plerrin announcing ~~the~~ decision.

~~the~~ objected as it did not give the real reasons for rejection, & moved that the Resolutions of the Board be sent to Plerrin & the Banker interested. This motion finally prevailed.

Dr. Miller voted to reject all the applications but voted against part of the reasons given in the Resolutions; an absurd position.

6.45 P.M.

Platt called on ~~the~~ at corner club. We agreed that Platt tomorrow morning should move that the Plerrin letter should contain statement that the Resolutions & decision should show that the vote was a majority vote, & that if this were not done, he should state that he & ~~the~~ should give a public statement that they voted against both & that Platt had filed a minority report to which ~~the~~ assented

7.30 P.M.

Left on 11th.

Aug 3. Friday

The RR porter told me at 2 am. of the death of President Harding last evening.

Aug 3-14. at Mt.

Aug 14. Tuesday

Platt says Peerin strongly protests against giving the Resolute to the bronze interested.

One day during the early part of this month, Mr Wyatt told me he had casually mentioned to Mr Miller his desire to buy a Ford automobile & that Miller offered to loan him \$500 on this purchase! In view of Miller's apparent dislike for Wyatt this seems very queer. I only hold that Miller is not trying to reward Wyatt for his extraordinary services that the Board in laying down conditions for admission of State banks with Branches has a disliking towards Wyatt only by the spirit (not by the law, which is implied) of the RR Act!

Aug 23. Thursday

attended funeral of William E. Curtis of Waterbury Conn. He was one of the finest characters I ever knew.

Aug. 26. Sunday

went with Mr Woodrow Wilson and Mrs Helen, wife of Admiral Helen to Mattapoisett.

Aug 27. Monday

all breakfasted at the new hotel in Providence and then motored to Mt.

Aug 28. Tuesday

HHH took them to horse show at Newbury as guests of Mrs Hopkins. Mr Gerard wanted to give them a lunch but Mrs W. said her husband would prefer that she should accept no hospitality from Gerard, so I made another arrangement. Gerard was there & was very attentive.

Aug. 29. Wed.

Lunched with Mrs Stephen Wild & then drove to Woods Hole & visited the Crane Club & called on Mrs Richard Olney who was out.

Aug. 30. Thursday.

My birth day. Mr & Mrs Wilson gave me a great good rabbit left hind foot, by good luck. It was mounted in gold with my initials in it.

Aug 31. Friday.

delivered a lecture on DR System at George's house.  
Mrs Wilson & Mrs Helen were present.

Sept 1. Sat.

Mrs Helen left in 5.35 train from N. Bedford.

Wenny.

Went with Mrs Wilson & HPH to address the  
Sephican Pomona Group at Town Hall,  
Rochester.

Mrs W. & HPH did not intend to go, but the  
Librarian wrote me such a charming letter  
tracing Priddy's letter to that Mrs W. said  
she felt it was a command and must go.  
There were 135 people there, the women all  
dressed in white, and it was a charming  
affair. The Master called on me & HPH. Our  
shillies. I asked him not to call on Mrs W.  
as she never made shillies, and he did  
not, but suddenly a woman at the end of  
the hall arose & begged Mrs Wilson to say  
a word. She at once arose & made a  
short, charming address.

Sept 2. Sunday

75 people called to buy their tickets, the  
old Town Com<sup>ce</sup>, many towns people, the  
Pres & many summer residents.

Sept 3. Monday

CH left on Washington leaving Mrs W. with

HPH.

Our machine was broken in a collision last  
Sat. and Mrs Blake sent her machine to our garage  
for us to use it while Mrs Wilson was with us  
and until our machine was repaired.

Sept 4. Tuesday

Arrived Wash. 6.30 am. after breakfast went up to  
Mrs Wilson's and left a letter from Mrs Wilson to  
Mrs Wilson & me to Mr. Bolling. Saw Bolling & adm.  
Trayner. The latter said he knew Priddy. would  
want to see me & went up stairs & came down  
& said he wanted very much to see me. I  
went up & found him eating breakfast. He was  
very glad to see me & thanked us for our kindness  
to Mrs Wilson. I told him of the outpouring of  
his people to greet her & the many expressions  
of respect and affection for her from the people,  
almost all Republicans, and of Mrs Wilson's  
address. He was so affected that the tears  
ran down his cheeks.

Sent 4 or Sent 5.

went to NM station to see Mrs Harding off. She was very much pleased and said how deeply President Harding esteemed her. She had sent her a copy of his address in President Harding at Mason. Mass, and she sent a letter through Mrs Harlan saying she would be glad to see her any day. (This was in response to a statement in her letter that she would return at a moment to see her before she left. Mrs Harlan's letter said she had called her but he was away. She went to the train & waited until Mrs H's private car was put in. Mrs H. entered the car in another track. Later Gov. Crump told her that Mrs Coolidge went down to see her off & also Mr New, but that no other members of the cabinet was present.

Sent 11. Tuesday

Mrs Wilson called me on telephone and asked me to drive this evening saying she had bought the car at 7 hoping Mr Wilson would join us. I was there at 7 sharp & went up stairs when I found Mr Wilson who had just finished his dinner. I spent a half hour talking with him - he seemed very well & we exchanged

several amusing stories but did not discuss current events. Just as he was going up stairs Mrs Wilson asked me to take a look at their garden, evidently so that I would not see Mr. W. left up by his attendant from his chair. A minute later he followed me into the next room, showed himself, and walked out of the room very well except his cane.

We then dined, Mr Bulling being present, later I smoked & talked w. Bulling while Mrs Wilson was helping Mr Wilson to bed.

Bulling said Mr. W. was going, that originally he had to travel but now go up in the elevator w. him, but that now he preferred to go alone. He said the President was most anxious to recover the use of his left arm; that at times he was very impatient; that he usually would visit against expressing sympathy or eulogizing him as it rather annoyed him, referring to my talk w. him last week when on my leaving Mrs. W. had rolled down his chair, - to me, however, this merely showed his deep affection for Mrs. W. afterwards, Mrs W. & Bulling & I played pool together and I left about 10.45

From the letters I have had recently written Mr. W. & Bulling I am satisfied that Mr. Wilson deeply grieves over the situation and that his acute normal condition of mind makes him more apprehensive of his physical troubles. Mr. W. said he complained that he could not write or work well with only one arm but that she repeatedly told him she could hold all his books & help him. She told Bulling she always cut leaves for him etc. etc. I suggested Christian Science, and she said while she was not a believer of this, she would only be too delighted if he would try it, but she could not induce him to do it, whether he believed in predestination or not she did not know. I am satisfied that the poor man is weighed down with grief over his physical condition & that what he most needs is nursing so that his strong mind & will will make him well. Mr. W. said there is no hope of his regaining the use of his left arm.

Sept 12. Wed.

Admiral & Mrs. Helen gave a supper at a dining little room in the Alexandria Road next to Lt. Col. Campbell's house. She said they, or rather Mr. W. - simply wanted to buy Campbell's house but it was not for sale, but later after they signed an agreement on their present house, Campbell said if they wanted it he would sell it then but to no one else. They were very much touched by his kindness.

After supper we all went to the theatre where we saw the "Green Goddess" a moving picture in which George Arliss took the leading part.

Sept 13. Sat.

Mrs. Wilson called me up & asked me to dinner and to go to Keeltin. Presdt W. had dinner before us but we all dined down together. We dined into the alley way in the rear; there were about 100 people in or near the alley who all applauded & cheered, which could plainly be heard in the theatre. I entered first & took the 3rd seat in the last row nearest the entrance, followed by Mr. Wilson & Mr. Bulling. The 3 seats to our right were reserved by the Manager also the same seats in front and of which Mr. Bulling took. There were 2 or 3

detectives furnished by the manager who stood directly in the Wilsons' path during the entire performance. When the Wilsons entered, the whole audience - who had heard the cheering outside, - rose to its feet with applause & cheered until Mr. W had taken his seat. After the performance the audience remained on its feet without moving, and applauded & cheered until Mr. W left the theatre. In the alley way and street a large crowd had assembled & applauded & cheered him as he drove away.

Sept 20. Thursday

Kate Hamlin (Mrs. Edward) died at 2 am.

Sept 20. Mrs. Wilson called me up and asked me to dine this evening and play pool. I told her of Kate's death, & we arranged to have me dine with them next Tuesday evening at 7 P.M. She put it at 7 as she said she wanted me to have a chance to talk w. Mr. Wilson about dinner.

Sept 21. Saturday

attended Kate's funeral at 2 Nat. St. Boston, at 12.30. Then went out to cemetery at Forest Hills w. Old & Young and witnessed the cremation. Then went back to Nat. St and at 4.30 went to Forest Hills cemetery where at 5 P.M. the ashes were buried.

Sept 22. Sunday

Ed. Harding spent Sunday with me. He said he wrote Mr. Wilson asking permission to send in the history of the JM system a personal letter to Wilson with him addressing the Board's statement warning investors to be cautious not to invest too much in British & Chesapeake Nava, but that Bulling replied in a very brusque note saying Mr. Wilson would not give him approval to printing such letter.

Sept 24.

Rode to Providence with Mr. & Mrs. Ellman.

Sept 25. Tuesday

Dined with Mrs. Wilson. She asked me to come at 7 P.M. as Mr. Wilson wanted to chat with me before he went out to bed. Mrs. W. at once took me out to the library

when I found Mr Wilson bounding the dinner.  
 He went on eating & talking on about 1/2 an  
 hour. He seemed in good spirits and told many  
 amusing stories. He spoke of the bad  
 economy of discontinuing the 11th Regt  
 Horse and said I ought to tell the Gen  
 Nott Com<sup>d</sup> about it. We spoke of Lord  
 Burleigh's recent attack and he said that  
 while undoubtedly in many ways he was  
 an able man, yet in many others he was an  
 unmitigated ass! I told him I really held  
 nothing to him for his 16th century establi-  
 vious, that he had never got beyond the  
 days or views of Hobbes & Mandeville  
 who pictured men as wild beasts fighting  
 to the death, the game of one being at the  
 expense of the other, the same rule applying  
 to Nations; that he had bumbled the  
 charac<sup>ter</sup> against which the (Wilson's)  
 views of the duties of Nations could  
 stand out more clearly and beautifully.  
 He asked me what I thought of Brad-  
 ford's address on practical idealism  
 & I said I could not follow his views  
 unless he really meant idealism but  
 other than "practical" selfishness or  
 ambition. He said evidently just as you

of any understanding of the subject, in which  
 I fully agree with him.

He was quite sensitive as to the unfair Reub.  
 criticism heaped on him, and said that some  
 times he almost felt as if we should leave  
 Reubellians absolutely alone, socially as  
 well as otherwise. He sent his warmest  
 regards to Bertie and Anna, and also to  
 Mr Blake.

He is certainly improving wonderfully  
 physically, and his mind has always  
 been keen and alert mentally.

Mr Wilson said he was at first much worried  
 about the League of Nations & Italy but  
 that Burnley Baruch, who died little  
 a few days ago had cheered him up  
 immensely. I told him W. that the L.O.N.  
 was merely having "growing pains" &  
 would come out all right.

Balling said Mr. W. was somewhat  
 annoyed over the Harding letter.

Mr Wilson spoke of New West street of  
 St Thomas's Church, as a perfect mob,  
 always bowing to those whom he  
 felt to be above him; that she had  
 been a parishioner for many years  
 there, but he had fairly driven her



out of the church. She said that just before she was married she was visiting the Wilsons at Cornish and Rev Smith wrote her a letter in care of Presdt Wilson asking her to arrange with Wilson to have his son given some acknowledgment; that she wrote him pointing out the impropriety of his request, whereupon he wrote her another letter saying he did not know she was staying w. the Wilsons and thought she was merely visiting in Cornish; that this was a deliberate lie, as all the holders should of her visit & Rev Smith sent the letter in care of Presdt Wilson at Cornish.

This amused me as I had heard somewhere incidentally emanating from Rev Smith - that he was so in love with her that he asked her to leave the Parish as he could not control himself to preach while she was present!

Mr W. told me when I was leaving to call upon her at any time and say I was coming to dinner - that I would always be welcome.

Sept 27. Thursday

Mr Wilson telephoned asking me to come to dinner and eat some chicken Bertie had sent her from Mt. I went & had a delightful evening. Mr W had finished his dinner and gone up stairs when I arrived at 7 P.M. as Mr W. said the belt rattled, as he had seen some trouble, after dinner Mr W. asked me to come up to his old room where I found him playing solitaire and we had a very pleasant talk together. I then played pool w. Mr. Balling and Mrs Wilson.

Oct 4. Thursday

Had pleasant call on Mrs Wilson. She asked me to dinner next Tuesday.

Oct 9.

Received letter to Mr Wilson praising his article in respect attitude humility dinner w. Mr & Mrs Wilson and later played pool. Mr. W. was in good humor, and of interest & vigor. He is improving very fast.

Oct 11. Thursday

Received a very interesting note from Mr Wilson in reply to mine, severely attacking Lord Berkehead.

Oct 16. Tuesday

called up Mrs Wilson & said we'd like to dine with her but she said the general manager of Holt & Prö had died & she would be very busy tonight and Wed. She asked me to come Thursday but I was going to Mt.

Oct 20 Sat.

Drove w. Bertie to Redding Dahlia barn at Long Pond, Plymouth. He said the newspaper clipping that he had named a Dahlia for Mrs Wilson was not true, as that had long ago been done by a Wallham grower, but that he raised the Woodrow & Mrs Wilson Dahlia & would send me some bulbs in the spring.

Oct. 23 Tuesday

Found note from Bally that Mrs Wilson wanted me to dine with her this evening. Dr Agnew, Mrs & Miss Bally were there. The President had gone up stairs. After dinner he sent for me and had a nice talk. He had had a head ache all day.

Oct 27

Mrs Wilson wrote Bertie that she was sending her two new bred ducks on our farm & that she had fed them & hoped they would hatch in safety. We got Deling to make a house for them and I kept calling up the of farm Co. to see if they had arrived. Finally they came & turned out to be of China, on pepper & salt! A good joke.

Oct 30. called up Mrs Wilson. she asked me to dine tomorrow night then to West.

Oct 31. Wed.

Dined w. Mrs Wilson, Mrs Helen was there; later we went to a musical play at the theatre. Before leaving Mr Wilson sent for me & I went up to his bed room. He was very much pleased w. Dr Juleys collection of his shells, and said that the S. of N. should unquestionably be the great one on the evening campaign.

In the afternoon Abbott came in with Fred Crampton who soon left. Abbott asked how the branch matter was going along and I said no action had yet been taken nor was likely to be taken for the present. He then told me

that the com<sup>u</sup> was to report on Friday but did not disclose the source of his information (possibly Ew C.). I learned later from Mr James on the next day, Thursday, that this was true. I said I had to leave Thursday night and that Ew C. told me resolution could not come up Friday as he was not yet satisfied with it. James, therefore, rather ungraciously agreed to have it go over until next week and said that Sec. Hellem ought to be present to which I agreed. I added that I would not take up more than 5 minutes.

Nw 7. Wed.

The branch bank resolution of the majority of the com<sup>u</sup> was adopted; Ew C. James, Cummings, and James voting aye and Mr. Platt & Miller, No. Ew C. said he did not agree with the resolution, that he thought it transcended the powers of the Board, but that should the national banking system was doomed to ultimate extinction unless Cong. should change the law and that Sturges (?) he should vote for it. Sec. Hellem was asked to come in but that word he should be could not and asked the Board to go on without

him. I regret that but I believe we could have persuaded him that the Board was trans-acting its lawful business. Miller got very angry w. James on using the word "debauched" in speaking of the opposition arguments. Ew C. would regret to incorporate in the record his protest. The debate centered on Ew C. motion to substitute Platt minority report on the majority report, which was lost on same vote as above.

Nw 14

Mr Hellem asked me to decline Friday Nw 16 but did not accept as I was to go to Ill.

Nw 21.

Dined w. adm. & Mr Hellem. Mr Hellem was there & offered to take me home but I had promised to go w. Mr & Mrs Charles Wessell.

(in next page)

Nw 22

Board granted petition of Par. S.W. 24 to buy a state loan at Porterville Coll. w. 2 other branches owned by it. To my surprise James & James favored it altho the Bd some time ago rejected it.

James said the Bd's resolution as to branches did not take effect until Nov. 24 & that unless time such application should be decided on its merits. In as much as Duval & James are absolutely against any branches outside of the city in wh. the parent br is located I don't see how they could now vote to grant consent. I told Ed I originally protested against putting date of resolution ahead as it would cause trouble, but I of course will vote on this branch as I thought it a clear case.

Nov 21 (cont'd from last page)

I told her Wilson the Wilson radio message was skilfully but it had made the politicians teeth chatter; that I felt it was good for them & especially for Mr McAdoo, as it would show him that he must come out on the League. She said at first she & the Wilson felt the same. She said McAdoo had talked it over w. her, said he believed in the League, had come out on it years ago, but doubted expediency of putting it forward prominently in the coming campaign; that if we had not the draft of the

rd. But in our political matters we never did have enacted into law, etc etc. She said Mr McAdoo said w. tears in her eyes, - don't believe the things you hear and will hear of us!

Mr Wilson should very kindly of her case as being courageous as to the L. of N., and that he had maintained this course since the interview he had w. Mr Wilson in the White House during his 1920 campaign.

I firmly believe Wilson is against McAdoo; that he does not trust him in the L. of N.

Nov. 25 Sunday

& called.

Made appointment w. Mrs. Chandler Hall, told her that Gertrude Meyer was almost in a frenzy about her nephew coming to Wash. to live and that I feared she would start in a vendetta against him. Told her Gertrude had great faith in her judgment and advised her to trust that track in her or else she might do something rash.

Mrs H. said she thought the nephew was a worthless fellow, she had heard rumors of his

having committed burglary, and that she did not blame Gertrude for not wanting to help him in work-society but that she felt she ought to be pleased and pleasant with him, especially during the tendency of the week continuing.

Mr H then said she thought Gertrude was almost well the line of sanity, that her family was full of insanity, and that she did not regard her as normal; that she was most mercenary and almost violent in her letters and desires; that a few weeks ago she had practically insulted her (Mr H) in her own house, but that as an old friend, she had had to overlook it.

I asked her about Mr Norton and she answered me by saying that Gertrude told her that, a long time ago, she had told Norton that her attentions had compromised her and demanded that he marry her; that Norton told her he did not love her but that if she insisted he would marry her, but that nothing along that line took place.

She (Mr H) also said that Gertrude took good care to prevent her brother from marrying, and that she feared he would become a Roman Catholic & leave all his money to

the Catholic Church.

Mr H also said that Gertrude some time ago made a will making Norton & herself executors and that she did not want to live. I told her she ought to tell Gertrude this at once, and that I asked w. her that she ought not to live.

Mr H said she was convinced that Emma Meyer was very unhappy, and that Gertrude was always saying something unpleasant about the church.

Nov 25, Sunday

Called on Mrs Wilson - delighted to see me. Asked me to stay to supper but could not as I had an engagement w. Mr & Mrs Charles Warren. She then asked me to dinner Tuesday but I was to dine with the Belgian ambassador; also on Wed. but I was going to Albany.

She then brought me into the library where Mr Wilson was & I had 15 minutes talk with him. He said he should come out openly against any Democratic candidate who failed me generally to come out for the D. of N. & I told him I was delighted to hear this.

Nov 28.

To N.Y. in route to Albany.

Nov 29. Thursday. Thanksgiving day.

In Albany.

Dec 1. in route, Albany - Wash.

Mr H goes to Hill House.

Dec 2. Sublime w. Mr &amp; Mrs Charles Warren.

Dec 4.

Mr Wilson called up Bertel and we dined with her. After dinner we all went up to see Wilson's bedroom where he was sitting in his dressing gown and had a nice talk. Mr. Chase, incidentally of the bookkeepers in telegraphing his congratulations to Coolidge on his settlement of the <sup>Proton</sup> ~~Proton~~ <sup>Proton</sup> ~~Proton~~ strike. Mr. Bulling said Wilson had written a letter to some one saying he did not care to see Prof. McGray's book in Cleveland as far what he knew of McGray he was sure it would <sup>not</sup> be well done.

Dec. 5. Wed.

Dined w. Mr &amp; Mrs Saulsbury.

Mr Hitchcock told me that Mr Wilson's speech announced they were very poorly attended, that the income was almost insubstantial.

V. P. Marshall said he had not called

in Wilson since he left the White House as he did not want the humiliation of being turned down and refused admittance. I said I felt sure he would be received if he asked on an appointment. He said he tried 3 times to see Wilson in the White House and was weak a letter but could not see him.

also said he had arranged w. Lord Grey to get the British Govt to announce it would accept the Senate Resolutions to the L. of N. and wished to see Wilson to induce him to say that, if the Senate ratified the treaty w. these resolutions, he would send it to Britain etc & not tear it up.

[He was working at cross purposes w. Wilson, and as W. had decided not to accept the resolutions I can understand why Wilson would not want to see him.]

Sen. Saulsbury was very bitter against the Wilsons; said he was disgusted at the Auburn Hawley - Trumbull - Grayson combination. Said also he had proposed a concurrent resolution to effect that all bills etc should be sent for signature to Marshall as Acting President, but that Marshall would not agree.

Mr Marshall told me McAdoo was a dishonest man and rebuked me to tell Lombard on such particulars. She said when McAdoo went west w. the family he travelled in a private car arranged for by the RR administered by ante dating the order.

Dec. 9.

Bertie moved from Lee House to 914 Jan. St.

Dec 10. Edt moved from Cosmos Club to Jan. St.

Dec. 11. Tuesday

Wyatt gave me a recondite but increased salaries of his office. Strangely to say he never mentioned any increase in his own salary, although in the past he has worried me with importunities on this subject!

A few minutes later, James came in to say that Wyatt's salary should be increased to \$10,000.

This confirmed my suspicion that Wyatt has been talking to James about this behind the back of the Law Com<sup>tee</sup> (Platt & Co.)

The suspicion has also entered my mind that the increase suggested

by James is really a reward for Wyatt because of his work in getting the majority in the branch bank matter. While the fact that Wyatt gave a legal opinion to which I could not object, does not trouble me, but in this case, he went further than this, and, I think, advised the majority in their efforts to overthrow the policy of the Board, and secretly looked to egg them on. Part of his opinion, however, - stating that the power to establish unlicensed branches was inconsistent with the Fed. R. system which was based on independent unit banks, - was simply ridiculous, as I showed to the Joint Com<sup>tee</sup>.

I think Wyatt feels that the majority will take care of him & that he need not take the trouble to consult the Law Com<sup>tee</sup>.

I have, I fear, lost confidence in him.

I am willing to agree to an increase up to \$9,000 - as I want to lean backward, but fear that Wyatt could in the branch bank matter have prejudiced me.

Dec 7. Monday.

Board discussed Governor's Pension plan for  
 100 employees which 2 years ago it favored  
 in principle.

CRH offered a resolution favoring the general  
 principle of a Pension plan, carefully  
 guarded by limited classes of employees.  
 Debated:

Aye. CRH, Platt & Miller

No. Crumpler, James, Cunningham &  
 Dawls.

Dawls then moved reconsideration,  
 carried.

Aye. CRH, Platt, Crumpler, Dawls

No. James & Cunningham

Dawls then moved that without endorsing  
 the general principle of a Pension  
 system as applied to the Fed. R. system  
 the Board interpose no objection to  
 the submission to Congress of any bill  
 providing for an insurance plan within  
 the system.

Debated.

Aye. Hamlen, Platt, Dawls

No. Cunningham, James & Miller.

Mr Cunningham said, My God! I want vote on any  
 Pension plan! I need not myself need them  
 they do!

Dec 13. Monday.

Pension plan.

CRH moved that the Bd favor in principle  
 a plan etc. (see Serial 100).

To CRH's amazement Evr Crumpler voted  
 on this and it was carried.

Aye. Evr C. Miller, Platt & CRH

No. Cunningham, James & Dawls.

CRH then moved that the Governor be  
 informed that the Bd interposed no  
 objection to their having this bill introduced  
 next.

Aye. CRH, Platt, and I think Evr C.

No. Miller, Platt, Cunningham & Dawls.

CRH called attention to the fact that  
 the Governor had sent us a bill  
 and asked for our consent.

Dr Miller moved that the bill be  
 referred to Com. on Salaries for  
 report. Defeated.



not vote to a point of order that the Bd  
having taken up the matter must dispose  
of it in some way or refer it to a committee.  
Gov C. sustained the point of order.

Finally by unanimous consent it was referred  
to subcommittee to report within 2 weeks,  
although Daniel & James, both in this  
committee bitterly objected, as the committee  
will be bound by the resolution as to  
amendments just passed by Board.

Gov Strong told me the other day that he  
had talked w. Sec Mellon who was 100%  
in favor of the plan as presented. I  
firmly believe he must have talked to  
Gov C. - the only possible explanation  
of his sudden change in vote.

Dec 17. Monday

Bd took up application of Bd of Italy for branches  
at Water City, Long Beach and Santa Maria.  
This had been some time ago rejected and  
was brought up again.

James said the Bd of Italy had broken its  
agreement w. the Bd not to buy over 20%  
of stock in any new Bd w. out consent of  
W. H. C. McAdoo had advised the Bd  
that it could buy through the stocks.

com<sup>4</sup> in BancItaly exists as they had no  
connection w. Bd of Italy. C. H. said he  
felt that whatever their technical relation  
they had not acted in good faith in the  
matter & that what troubled him was  
whether to use this as a reason for rejecting  
the petitions, as in each case the State has  
guaranteed & McAdoo had certified as to the  
public necessity. Later it appeared that  
the Bd had made the purchase expressly  
subject to the approval of the McAdoo,  
& C. H. said this was a different com-  
-plexion in the matter & he was inclined  
to feel it removed the charge of bad  
faith. James said squarely he would vote  
for at least some of these applications  
had it not been for the bad faith as above.

On vote, the Water & Long Beach <sup>and Santa Maria</sup> applications  
were <sup>not</sup> granted: aye. Gov. C. C. H. Platt.

No. James, Cunningham & Daniel. a tie.

Dr Miller refused to vote. Later Dr M. moved  
to reconsider & Gov C. ruled he had this  
right although he had not voted on  
the question. adjourned until tomorrow.

Dec 18. Tuesday

On Miller's motion to reconsider the applications for Long Branch and Watson City were withdrawn, Miller voting Aye. The Santa Maria abolitionists failed Cresswell voting no, but Miller voting aye.

Miller came in not voting yesterday was extraordinary.

Miller is striking all of his enemies.

e.g. Council on salaries made long report, Miller did not dissent yet in the Board he objected to every increase of salary.

Dec 19. Wed.

Board voted against increasing Mr. August Curtis at Boston from 1500 to 2000. Miller led in the opposition. Platt & Cresswell only voted aye.

Dec 20. Thurs.

Sal. Com. voted to drop Bradley of Councils obit. Board finally referred it to Law Com. Platt & I reported giving testimony of the applicant. Agreed that he should be reduced to 1800.

Board, led by Miller, voted to drop him on June 1, 1924. Altho Platt and I said he was perfectly competent to earn

1800. James, of Council, said he would agree to this but on Miller's motion the Board voted to drop him on June 1, 24. It was stated that this was done as there was no need of his place, although Platt & I said if he were dropped, a new stenog. would have to be appointed. Platt & I gave notice we would vote against any new appointee. This was a cruel & merciless act. Dr. Miller has no feeling of utter justice or mercy. He simply glories in cutting down mercilessly.

Dec 19.

not also moved to increase the salary of Mr. August Austin from 1500 to 1700. Dr. Miller said the investigation of the Com. & Cresswell. Com. had already shown that Austin was utterly unfit for the position. Cresswell said that on that assurance from Dr. Miller he would withdraw the motion.

Dec 20.

Cunningham told me he misunderstood the vote of yesterday as to Bradley & thought it merely abolished the clerical duties & said he would be glad to move to reconsider tomorrow. I asked him to see James & later

he said he had seen him & that James said he would vote to give him 1500 as a stenographer.

Dec 21. Monday

Erw C. at my request called a special meeting. I stated to Board what Cunningham said yesterday; he was not then in the room - and said the reading of the records thus am showed that all the Board did was to discontinue the secretarial duties of B. i.e. to abolish the office of Sec. & stenographer; that another motion was in order & I moved in behalf of Platt & myself that B. be continued as stenographer at 1500. a bitter altercation started wh. Dr Miller was particularly offensive; said we were trying to carry along dead lumber, that the Council's report was the most carefully made of any he had ever seen and that if we did not sustain it he should move to discharge all Council. James sided w. him & erst said the same he asked for a special meeting was all. Cunningham said James would vote as above. Cunningham denied he had said this & James, as I remember, also denied it. Erw C. said to James - I heard you say yesterday

you would so vote. James sd yes, and I am willing to move, and thereupon voted No! with Miller & Cunningham which would have made a tie were it not that I voted aye, altho he did not vote. the motion was defeated.

Cunningham sd he would vote for 1500 as Eddy said that was the most value of a stenographer. We pointed out that B. had been a stenographer in the Bd for 9 years and it should not now come in at the lowest rate, but all to no avail.

I then looked at Eddy rather steadily & asked if he had recommended any one to Wyatt to fill the B. vacancy. He blushed and stammered & admitted that he had, <sup>(Wyatt had told me this)</sup> as he had one stenographer he had to drop, a good man to whom he was paying 1500. I am satisfied there is the riddle in the wood pile! I shall try to find wh. Eddy wanted to do this for the good of the service or whether the man is some friend of his.

Wyatt also said that Eddy told him that Dr Fowler had not done good work and

was dead wood. I told Wyatt that Eddy came to me lately & said Double had done splendid work and that he is favored temporarily by the gold sect. found an out rigger agent at a higher salary; that he had so systematized the office that it almost ran itself! Wyatt said he heard Eddy say the same to James.

Dr Miller talks about dead wood, favoritism etc reminds me that on Monday Mar. 12. 1917 Dr M. induced the Bd to put his washerwoman on the roll as charwoman. The Com<sup>rs</sup> voted this at Dr Miller's request; the Bd had no one in mind for the place & it was not under civil service laws. Miller sd his washerwoman wanted the place & that it wd not interfere with her work as she had to be at the Treasury early only certain mornings in the week.!!

(4 May, p. 98)

June 25, 1918 Dr M sd he was to take a minutes valuation & his secretary was to tell Jacobson & asked authority to employ temporarily a man to sit in his office to attend to telephone calls; he said this man was his chamberlain & the Bd so voted. July 9 com went into Miller office & found his chamberlain stretched out on the lounge in his office

smoking a cigar & reading a newspaper  
sawd. ~~about~~ in his shirt sleeves!

com reported this to the Bd, and objected to the salary of \$85 per month (our messengers received 65 and the chief messengers 75). This man had broken his arm in an auto-accident & was practically helpless for the time being.

Wyoming defended Miller as he said he did not pay the sec. as much as the other members & that it was for him to determine. com said no member warranted in paying a Miller salary. Dr Miller told com there was nothing for the chamberlain - Smithson - to do as Miller's mail was forwarded to his house by messenger & the tel. operator always called Miller on any call to Miller while he was away. Finally we asked Council on whom wh. Bd was relying. w only Miller for this salary. Elliott upheld the Bd was reasonable. July 18 Miller went asking that salary be reduced to \$70 the present wage of messengers. Belmont sd Miller would stand and said about this.

Belmont said S's arm was broken in 2 places and mangled & he wd do nothing of what was at Miller's house for mail.

any 6, Miller sd he wd stand all the

salary had Snodgrass & gave a lengthy hypothetical explanation of the matter.

4 May, 173, 176, 177, 178, 179, 180, 181

See also matter noted by Dr. Miller:

Miller ordered Dr. W. to assist Mrs. Hutton before he went away although Dr. W. said he had told her & she was of no use to him.

July 12, 1918

4 June 7, 177

In connection with the removal of the Fed. to increase Mr. A. Curtis' salary, Platt told me that Miller said that he should oppose any increase on Fed. N. Agents unless they agreed in advance to carry out any restructure of the Com. & Obie. Com. as to change in their monthly reports! This is a strange position savouring of blackmail. I have no doubt Miller induced James to vote against Curtis' increase on this basis, but James told me & Platt he favored an increase in Curtis' salary.