

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7904

June 1, 1934.

CONFIDENTIAL

SUBJECT: Currency Quotations.

Dear Sir:

The State and Treasury Departments have taken up with the Board the question of quotations of "Manchukuo" currency, and there are inclosed, for your information and guidance, copies of confidential correspondence with the State Department regarding this matter.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

C O P Y

X-7904-a

September 29, 1933

Honorable William Phillips
Under Secretary of State
Washington, D. C.

Re: FE793.94 Advisory Committee

Dear Mr. Phillips:

Your letter of September 26th, addressed to the Honorable William H. Woodin, Chairman of the Federal Reserve Board, Washington, D. C., regarding "Manchukuo" currency, has been referred to Governor Black and, in his absence, I am taking the liberty of replying.

The Federal Reserve Board has not published anything in relation to or in quotation of "Manchukuo" currency, and we have given the proper instructions not to do so without consulting the Department of State.

Sincerely yours,

H. Warner Martin
Assistant to the Governor

C O P Y

X-7904-b

DEPARTMENT OF STATE

Washington

In reply refer to
FE 793.94 Advisory Committee

September 26, 1933

STRICTLY CONFIDENTIAL

My dear Mr. Woodin:

Under date of June 12, 1933, the Secretary General of the League of Nations transmitted to me a copy of a circular prepared by the Advisory Committee of the League, in whose deliberations Mr. Hugh R. Wilson, American Minister to Switzerland, participated as a representative of the American Government, relating to various measures involved in the non-recognition of "Manchukuo", a new political regime which has been set up in Manchuria, China. Among the measures dealt with in this circular there is one which relates to the currency of "Manchukuo", as follows:

"After considering the currency question, the Advisory Committee has arrived at the conclusion that a domestic currency is created by a domestic law, and is actually utilized in the same way as any other object of value that is bought or sold in the international market. The Committee thinks it inexpedient to propose that Governments should pass legislation prohibiting transactions in 'Manchukuo' currency, but it desires to call the attention of countries which have an official foreign exchange market to the desirability of taking any useful measures in order not to admit official quotation in 'Manchukuo' currency."

In replying to the Secretary General, I informed him under date of September 20, 1933, inter alia as follows:

"In reply I am happy to inform you that the views of the American Government with regard to the principle of non-recognition remain unchanged and that the American Government concurs in general in the conclusions arrived at by the Advisory Committee."

So far as I am aware the Federal Reserve Board has not published anything in relation to or in quotation of "Manchukuo" currency, but, in order that our policy in the future in this regard may be in accord with the recommendation of the Advisory Committee in which this

Government has concurred, I shall appreciate your taking whatever steps may be necessary to ensure that the Federal Reserve Board will not, without consulting this Department, publish anything relating to "Manchukuo" currency.

I am sending a similar letter to the Treasury Department.

Sincerely yours,

(Signed) WILLIAM PHILLIPS