the declaration.

I returned to Paris on the evening of October 17. On the following morning I filed at 10 a.m. my cablegram No. 1018, providing you with the English translation of the Belgian declaration. In closing my message, I let you know I had found all of the Belgian officials pleased with the international progress which had been accomplished through the three-power monetary and gold agreements and desirous of Belgium's fitting into the progressive arrangements. There was one suggestion made by Governor Franck which I did not include in my cablegram. That was that we should not endeavor to add on to our tripartite arrangement more than the three countries of Belgium, Switzerland and the Netherlands. Governor Franck thought we should stop with these three and then work through the B.I.S. in our gold dealings with any other countries. Governor Franck had emphasized to me that he had plenty of gold and was entirely willing to lose some of it. He said he had already been giving gold to France, following devaluation of the French franc.

You telephoned me at my home at 1:20 p.m. on Sunday, October 18. I summarized to you the account of my Belgian trip as set forth in my cablegram No. 1018 above-mentioned. I told you of my plans for the Swiss trip. You seemed to approve of the idea of a general declaration such as I told you I had obtained from Belgium, leaving technical details to be worked out...
out directly with the Federal Reserve Bank of New York after the preliminary agreements had been reached. In this conversation I mentioned to you a news item from the Netherlands in regard to possible adherence of the Netherlands to the tripartite agreement. I suggested that I might possibly telephone Governor Trip of the Bank of the Netherlands if we got Switzerland lined up, to give him at least the opportunity of bringing the Netherlands into the arrangement before we made any announcement of these two countries. You told me to hold this question in abeyance until after I had returned from Switzerland and had telephoned you my report. You said that you wanted to be careful in having the State Department approve every one of my individual trips. You asked if the Belgians appeared to be in any great hurry for the completion of the arrangement. I said I had told them I was going to Switzerland and that I did not think they would mind our postponing the announcement with respect to Belgium until we might get both the Swiss and the Dutch into the arrangement. You told me that the British would come in with us entirely on these arrangements and were quite willing for us "to write the ticket."

On the night of Sunday, October 18, I left Paris for Switzerland. Upon my arrival next morning I went to my hotel and immediately called upon Minister Wilson, who lives in the hotel, to explain the purpose of my visit. At 9:30 I was received at the Swiss National Bank...
Bank by President Bachmann. When I came in the door, he asked me, "Where is Mr. Morgenthau?" I told him that you were in Washington insofar as I knew. When I had called Professor Bachmann by telephone at Zurich to tell him that you wanted me to visit Switzerland with the purpose of conferring with the Minister of Finance, he simply misunderstood me to say that you were coming. With President Bachmann were MM. Schnyder and Weber, who are Vice President and Third Member, respectively, of the Board of General Managers of the Swiss National Bank, President Bachmann being the first ranking member.

I proceeded with the Swiss along the same lines I had followed with the Belgians. That is, I referred to the exchange of telegrams between them and the Federal Reserve Bank of New York; explained the American position; and suggested the lines of a declaration to set forth the Swiss devaluation, the availability of resources that could be utilized as an exchange equalization fund, the responsibility for the management of such resources and the willingness of the Swiss authorities to grant reciprocity to the United States in gold dealings. Professor Bachmann raised several technical points which he had set forth in his telegram of October 14 to the Federal Reserve Bank of New York. He also wanted the inclusion in this statement of a provision for immunity of gold holdings. I told him that technical points would have to be cleared up with the ...
with the Federal Reserve at a later period and that it would be preferable to omit any request for immunity. I reminded him that when an embargo had been placed upon gold exports from the United States, holdings of Central Banks had in fact been exempt. I did not think it possible, however, for any pledge to be given by us, in acknowledgment of the Swiss declaration, which could officially bind us to guarantee future immunity.

At 11 o'clock Professor Bachmann and I went to the Swiss Ministry of Finance, where Dr. Moyer, who is Chief of the Federal Department of Finances and Customs and was on that date President of the Swiss Federal Council, received us. We explained the idea of gold reciprocity, and Dr. Moyer indicated his entire approval of and sympathy with the plan for Swiss-American cooperation. He explained that under Swiss practice, it would be necessary, however, for him to obtain from his colleagues on the Swiss Federal Council approval of the proposed declaration before he could sign it.

President Bachmann and I then returned to the Bank, where a draft declaration was drawn up. My Swiss friends were most thorough and pains-taking in their efforts. The draft was typed out in French and German, while I lunched with the three officers of the Bank. The draft was revised after lunch and I made an English translation thereof, which M. Schnyder checked.
checked. The above tasks occupied our entire afternoon. Just before dinner I called on Minister Wilson and showed him the declaration. I left Bern that night and reached Paris the next morning. My cablegram No. 1021, filed at 11 a.m. on October 20, reported my negotiations and contained the English translation of the Swiss declaration. In this message I explained to you that I had cautioned the Swiss to guard the negotiations as confidential, as I had the Belgians, The Swiss, in turn, requested that the contents of their declaration be kept confidential and be not published. Furthermore, I let you know that several days would have to elapse before the definite approval of the Federal Council could be obtained.

At 4:30 p.m., October 20, I reached you by telephone and summarized to you my cablegram No. 1021, reporting my Swiss trip. You asked that I see the French the next day and inform them of the results of my trips to Brussels and Bern. You said that you would show my cablegram to the British in Washington on the same day. You said that you were considering the idea of limiting operations by countries having no stabilization funds, such as Belgium, to a quota, say 10 million dollars for any one day, lest some other countries might operate through the country in question. You asked my idea on this. My initial reaction was that such a restriction should not be imposed, it being my feeling that we could afford to be generous rather than otherwise in yielding gold. . . .
gold.

In my cablegram No. 1028, dated October 21, 6 p.m., I let you know that I had called on M. Baumgartner at the Ministry of Finance, at 5 o'clock, and had acquainted him with the results of my trips to Belgium and Switzerland. I learned that the French were entirely ready to move along with us in making reciprocal arrangements with the Belgians and the Swiss in regard to gold transactions. M. Baumgartner asked that the French be given time to complete technical arrangements with such countries as the United States might consummate arrangements with before we issued any public announcements in regard thereto. The French would desire to make simultaneous announcements. M. Baumgartner hoped that the Netherlands would join in the arrangement in order that a complete picture of cooperation and solidarity between the six important financial nations might be achieved.

On the morning of October 22, I received your cablegram No. 421 of October 21, 5 p.m., raising a question in regard to a spread in the Swiss buying and selling prices of gold, as set forth in the Swiss declaration which I had cabled you. In my message No. 1034, dated October 22, 2 p.m., I gave you my explanation on this point. In this same telegram, I told you of a letter, dated the 21st, which I had received from President Bachmann, who said that the Swiss Federal Council would pass on the question of the Swiss declaration on October 23, and that the Board of General Managers...
Managers of the Swiss National Bank would then have
to submit the question for approval to their Board of
Delegates on October 27.

The Paris exchange market was quite hectic on
October 22 with the franc heavily under pressure, due
to domestic political concern over the Radical Socialist
convention at Biarritz and to international apprehensions
lest the Little Entente States follow Belgium's example
and declare their neutrality. In my message No. 1035
of 5 p.m., I gave you a summary of the day's operations,
including remarks of M. Carigué thereon.

On the morning of October 23, I received your
cablegram No. 423 of October 22, 6 p.m., asking me to
inform the Belgian and Swiss authorities that, owing
to the extreme pressure of business and of the elections,
you would not be able to give the necessary consideration
to negotiations for gold arrangements before the following
week. I immediately addressed letters to MM. Franck and
Bachmann conveying this information. I telephoned M.
Baumgartner to let him know of your message, and also
to acquaint him with the delay that was taking place
in Switzerland, due to the necessity of procuring such
complete official approval of the declaration. M.
Baumgartner again asked if we had heard from the Dutch.
He said that it was possible that President Trip of the
Netherlands Bank might be visiting Paris the next week.
Incidentally, this visit never transpired.

You telephoned me at 4:15 p.m. on Monday, October
26. . . .
26. You stated that you were satisfied with the declaration which I had received from the Swiss on my trip to Bern, and with the arrangement contemplated therein. You were not satisfied, however, insofar as Belgium was concerned. The declaration which I had obtained from the Belgians did not let you feel that you were doing business with the Treasury. You said that the Treasury could designate the National Bank of Belgium as its fiscal agent, or that the King of the Belgians could reestablish the stabilization fund if he desired. You would prefer to see the reestablishment of the stabilization fund, but you did not insist thereon. You told me to visit Brussels again and see that the arrangement was strictly between Governments. If Belgium did not see fit to come in on our terms we should go ahead with our arrangements with Switzerland. When I mentioned that no word had yet been received from the Netherlands, you said that you had no objection to the French "building a fire under them" if they desired. You told me to report promptly on my Brussels trip when I returned to Paris.

In the afternoon of October 26 I talked by telephone with M. Baumgartner. I mentioned our position with respect to the Netherlands. M. Baumgartner said he or M. Fournier would telephone Dr. Trip to the effect that the Swiss and Belgians had approached us, that I had visited their two countries, and that I was going to Brussels again on Tuesday evening.

At ...
At 4:30 on October 27, M. Baumgartner telephoned me that M. Fournier had telephoned the Netherlands Bank at Amsterdam but had learned that President Trip was absent from the city. Undergovernor Fournier had agreed to call President Trip when the latter might be back in Amsterdam, and M. Baumgartner promised to let me know the results of the conversation when I returned from Brussels.

In my cablegram No. 1053 of October 27, 5 p.m., I continued my observations of the preceding few days upon the factors which were working against benefits of devaluation of the French franc. In a later cablegram, No. 1054, dated 6 p.m., I reported that, in compliance with instructions received from you by telephone, I was leaving for Brussels that night and should be back in Paris on Wednesday night. In accordance with the above plans, I left Paris on the evening of Tuesday, October 27. When you had talked by telephone with me on the afternoon of October 26, you had asked that I go up to Brussels that same evening. I told you that it was too late for me to telephone to Brussels for appointments and to catch the train which left Paris at 6:10 p.m. I did proceed, however, to telephone Governor Franck at once on Monday evening and made an appointment for Wednesday morning.

No further instructions from you as to the specific representations which I should make at Brussels arrived for me before I left Paris or were transmitted to me at Brussels before the hour of my appointment with the National...
National Bank of Belgium. I was, accordingly, free to use my own judgment in endeavoring to obtain the ends which I thought you desired. When I was received by Governor Franck and Secretary Baudewyns of the Belgian National Bank, I indicated to them your wishes. Governor Franck again went over the Belgian situation with me. I was definitely informed that the Belgians had no intention of reestablishing a stabilization fund. Realizing, therefore, that there was no likelihood of a change in the basic Belgian monetary set-up, as pictured in the declaration which I had procured at Brussels on October 17, I sought an additional statement on the part of the Minister of Finance, which might meet your requirements. My instinct was to make no arrangement, even of a confidential character, whereby the Belgian Government might be placed in the position, before the Belgian public, of seeking to contravene the laws and practices which fix the relations between the Government and the Central Bank. Governor Franck and I drew up a letter with the above points in mind. We telephoned the draft text to Minister of Finance de Man, who assented to the terms, but requested that I learn from you whether the draft would meet your requirements before he be asked to sign the document.

I went to our Embassy in Brussels, where I explained the situation fully to Ambassador Morris and put in a call to talk with you at 2:30 p.m. I then ...
then went back to the National Bank of Belgium, where I attended a large monthly luncheon of the Directors of the Bank, at which a number of prominent outside officials were present.

After the luncheon I returned to the Embassy and spoke with you. I read you the text, in English, of the letter which had been drafted. You could not give an immediate answer as to whether this would acceptably solve the question. You asked me to cable the text, together with my comments. Consequently, the draft was not submitted to the Minister of Finance for signature at a 4 o'clock appointment which had been arranged for this purpose.

Before taking the 4 o'clock train from Brussels to Paris, I again spoke with Governor Franck, and it was understood that I should communicate further with Brussels if you desired that the letter be completed. It was agreeable to the Belgians that this letter be addressed to you and be sent to me for transmission to you. It will be recalled that I raised this point with you on the telephone, since the Belgians were uncertain as to whether the letter should be transmitted in this fashion, or through our Embassy in Brussels, or be simply a note addressed to me. I told Ambassador Morris of all of my conversations, and he was entirely agreeable to the idea of the letter being sent to you, through me, if it might subsequently be signed. In our conversation by telephone, you stressed the point that any actual arrangements which you made with foreign countries . . .
countries in regard to reciprocal gold dealings would have to be made public.

Upon my arrival in Paris on the evening of October 28, I came to the Embassy and despatched at 10 p.m. my cablegram No. 1061, which I had prepared on the train coming from Brussels. In this, I gave you the text of the Belgian draft letter, and commented freely thereon. I had done everything I thought possible at Brussels to ensure that our reciprocal gold transactions be of a governmental character. You will recall that on my first visit to Brussels I had procured the signature of the Minister of Finance to the declaration, along with that of the Governor of the Central Bank, and had also obtained the oral approval of the Prime Minister of the country to the declaration. In drafting the proposed letter, on the second trip, I suggested the reference therein to the fact that the National Bank of Belgium acted as the fiscal agent of the Treasury. In my cablegram I made the point, however, that since gold which would be ceded to you from Belgium was actually the property of the National Bank of Belgium, the latter would not, in my opinion, be acting as fiscal agent of the Treasury in such transactions. My whole purpose had been to achieve an understanding as completely in accord with your desires as possible, but at the same time to make known to you attendant facts and circumstances, and to take every precaution to prevent any eventual criticism of our arrangement.

At ...
At 3:15 p.m. on October 29, I telephoned President Bachmann at Zurich to learn what progress was being made with the Swiss declaration. He told me that he had mailed to me a letter, accompanied by copies of a text of the Swiss declaration which had been approved by the Board of Delegates of his Bank at a meeting held on October 28, and was to be passed upon by the Swiss Federal Council on October 30. He mentioned to me a few changes which had been made in the text as originally drafted when I visited Bern.

You telephoned me at 5 p.m. on October 29. I gave you the substance of my conversation with President Bachmann. We discussed the results of my Belgian trip. You and Dr. Feis asked me for precise information as to the position of the Belgians with respect to publicity of any arrangements which they made with us. You referred to the need of letting your public know what you were doing, particularly since you faced the necessity of having legislation passed to give authority for the continuation of the Stabilization Fund after January 31, 1937. You were fully aware of the objections which Central Banks might bring up to the plan which you had decided upon, with the President's approval, for arranging gold reciprocity.

I mentioned to you that President Trip of the Netherlands Bank had telephoned me on the preceding afternoon from Amsterdam indicating the interest of Premier Colijn and himself in inquiring in regard to the formalities with respect to entering a reciprocal gold...
gold arrangement with the United States. You told me that you preferred that I see President Trip in Amsterdam, rather than reserve our interview for our next meeting at Basel on November 9. You stated, however, that your hands were full for the present, and that you would give me specific instructions later.

In my cablegram No. 1063 of October 30, 12 noon, I confirmed my report of my conversation with President Trip. I also let you know that at 10:45 on the morning of October 30, M. Baumgartner had telephoned to inquire about the present status of our negotiations. M. Baumgartner strongly advanced the opinion that no announcement should be made with respect to Switzerland or Belgium until we might see whether the Netherlands could also be brought into the agreement, and until time was then given for France and England to agree upon announcements to be issued simultaneously with the American announcement. When Dr. Trip had telephoned me at 3:30 on the afternoon of October 29, he said that he had not gotten into touch with us earlier, not because he had not wanted to cooperate fully but that he had desired to see how conditions might develop on his own market following the departure of the florin from the gold standard. I told him of the talks which I had had with the Belgian and Swiss Treasuries. It was understood that I could not ask for an appointment to see Premier Colijn and himself until I might submit the matter...
the matter to you and received your instructions.

I called President Trip back at 9:45 a.m., October 30, and told him that I could not at that time indicate a date upon which I might visit him at Amsterdam. He thought it much better to meet in the Netherlands, where everything could be settled all at once, than to endeavor to make any arrangements at Basel. He said that he was already working on a formula for transactions with the Federal Reserve Bank at New York, which he would mail to me. He had confirmed that Premier Colijn would be glad to receive me whenever I might visit the Netherlands. He mentioned that Governor Labeyrie had telephoned him the preceding afternoon, shortly after he, President Trip, had spoken with me in regard to possible arrangements with the United States. He made the point very clearly that he had thus taken the matter up with us on his own initiative and prior to his receiving any suggestion from the French.

In my cablegram No. 1064, dated October 30, 5 p.m., I gave you the amendments which had been made in the Swiss declaration, I having received on that morning the letter from President Bachmann, dated October 29, 1936, which set forth the new text. I also told you that I had received at noon on October 30 a telegram, in which President Bachmann informed me that the Federal Council had authorized the Swiss Finance Department to sign the declaration as of October 29.
You telephoned me at my home at 2 p.m. on Sunday, November 1. I let you know the developments of the week-end, including the receipt of a letter from President Bachmann confirming his telephone call and telegram, and informing me that the signed Swiss declaration should reach me shortly. I told you furthermore, that M. Bachmann had raised the question as to whether Switzerland should adhere to the tripartite declaration of September 25 in the same manner that the Belgian Government had adhered.

You told me that you desired that I proceed to the Netherlands on Monday with the view to procuring from the Dutch an arrangement along the lines of the declarations I had obtained from the Belgians and the Swiss. You said that you would ask the Department of State to send me the necessary instructions that day (the Department's instruction No. 441, dated November 1, 2 p.m., arrived at the Embassy early on the morning of November 2). You explained that final American approval had not yet been given to the Belgian and amended Swiss declarations. We discussed the manner in which announcements would be made by the American, British and French Treasuries in the event that additions might be made to the countries eligible to reciprocal gold transactions. In my cablegram No. 1070, dated November 2, 10 a.m., I confirmed my understanding of certain points which we discussed by telephone the preceding afternoon. I included in this cablegram certain reasons which, in my opinion, made it ...
made it important to extend the tripartite agreement as early as possible. I also told you that I had telephoned President Trip, who would receive me at the Bank of the Netherlands the following morning and would make an appointment with Premier Colijn. I was, therefore, leaving Paris on Monday noon for Amsterdam and should be back in Paris on Wednesday morning.

On the morning of Tuesday, November 3, I called at the Bank of the Netherlands at 9:45 a.m., and was received by President Trip. We were later joined by the ranking Director, M. Beaufort, and the Secretary of the Bank, M. de Jong. Before leaving Paris I had received the preceding forenoon a letter dated October 30, with which President Trip had enclosed a memorandum which he had drawn up suggesting the lines along which gold transactions might be carried out between his Bank and the Federal Reserve Bank. I had studied these on my way to Amsterdam with the view to having in mind a draft declaration which would be similar to those declarations already obtained from the Belgians and the Swiss, and would at the same time include enough of Dr. Trip's suggestions to satisfy the Dutch. With Dr. Trip's memorandum and the Swiss and Belgian declarations before us, the drafting of a Dutch declaration proceeded quickly, particularly due to the fact that this could be drawn up in English. The work, except for typing and final revision, was finished before MM. Trip and Beaufort and I went out for lunch.

Immediately . . .
Immediately afterwards we read over the typed copy and made a few corrections therein.

At 2:45 President Trip and I took the train to The Hague, where Premier Colijn, with Minister of Finance Oud present in his office, received us at 4 p.m. I explained to MM. Colijn and Oud the procedure which we were following in our negotiations with the countries which had indicated an interest in having gold dealings with us on a reciprocal basis, and President Trip explained to them the draft document. MM. Colijn and Oud approved the document, but it was agreed it should not be signed until I might ascertain from you the acceptability of the terms thereof. It was understood that MM. Oud and Trip would be the officials to sign. After leaving the Prime Minister, Dr. Trip went with me to call upon Minister Emmet, who is a good friend of his, but we found him out of town. We hurried on, therefore, to the railway station, where I caught the train for Paris.

In my cablegram No. 1075, sent from Paris at 10 a.m. on November 4, I gave you the text of the Dutch draft declaration and also transmitted certain opinions which the Dutch officials had volunteered to me. I particularly mentioned Dutch concern over the French situation because of the apparent tendency of the French public to continue to doubt the Government and because of the lack of prospect for a strong, confidence-inspiring Government to come into power. I added that
President Trip felt that the American legislation providing for a Stabilization Fund and a further cut in the dollar had an important merit internationally in that this legislation constitutes a balance to steady sterling, with the relationship between the dollar and sterling now more than ever having an important influence on the currencies of the world.

In a second telegram, No. 1076, sent at 1 p.m. on November 4, I told you of the receipt of the Swiss declaration, dated October 28, bearing the signatures of MM. Meyer, Bachmann and Weber. I also let you know that there had been a leak to the press from Switzerland as to the Swiss signing a declaration in regard to the Anglo-Franco-American monetary arrangement. I also mentioned that M. Baumgartner had telephoned me as to the French unhappiness over this leak, which apparently came from the Swiss Federal Council. I told M. Baumgartner at this time of the results of my Dutch trip, and he said Minister Auric was anxiously awaiting our decision on the three countries.

I spoke with you at 8:30 p.m. on November 4. I told you the substance of my two cablegrams sent during the day, above-summarized, and urged the importance of terminating arrangements for the addition of the three countries by Sunday or Monday. I was anxious that this might be achieved before the Central Bank Governors met at Basel. You stated that you were anxious to accomplish the addition...
the addition of the three countries, on a three-sided arrangement with France and Great Britain, but you were afraid this could not be arranged in such a short time.

In my cablegram No. 1080, dated November 5, 4 p.m., I reported the gratification expressed by the European financial press over President Roosevelt's reelection and its consequent optimism over the prospect of continuing monetary cooperation, following up the tripartite agreement. I also let you know that I had been able to inform Minister Emmet fully of my conversations with the Dutch officials since the Minister had called at my office while he was in Paris.

On the morning of November 6, I received your cablegram No. 445 of November 5, 5 p.m., in which you quoted the draft of a proposed statement to cover the release of gold for export, not only to the countries then under discussion, the Netherlands, Switzerland and Belgium, but also to France and England. In my cablegram No. 1088, dated November 6, 5 p.m., I reported that, in accordance with your telegraphic instructions, I had left with M. Baumgartner at the Ministry of Finance a copy of the proposed statement, and that M. Baumgartner had promised to discuss the matter with Minister Auriol and to provide me the following day, if possible, with a memorandum setting forth such comment as the French Ministry of Finance might care to give me upon the draft declaration.
When I left the above-mentioned document with M. Baumgartner at 3:30 p.m. on November 6, he could not grasp the exact purpose thereof. He thought a new declaration, especially superseding the one of October 13, if issued now, would only confuse people. He thought it better to hurry up with the addition of the three countries to the original declaration. If necessary, we could make some amendment later. M. Baumgartner was quite willing to accept for the Ministry of Finance the declarations which I had obtained from the three countries, he stating that France would require nothing further as a basis for granting reciprocal gold treatment to the countries involved. M. Baumgartner admitted that, as far as France's present status was concerned, this new declaration would change nothing. He realized that the French Stabilization Fund would continue to exist for some time, but he had no reason to believe that the French had yet developed the idea that the Stabilization Fund was to be made permanent. He promised to discuss the matter with Minister Auriol and to call me back on Saturday morning, when he would endeavor to give me a memorandum on the subject.

At noon on November 7, I visited M. Baumgartner. He had not been able to see the Minister of Finance since my call on the preceding afternoon, due to M. Auriol's being engaged on parliamentary matters. M. Baumgartner had, however, drawn up an informal letter...
letter, addressed to me, in which he expressed his personal views. I had asked that the views of the French officials be set down in writing in order that there would be no possibility of the slightest misunderstanding in the premises. I asked M. Baumgartner whether he had any objection to my cabling his views to you. He said that he had none, provided that I characterized them as his own views.

In my cablegram No. 1092, sent at 2 p.m. on November 7, I provided you with a translation of M. Baumgartner's letter, giving three reasons why he thought your proposed declaration might cause inconveniences. First, because the impression might be gained that the October statement was being reversed for some reason that might not be clear to the French public; second, because he thought that Belgium could not subscribe to the declaration as drafted; and, third, because difficulty or embarrassment might be experienced if France eventually returned to the normal system of the gold standard.

On the night of Saturday, November 7, I left for Basel, where the B.I.S. Directors were having their monthly meetings on Sunday the eighth and Monday the ninth. While at Basel I gave an oral reply to President Bachmann of the Swiss National Bank, who had written me under date of November 5 to inquire whether or not his Bank was at liberty to approach the Federal Reserve Bank of New York in regard to making arrangements...
arrangements as to future gold and exchange operations. Since the declaration which I had received in your behalf from the Swiss authorities had not yet been definitely approved by you, my answer to President Bachmann was necessarily negative.

Upon my return from Basel on the morning of November 10, I filed my cablegram No. 1096 at 10 o'clock, reporting the results of my week-end at B.I.S. headquarters. I mentioned to you the inquiries on the part of resident B.I.S. officers as to whether there might soon be any likelihood of the United States Treasury releasing gold to the B.I.S. in order that the latter might have proper facilities for continuing to help the smaller European Central Banks to rebuild their gold supplies. I gave you the views as expressed by Governor Norman upon the gold movement to the United States, which had been continuing after the consummation of the tripartite monetary agreement. The Governor insisted that the Bank of England had all the gold that it needed or could use. I mentioned the skepticism of some of my friends in regard to the French making devaluation a success. In a second telegram, No. 1098, sent at 5 p.m. on November 10, I informed you of the nervous condition of the French exchange market and reported that there was even some gossip as to the possibility of exchange control.

After returning from Basel I had telephoned M. Baumgartner at the Ministry of Finance to see if he could . . .
could give me the views of the Minister of Finance upon your draft declaration, which M. Baumgartner had thought would be possible on that date, as indicated in the final sentence of my No. 1092, November 7, 2 p.m. M. Baumgartner told me that Minister Auriol shared his views on the statements, but that the matter was so complicated that they desired to study it further. I talked with M. Baumgartner later in the day, at 5:45 p.m., and he then said that they must await a document from London, which they expected on Thursday morning. He asked me to call him at 12:15 on that day. He said that he had learned that the British were apparently disposed to interpret your intended statement in a manner different from the interpretation which he and the French Minister of Finance had placed upon it. I told you of my call and the postponement of a decision until Thursday, November 12, in my cablegram No. 1100, November 10, 7 p.m.

At noon on November 10, Miss Willis, Secretary of the American Embassy at Brussels, telephoned me that the Embassy had received an envelope from the Belgian Minister of Finance for me, and she inquired as to what should be done with it. I told her to forward it at once in a plain envelope, registered and sealed. She did not know the contents of the letter. On the morning of November 12 I received the envelope in question, and in the inner cover, addressed to me, I found an original letter, dated November 9, 1936, signed ...
signed by the Minister of Finance of Belgium, M. H. de Man, and directed to you as Secretary of the Treasury, which was drawn up in exactly the terms of the draft which had been prepared at Brussels on my visit of October 28. When I had last talked with the Belgian officials at Brussels, on October 28, it had been definitely understood that the letter was not to be signed until I might be able to inform the Belgian officials that you had found its terms satisfactory and that this would render possible the consummation of a reciprocal gold arrangement between our two Governments. I had had no further conversation with any one upon this subject, and when I talked on a subsequent occasion with the Embassy at Brussels, I found that no one there had been in communication with the Belgian authorities upon this subject. The letter, presumably, was signed and despatched by the Minister of Finance upon his own initiative.

I called on M. Baumgartner at the Ministry of Finance at 12:15 on November 12. He told me that he had received from his Acting Financial Attaché in London, M. F. Le Norcy, a letter to the effect that London had interpreted your proposed declaration differently from Paris. The British officials thought that the new declaration was to facilitate and not to hinder Belgium's cooperation. I was happy to be able to show M. Baumgartner the signed Belgian confidential letter, which I had received just before going to the French...
French Ministry. He admitted that this evidently indicated that Belgium would be disposed, confidentially, to give a wide interpretation to the manner in which the Bank of Belgium acted as "fiscal agent of the Ministry of Finance," even though it actually was not fiscal agent but "principal" in gold dealings. He thought France might now yield, seeing that Belgium was taken care of, but he insisted that his technical objections, as he had communicated them to me and as I had cabled them to you, were still well founded. He told me that Minister Auriol was "confused" over this new scheme. M. Baumgartner said that he would talk with the Minister of Finance again, to let him know of the letter which I had shown in strictest confidence. Before talking with the Minister, M. Baumgartner was also to telephone London to see if the British had given you their reaction to your proposed statement, since the letter from M. Le Noroy was accompanied by a proposed draft of a British declaration, dated November 9, to be issued in welcoming the extension by the United States Treasury of the reciprocal gold arrangements to Belgium, Switzerland and possibly the Netherlands. Although M. Baumgartner promised to call me back later in the day, I did not hear from him; and when I telephoned the Ministry of Finance at 6:45 p.m., I found that he had left.

At 10 a.m. on November 13 I telephoned M. Baumgartner ...
Baumgartner that I was anxious to wire to you on that day the French response to your proposed declaration. He said that he would see the Minister during the morning and asked me to call at 12:15. At the prescribed hour, I called upon him and then returned to the Embassy, where I dictated a report of our conversation and had it coded under serial No. 1106, dated 4 p.m. At 4:15, I put in a long-distance call for you in order that you might know the French decision. At 4:55 I was informed that you were absent until the following week but that if the matter was very urgent you could be found. M. Baumgartner telephoned me at 5 o'clock to say that he had just learned that the British had replied to you, giving their approval to the proposed declaration. Your message No. 456, sent rush at 10 a.m. on November 13, requesting that a definite answer from the French on the matter of your proposal be sent to reach Washington not later than Saturday morning, was received after my cable No. 1106 of 4 p.m. had been despatched.

In my cablegram under reference, I told you that while Minister Auriol endorsed the views of his technical assistant, M. Baumgartner, as set forth in my No. 1092 of November 7, 2 p.m., I had procured the oral agreement of the French Minister of Finance to your proposed statement, as quoted in your No. 445, November 5, 5 p.m., with one condition. MM. Auriol and Baumgartner, after learning of the Belgian letter and of...
and of the British willingness to give a very broad interpretation to the idea of "fiscal agent," did not desire to interpose objections to the issuance of the proposed American declaration. Their one condition was, however, that when your declaration might be issued, there should be some wording to indicate that there had been no rupture of the original tripartite agreement. That is, they desired that the point be made that the three powers had not revised their original agreement, but that certain additional countries had now been found eligible to be added to the three original parties for reciprocal gold dealings. In my cablegram reporting the French decision, I quoted a letter from the British Treasury to the French Financial Attaché at London in regard to the proposed communiqué by the Chancellor of the Exchequer.

You telephoned me at my home at 9 o'clock on the evening of November 13. You referred to the letter which I had received for you from the Minister of Finance of Belgium, and you requested that I mail this at once to you. I told you of my cablegram reporting the French decision. You felt that you could meet their worry with respect to the wording of the release on the one point under reference. The question was discussed as to whether we could at once mail to the three prospective members, Belgium, Switzerland and the Netherlands, the text of the proposed...
proposed statement and give them a week to agree thereto. I thought it might be necessary to visit the countries personally when the time came. I suggested that you provide me, for further transmission, with the text of any oral statements which you planned to make at the time your formal declaration was issued. You told me that you were seeking on Sunday the President's approval to your proposed statement and that I should hear from you on Monday. You were particularly interested to know what had moved the French to consent to your proposed declaration. I told you that the principal factors were the British interpretation of "fiscal agent" and the letter from the Belgian Minister of Finance. I mentioned to you that Governor Rooth of the Sveriges Riksbank was coming to visit me between November 22 and 24, and you said you wanted me to be sure to see him. In two telegrams sent on November 14 I mentioned the press rumors that the Netherlands was considering joining the tripartite gold arrangement and that Swiss adherence thereto was considered practically an accomplished fact. I mentioned these rumors as reason for haste in our concluding arrangements with the three countries under consideration and in issuing appropriate announcements. I told you that strengthening of the tripartite agreement would be most welcome to France, considering the bitter parliamentary fight which the Government was having on its budgetary and financial policies.

In my...
In my cablegram No. 1119, sent at 6 p.m. on November 16, I mentioned the attention which the European financial press was giving to the possibility of the United States restricting foreign purchase of American securities.

At 9 p.m. on the evening of November 16, you telephoned me at my home. You told me that you had prepared a new declaration, which you were cabling me that night, which was intended to supplement, and not to denounce, the statement of October 13, and that you were anxious to get complete adherence to this new declaration in order that it might be announced by you at 4 p.m. on Monday, November 25. That is, one week from the date on which you spoke to me. It was understood that I was to take no action on the declaration which you were cabling me until you might telephone or wire me further to the effect that the President, whom you were seeing the next day, had given his definite approval thereto.

On the morning of November 17, I received your rush cablegram No. 462, sent at 12 midnight, November 16, wherein the draft declaration was incorporated.

You telephoned me at 3:40 p.m. on November 17. You told me that the President had approved your draft statement as embodied in the cablegram which you had sent to me the preceding night. I told you that Minister Auriol was out of town, but that I was seeing M. Baumgartner at 4:15, and that the latter would telephone to Toulouse in an effort to obtain M. Auriol's approval.
approval to your new declaration. I was sure that I could procure the French adherence to your new plan, especially since it embodied the idea of not cancelling the declaration of October 13. I agreed that this statement constituted an improvement over the preceding draft.

You outlined to me the schedule which you desired to be followed. You said that you would like to have the Swiss and the Dutch get out a release on Sunday night, November 22, for publication in their morning papers of November 23, indicating the adherence of those Governments to the tripartite agreement of September 25. These declarations of adherence should be phrased similarly to that which Belgium had made on September 26, and should be transmitted through the respective Foreign Offices to the three powers. The Department of State should receive such telegrams not later than Sunday, so that the statements could appear in American papers on Monday morning. In answer to your inquiry as to whether I had a copy of the Belgian declaration, I told you that I had a press copy thereof, and that I would get an official copy of the complete statement from the French Ministry of Finance for the guidance, if necessary, of Switzerland and the Netherlands.

You stated that the United States, France and Great Britain would, according to your schedule, give out on the night of Monday, November 23, releases for publication...
publication on the morning of Tuesday, November 24. Your statement in regard to your new policy would be issued at that time. I asked if you desired that you receive, prior to their issuance, the texts of the statements which the European countries were going to give out. You thought this was not necessary with respect to the statements of adherence to the September 25 agreement on the part of Switzerland and the Netherlands, since they were simply to follow the Belgian text, but you did desire, if at all possible, to have any advance copies of the announcements which the countries planned to make with respect to the reciprocal gold arrangements which were being consummated.

It was agreed that I should cable you on the evening of November 17 the results of the interview which I was to have at that time with the French Ministry of Finance. It was not necessary to telephone. As soon as you received a reply from the British, you would telephone me, and I could then begin to effect the necessary arrangements with the three prospective Governments. I told you that I thought it might be necessary to visit the officials in the three countries, particularly the Belgians, who were most vitally concerned with the new declaration, and the Dutch, who had not yet signed their original technical declaration. Furthermore, it would be quite difficult to make the Swiss understand over the telephone just what was involved . . .
involved, and to procure an official Swiss adherence to the tripartite declaration of September 25, since the Minister for Foreign Affairs would have to be approached on this subject by my two contacts, the Minister of Finance and the President of the Swiss National Bank. You said that the American announcement in regard to the addition of the new countries would be very simple, in the same manner as the announcement was made as to the eligibility of France and England. At my suggestion you agreed to cable me the text of such a brief announcement.

In my cablegram No. 1121, sent at 7 p.m. on November 17, I told you that I had at 5 o'clock that afternoon submitted to M. Baumgartner at the Ministry of Finance the proposals contained in your No. 462 of November 15, 12 midnight, which, according to cablegram No. 463 of November 17, 2 p.m., could be definitely taken as the basis for negotiations. I told you that M. Baumgartner had not been able to get into touch with Minister of Finance Auriol, who was coming by motor car from Toulouse to Paris. My friend was confident that the Minister would approve the statement and arrangements described in your cablegram, and he promised to give me definite word before noon on Wednesday.

Under cover of a note dated November 17, 1936, I mailed you in our diplomatic pouch the original text of the communication addressed to you under date of November 9, 1936, by the Minister of Finance of Belgium...
Belgium.

M. Baumgartner telephoned me at 10:30 on the morning of November 18 that Minister of Finance Auriel had returned to Paris and had found himself in complete agreement with the proposals as set forth in your cablegram No. 462 of November 16, 12 midnight. I gave you this information in my cablegram No. 1123, sent at 12 noon, November 18. I informed M. Baumgartner of the contemplated form of press release quoted in the Department's No. 465 of November 17, 4 p.m.

I put in a long-distance call for you and obtained communication with you at 2:45 p.m. on November 18. I gave you the information in regard to the French approval, which I had sent in my cablegram. I told you that I should have to leave for Belgium that night if it was desired to finish arrangements by Sunday. I told you that I could attend to the negotiations in Brussels the following day and could telephone or wire you from there the results. You said to telephone you, if possible, and confirm by cable, and for me not to hesitate to use the telephone freely. It was understood that I could not make any arrangements with the Dutch or Swiss officials until I had procured the necessary approval of the Belgian officials to the new draft statement. If such approval was obtained, however, I was to endeavor to effect the necessary arrangements in the Netherlands on Friday and in Switzerland on Saturday. You were agreeable to my plans and told me to leave Paris...
Paris that night. You had not yet received the British response to the declaration. It would be necessary that I have word of this before I could talk with the Belgians. I was, however, to prepare to depart from Paris and await word from you in Brussels, if necessary, before seeing the officials there.

At 3:45 on the same afternoon, November 18, you telephoned me that you had heard from the British and that your statement was found entirely agreeable to the Chancellor of the Exchequer, provided it was acceptable to the Belgians. I was, therefore, to go on to Belgium that night and to keep you informed currently as to the results of my conversations. Consequently, I telephoned at once, at 4 p.m., to Secretary Baudewyns of the National Bank of Belgium (Governor Franck was on a holiday in Egypt) and arranged to see him on the following morning at 9:45. He was to take me to see Minister of Finance de Man. At 5 o'clock I telephoned M. Baumgartner, and he said that it was also his understanding that the British were entirely in agreement with the French and Americans on the declaration. I told him of my proposed itinerary. He asked that I telephone him from Brussels as to the result of my negotiations there, and he agreed to be at the Embassy at 11 o'clock on Sunday morning, November 22, to learn the complete results of the trip and to plan for the necessary French announcements.

Consequently, I left Paris at 6:10 on the evening of...
of November 18 for Brussels. At 9:15 on the morning of November 19, I telephoned Ambassador Morris to let him know that I was in Brussels and to inform him of my plans. At 9:45 I went to the National Bank of Belgium, where I was received by Secretary Baudewyns and M. Mahieu, a Manager of the National Bank of Belgium who was acting in the place of Governor Franck during the latter’s absence in Egypt. I showed these two officials a draft of your proposed statement and informed them that the French Ministry of Finance had considered your plan acceptable, as had the British, subject to Belgium’s finding the arrangements and declarations agreeable. I told them of the plan to obtain the adherence of the Netherlands and Switzerland to the tripartite declaration, and then to add these two countries, along with Belgium, to those nations entitled to gold reciprocal treatment. I made the point, however, that I could not proceed further with this plan unless Belgium’s approval in the premises could be obtained at once. I also made the point that this new declaration had been drawn up specifically to meet the Belgian situation. The two officers of the Belgian National Bank asked to be permitted to study the documents. I was to return at noon to the Bank, and from there we were to proceed to the Ministry of Finance to confer with M. de Man.

Upon leaving the Bank at 10:50, I proceeded to the Embassy, where I explained developments to Ambassador Morris. . . .
Morris. I called back at the Bank at 12 noon, and MM. Baudewyn and Mahieu accompanied me to the Ministry of Finance, where we were met by M. Warland, the General Manager of the Treasury. Before we entered the private office of the Minister of Finance, I learned that the Minister had signed and had despatched his letter of November 9 to you without the knowledge of any of his technical advisers or of the officials of the National Bank. This point came out when, as we were about to go into M. de Man's office, M. Warland told me he was opposed to the idea of the Government's giving such a statement, guaranteeing the operations of the National Bank of Belgium, as had been envisaged in the draft letter which had been drawn up when I had been last in Brussels. M. Baudewyns laughingly remarked to M. Warland that his objections were too late since the Minister had already signed the necessary letter.

To Minister de Man I explained the situation, as I had earlier in the morning at the National Bank of Belgium. He understood that your proposed declaration was to supplement that of October 13 and he took no exception to the cancellation of your statement of January 31, 1934. He indicated definitely that he stood by and confirmed the original Belgian declaration of October 17, as well as his letter of November 9. His one question was in regard to the manner in which you ...
you might find it necessary to explain the manner in which Belgium had been fitted into the reciprocal arrangements. When we were discussing this point, M. de Man volunteered some phrases which I took down in his presence. If this point could be cleared up, he was quite agreeable to enter the arrangement. In order to expedite the matter, I told the Minister of Finance that I would telephone you early in the afternoon and hoped that I could give him definite assurance on his point in the course of the day.

I proceeded from the Ministry of Finance to the Embassy, where I placed a call for you for 2:30 p.m., and then lunched with the Ambassador. When our call came through, I summarized to you my conversations of the day and emphasized the one point of possible difficulty. You told me to inform the Belgian Minister of Finance that you now understood exactly what the Belgian situation was and that you would do your very best to avoid any embarrassment insofar as the American press was concerned.

At the conclusion of our conversation, I called the National Bank of Belgium, where I spoke to Secretary Baudewyns by telephone and asked him to communicate your reply to Manager Mahieu, and particularly to the Minister of Finance. It was understood that if M. Baudewyns did not call me back within a few minutes, the matter could be considered as settled. Since I heard no further word from him, I proceeded with my arrangements. I had explained...
explained to the Belgians the proposed schedule for press releases. I had left them copies of all available documents, and had promised to communicate with them further from Paris on the following Monday morning.

From the Embassy I telephoned President Trip of the Netherlands Bank at Amsterdam and told him I was proceeding to Amsterdam that night. It was arranged that he should receive me the following noon, and that we were then to proceed together to The Hague where it was to be arranged for Prime Minister Colijn and Finance Minister Oud to receive us after luncheon. I explained to Dr. Trip that, for our plans to carry through, it would be necessary to obtain from the Dutch officials their adherence to the tripartite declaration of September 25, as well as their signature to the declaration which had been drafted on my earlier visit to the Netherlands.

I telephoned Professor Bachmann, President of the Swiss National Bank. Professor Bachmann was at the office of his Bank in Zurich and told me that he would be there on Saturday forenoon. Fortunately, Dr. Meyer, the head of the Swiss Department of Finances and Customs, and also President of the Swiss Federal Council, was to visit Professor Bachmann at the Bank in Zurich at 9 o'clock on Saturday morning. Since these were the two Swiss officials whom it would be necessary for me to see, it was therefore arranged that I should come to the Bank in...
in Zurich as early as possible on Saturday morning. President Bachmann, who is a very early riser, told me that he hoped I could reach the Bank at 7 a.m. so that we could have our discussion before the Finance Minister arrived. I stressed the importance of the Swiss being ready to adhere formally to the tripartite declaration of September 25 and the urgency for speed in order that everything could be concluded by the week-end. In accordance with the promise which I had given M. Baumgartner before leaving Paris, I also telephoned him at the French Ministry of Finance to let him know of the Belgian approval of the declaration and also of my itinerary.

Before leaving Brussels on the evening train for Amsterdam, I filed with the Embassy a cablegram reporting fully to you my visit with the Belgian officials.

Proceeding from Brussels, I arrived in Amsterdam on the night of November 19. I called at the Bank of the Netherlands the following noon, where I was received by President Trip and Director Beaufort. I reviewed developments to date and gave them copies of all documents pertinent to your proposed declaration. In order to simplify matters and to avoid any delay in The Hague, Dr. Trip and I drew up a short draft of a statement which we thought would suffice as indicating adherence of the Netherlands to the tripartite declaration of September 25. We talked straight through until time for the train to The Hague, without having any . . .
any lunch. I was sincerely appreciative of the assistance which Dr. Trip was giving me, since he was very busy on the day of my visit, which also happened to be his sixtieth birthday.

Upon our arrival in The Hague, we went directly to the office of Prime Minister Colijn, where Minister of Finance Oud also joined us. MM. Oud and Trip signed and delivered to me their technical declaration in exactly the terms which had been drafted on my previous visit and had been quoted in my cablegram No. 1075 of November 4, 10 a.m. Prime Minister Colijn took a very active interest in the discussions and insisted on reading to us the full text of the declaration of September 25 before consenting to adherence thereto. After he was satisfied in his own mind as to the entire situation, he called to his office an official of the Dutch Ministry for Foreign Affairs and instructed him to send cablegrams at once to the Dutch diplomatic representatives at Washington, Paris and London to deliver to the respective Foreign Offices, not later than Saturday afternoon, the message of Dutch adherence in the terms which Dr. Trip and I had drafted. The schedule for press releases was then confirmed and it was agreed that I should telephone Dr. Trip on Monday morning to give him the latest news in regard to Switzerland and any further press communiqués which I might have by that time.

After leaving the Prime Minister, I proceeded to
our Legation, where I explained my visit to Minister Emmet. I put in a telephone call for you and gave you the above facts. I also sent a cablegram confirming the report which I had given you over the telephone.

From the Legation I went directly to the railway station and got the 5:25 train to Brussels. Normally there should have been a margin of 25 minutes in Brussels, but the Hague train was 10 minutes late on arriving, so my 15 minutes were barely sufficient to get across Brussels and catch the night train for Switzerland. I changed trains at Basel in the early hours of Saturday morning, November 21, and reached the National Bank of Switzerland at Zurich at 8 a.m. President Bachmann and his assistant, M. Pfenniger, who had met me at the train, told me they had already been at work for some time. I explained to them our plans for further statements and gave to them copies of such draft announcements as I had left with the Belgian and Dutch officials. We then drafted a telegram to the Swiss Ministry for Foreign Affairs at Bern, directing that Ministry to send the necessary telegraphic instructions immediately to the Swiss diplomatic representatives at Washington, Paris and London, for delivery to the respective Foreign Offices not later than Sunday forenoon. In this telegram we used the same text of adherence to the general principles of the tripartite declaration of September 25.
25 that had been employed in the Netherlands. To have followed the Belgian example of preparing a statement in almost identical terms with the tripartite declaration would have involved delay in cabling, because of the length thereof, and would have added little to the strength of the declaration.

When President Meyer arrived at the Bank at 9 o'clock, he promptly approved the telegram which had been drafted, and this was despatched to Bern. To the Swiss officials I explained in detail the schedule for press releases and promised to telephone President Bachmann from Paris on Monday morning any further available texts of communiqués. I called at our Consulate General at Zurich after the foregoing arrangements had been completed, and from there telephoned Minister Wilson at Bern at 11 a.m. to inform him of the negotiations. I lunched with MM. Bachmann and Pfenniger. In the afternoon, I reached you by long-distance and gave you the Zurich story. I confirmed this by cablegram from the Zurich Consulate General. I left Zurich on the night train and arrived in Paris on Sunday morning.

In the conversation which I had with you at 4 p.m. from Zurich on Saturday afternoon, you told me to telephone you from Paris at 5:30 on Sunday afternoon to give you the latest news. You told me that Judge Moore was following my cablegrams and was much interested in the entire situation. I suggested that you have the State...
State Department be on the watch for messages from the Dutch and the Swiss Legations in Washington and forward these to you promptly. You were pleased with the smoothness with which our arrangements had been made. I told you that I thought it would have been impossible to have completed the arrangements in any manner other than by personal visit, since so many different officials were involved in each country and since it was so much easier to explain the various phases of the situation face to face, with documents available, than to attempt to do this by long-distance telephone. You asked me when I was to see the Governor of the Bank of Sweden. I told you that Governor Rooth would be in to see me on the following Tuesday or Wednesday. You were pleased over this prospect.

As previously arranged, M. Baumgartner called at my office at 11 o'clock on Sunday morning, November 22. I told him of the results of my travels. He made arrangements to receive from the French Foreign Office, as soon as they might arrive, the declarations of the Dutch and Swiss Governments. M. Baumgartner submitted to me the text of the communiqué which the French proposed to give to the press at 9 o'clock on Monday night for publication Tuesday morning, and I incorporated this in my cablegram No. 1138, November 22, 1 p.m.

M. Baumgartner learned that the Dutch declaration had already been received through the Dutch Legation in Paris. When I telephoned him at 5:15 on Sunday afternoon...
afternoon, he said the Foreign Office had not been able to find any one at the Swiss Legation but that there was still plenty of time for their declaration to be received.

After talking with M. Baumgartner, I put in a call for you and obtained communication at 5:45 p.m. I gave you the substance of the telegram which I had sent at one o'clock, and we discussed various details of the publication of the announcements. You incidentally mentioned the idea of M. Baumgartner possibly visiting the United States for one week. I was against the idea since such a visit on the part of this French official would attract too much press attention; furthermore, I did not think it was an appropriate time for such a visit, and particularly by an official who was just being relieved of his important position, even though a promotion was involved, because of objection to him on the part of influential politicians in Premier Blum's own party. I have always told you of the high personal regard which I hold for M. Baumgartner, and I have appreciated throughout our negotiations his fairness and desire to cooperate with us. You also told me confidentially of the hint received by my colleague in London that the British might be inclined to look upon Sweden as their particular charge. Nevertheless, we were interested in getting this country lined up in our reciprocal arrangements. The possibility of my visiting the United States at a later date was discussed ...
discussed.

I telephoned M. Baumgartner at 10 o’clock on the morning of November 23. I suggested one or two changes in the text of the French communiqué that was to be given out that night, in order to bring this more exactly in line with the English text of the American announcement. I told him that you had informed me by telephone the preceding day that you had received both the Dutch and Swiss announcements from their Missions in Washington by noon on Saturday, and that you would give release thereto at 10 o’clock that morning, Monday, November 23. Your own communiqué was to be given to the press at 4 p.m. M. Baumgartner confirmed again that the French communiqué would be given out here at the corresponding hour, namely, 9 p.m.

At 10:15 a.m. I telephoned President Trip at Amsterdam. I read him the text of the French communiqué and confirmed the hours for giving notice to the press. He was much pleased over developments and congratulated me on the results of my trip. He said everything was in order so far as the Netherlands was concerned. I telephoned President Bachmann of the Swiss National Bank at Zurich in the above sense at 10:45 a.m., and he thanked me very generously. At 11:30 a.m. I got telephonic connection with Secretary Baudewyns of the Belgian National Bank at Brussels and gave him the pertinent information. He was very happy over the successful...
successful termination of our negotiations and he said he would pass the word on to the appropriate officers in the Ministry of Finance and his own Bank. He hoped our cooperation would continue. At 12:30 M. Baudewyns telephoned me back and asked me to read to him once more the whole text of the French communiqué in order that his secretary could take it down.

In my cablegram No. 1140, November 23, 5 p.m., I summarized the day's developments and let you know that the Paris financial press carried correct reports from Amsterdam and Bern of the official adherence of the Dutch and Swiss Governments to the general principles of the tripartite declaration of September 25. I also told you that official announcement had been made of the appointment of M. Baumgartner as General Manager of the Crédit National. When I had talked with M. Baumgartner during the forenoon, I had asked him about the outlook in France, and he thought there might be a quiet period prior to the rush which would accompany the passage of the budget the last week in the calendar year.

You telephoned me at my home at 2:15 p.m. on November 24. You told me that there had been a good press reaction in the United States to the new announcements, although naturally not in such sensational manner as the original declaration of September 25 was greeted. I told you that the communiqués of the French and British Treasuries had been carried in full in the European...
European financial press and that comment was entirely complimentary and hopeful as to the future. I also summarized to you the conversation which I had had during the forenoon with Governor Rooth of the Sveriges Riksbank. You mentioned, incidentally, that you did not desire that I return to the United States before January.

In my cablegram No. 1142 of 5 p.m., November 24, I gave you certain press comment on the extension of the tripartite arrangement, and I reported in detail my lengthy conversation with Governor Rooth. It was understood that no decision would be reached by the Scandinavian countries with regard to adherence to the tripartite declaration until after the meeting, to be held at Helsingfors on December 12, of the Central Bank Governors of the four countries, Sweden, Norway, Denmark and Finland.

In my daily telegrams I continued to keep you informed upon press comment with respect to the new additions to our reciprocal gold arrangement, my message No. 1148 of November 25, 5 p.m., having contained particularly pertinent remarks. My cablegram No. 1155 of November 27, 6 p.m., reported the growing strength of the Dutch florin following the adherence of the Netherlands to the tripartite declaration, and my reports since that date have kept you informed of the remarkable strength of this currency, as well as the faithful efforts of the Dutch Stabilization Fund to hold . . .
to hold the florin at a fair level, which certainly reveals not the slightest desire to depreciate that currency any further than may be reasonably necessary to permit a bearable equilibrium.

My message No. 1167 of 5 p.m., November 20, reported the resolution adopted at Prague by the Central Bank Governors from Czechoslovakia, Yugoslavia and Rumania, stressing the need for definitive monetary stabilization, urging solution of the problem of international indebtedness, and recommending an international examination of general methods of payment. I also mentioned a press report from Warsaw to the effect that the Polish Minister of Finance was strongly opposed to the devaluation of the zloty.

On the morning of December 1, I visited M. Cariguel at the Bank of France. We talked over the results of devaluation and he told me, in strictest confidence, of the disappointing extent of repatriation of French capital. He mentioned the various reasons therefor. M. Cariguel explained to me why he had so far been able to make little use, since devaluation, of the facility for procuring gold in New York, in accordance with the terms of the tripartite arrangement. He said it was the handling charge of one-quarter of one per cent which made it too expensive for him to deal in gold on our market in present circumstances. He figured that even to earmark gold at New York would cost about 10 centimes on the dollar, while to ship it the one-quarter of one per cent charges made a difference of about . . .
about 32 centimes on the dollar. He said that due to the necessity of holding the franc at a very fixed rate at the present he could not afford variations which would permit payment of these charges. He did not make these remarks, he assured me, in any sense critical of our regulations but more in an apology for his failure to have had recourse to American gold facilities. He stressed to me his desire to trade with the Federal Reserve at New York whenever and to as great an extent as may be possible.

As mentioned in my cablegram No. 1184 of December 2 and various other messages, the Lombard Street editor of the London FINANCIAL NEWS has from time to time argued that the pound sterling was overvalued against the dollar and that we were not following a fair policy in holding the dollar-sterling rate around 4.90 by gold purchases in London. I should remark that this view has not been expressed recently by any other of the leading British financial journals, insofar as I am aware, and my official contacts of the Bank of England and the British Treasury have not said a word on this point to me in any of our talks since the arrangement of September 25 was announced.

From the beginning until the middle of December, there were various reports current here in regard to a prospective offer by France in settlement of the war debt to the United States and of possible French borrowing in the United States. I gave you this current...
current gossip as it developed.

You telephoned me at my home at 3:45 p.m. on Sunday, December 6. You asked about the French situation in general and about French views on the English succession crisis. You also asked whether the war debt talk had quieted down here. You mentioned the possibility of my future cooperation with your Treasury.

At 3 p.m., December 8, Sir Frederick Phillips, Undersecretary of the British Treasury, who had been in Geneva for some days attending a meeting of the Budget Committee of the League of Nations, called on me while en route through Paris to London. This was the first occasion on which Sir Frederick had ever visited me in Paris. As you may recall, I was a member of the American monetary group at the Preparatory Conferences at Geneva in November, 1932, and February, 1933, where Sir Frederick Phillips was the British representative. At that time I became well acquainted with him, and on three visits to London, made within the past year under your instructions, I have had the pleasure of seeing Sir Frederick, once at the Bank of England, and twice at the British Treasury. Since there had been a little question as to the propriety of my calling on Sir Frederick in London, I was quite pleased that he apparently was not himself concerned over such a question, and was good enough to return my call on his first visit to Paris. My cablegram No. 1216 of 7 p.m., December 8, reported the...
the conversation which I had with Sir Frederick and indicated his concern over the position of the French Stabilization Fund. Sir Frederick was particularly pleased when I gave him a copy, which I had just received that day, of your statistical publication on capital movements. You had told me that you had sent a copy directly to the Chancellor of the Exchequer, but Sir Frederick had, of course, not seen this, being absent on the Continent. He remarked that the publication appeared to contain information of a type which he said he had frequently but unsuccessfully sought to obtain on his own market.

On the forenoon of December 9 I visited M. Carigué again at the Bank of France, and in my cablegram No. 1219 of 5 p.m. I reported his further remarks, particularly concerning his problem of dealing in gold on the American market. In this message I mentioned, incidentally, the rumor that M. Georges Bonnet might be named French Ambassador to the United States to undertake war debt negotiations. I also told you that I had received from Governor Rooth a letter requesting certain data to supplement the information which I had given him on his visit to Paris regarding reciprocal gold arrangements. I telephoned him at Stockholm the next morning to give him part of the information which he desired, and mailed an envelope, which he was to find at Helsingfors, giving him certain documentary information.

On the...
On the evening of December 9 I visited M. Rueff at the Ministry of Finance, who had succeeded M. Baumgartner as Director of the General Movement of Funds. Without making the slightest reference to Sir Frederick Phillips, I cautiously and unofficially let M. Rueff know the gossip that was circulating in regard to the possibility of France's being obliged to resort to exchange control, and emphasized the seriousness of such a blow to the arrangements for which we had all worked. He at that time gave me assurance that steps would be promptly taken towards liberalizing the French gold policy, which he thought would constitute an important step forward in general recovery. I informed you of this interview in cablegram No. 1222, filed at 9 p.m. on December 9. On the following day I telephoned Sir Frederick Phillips in London and gave him a confidential hint as to prospective changes in French policy. He appreciated this service very much and indicated his desire to continue to cooperate with me. As my messages reporting conversations with him have revealed, most particularly the cablegram which I sent on August 28, wherein I told you what the British attitude would be in the event of devaluation of the franc, Sir Frederick talks to me with considerable directness, and so far has given me absolutely no misleading information.

On December 15 I sent at 10 a.m. my message No. 1255 recounting my week-end visit to Basel, where the
B.I.S. Directors had held their monthly meeting. I shall not summarize this message, which I made longer than usual in the hope that a detailed picture of the situation over here might be of convenient reference to you just at the time the President was returning. I was happy to record therein the pleasure which the heads of the Central Banks of the countries most recently added to our reciprocal gold agreement expressed over the facilities which had been extended them through the announcements of November 24 and over the favorable public and press reception of these announcements. I mentioned Governor Norman's remarks about the American problem with respect to foreign capital. I gave various views in regard to the French situation, stressing the concern of certain conservative observers with respect to the possibility of France's recovering that confidence necessary to procure a repatriation of capital, a dishoarding of savings, and a rise in the rente market, all of which are essential to assist the Government to do the heavy borrowing which will be required over the coming year. Dr. Schacht, as I reported, was much more reasonable at the December meeting than he had been in October and November, and I believed I sensed a genuine desire on his part to try to fit into international monetary arrangements as soon as it is at all possible for him to find an excuse to take such a step. I am convinced that if he obtained some satisfaction with respect to his...
his advocacy of raw material sources for Germany, he would promptly "align" the reichsmark, just as Italy, after her success in Ethiopia, devalued the lira.

My cablegrams since December 15 have stressed the continuing strength of the Dutch florin and the operations of the Dutch Stabilization Fund, through purchasing sterling and dollars, towards preventing a rise in the Dutch currency. I have recorded the issuance of the French National Defense loan in an effort to procure the surrender of gold and the conversion of gold deposit certificates and of the Auriol "baby" bonds. I have recounted the progress made in the French Parliament on fiscal and budgetary legislation. The outlook now is that the budget for 1937 will be passed without too much difficulty by the end of the calendar year. I have reported the favorable impression created in Europe by your plans for gold "sterilization."

Since talking with President Bachmann at Basel on December 14, I have received from him a rather long letter referring to certain technical points which he had raised with the Federal Reserve Bank of New York in regard to gold dealings. I told President Bachmann when I was last in Basel that I might possibly be visiting Washington within the next few weeks, and I promised to discuss informally with the appropriate officials in the United States the technical points which he raised, if he was willing to let the matter rest . . .
rest until I might make the trip. I am, therefore, holding the letter tentatively without action. If I learn within the next few days that I am not likely to visit Washington early in the year, I shall forward copies of the letter, in English translation, to you for such attention as the matter may merit.

In cablegram No. 1287 of December 22 I reported the decision of the Central Bank Governors of Greece, Yugoslavia, Rumania and Turkey to the effect that they were unable for the moment to adhere to the tripartite understanding.

I have today, December 26, sent you cablegram No. 1296, dated 11 a.m., in which I referred to my cablegram No. 1142 of November 24, 5 p.m., and quoted to you the pertinent paragraphs from a letter dated December 23, in which Governor Rooth of the Sveriges Riksbank gave me his summary of the opinions expressed at Helsingfors on December 12 by the Governors of the four Scandinavian Central Banks in regard to the tripartite declaration of September 25, 1936, and the subsequent developments towards supplementing and implementing this declaration. I am sure you were pleased to see the acknowledgment of the debt of gratitude which these Central Bankers felt was due the United States for the initiative which our Government had taken in the tripartite and subsequent arrangements. On the other hand, it is disappointing to note that there is, in the opinion of Governor Rooth, apparently little immediate prospect of any ...
of any one of the four countries adhering to the tripartite arrangement. The reasons given for this attitude are chiefly that: (1) the four countries are endeavoring to stand together on monetary questions, and no one of them is inclined to act unless the others act similarly; (2) because of exchange control, Denmark is not free at present to give an effective adherence to the tripartite declaration and the technical working thereof; (3) Sweden at least is satisfied with the facilities granted by London for gold dealings on that market, irrespective of the question as to whether Sweden adheres to the tripartite arrangement. In my conversations with Governor Rooth, I have made it clear that we were not approaching any of them or soliciting their adherence, although we should naturally be delighted if they might volunteer their desire to cooperate. In the circumstances, I see nothing further to be done for the present with regard to procuring the adherence of one or more of the Scandinavian countries, but I do not feel the matter should be forgotten. I have some confidential ideas on the Scandinavian situation which I will communicate to you at an early opportunity.

In conducting the negotiations which I have outlined, perhaps in too great detail in this long letter, I have been impressed by the favorable reaction of the officials in the smaller countries, Belgium, the Netherlands and Switzerland, to our personal approach. That is, in the past...
past, these countries have felt that in most instances they were obliged merely to follow along after the great powers, and were shown no individual consideration. When, for instance, the late Governor Strong of the Federal Reserve Bank of New York and, more recently, Governor Harrison, have visited Europe, they have not called at the small capitals, but the Governors of the Central Banks situated therein have been obliged to make the pilgrimage to Paris or London if they desired to have contact with the American representative. Consequently, the monetary authorities in these three countries have not endeavored to dissemble their pleasure at receiving me, as your personal representative, and at having the knowledge that through a telephone call from their capitals I could inform you of their sentiments and obtain your prompt reaction to their individual problem.

While I have observed your desire that our agreements be negotiated with Treasuries, I have in each of the three countries recently added to our group made my approach through the Central Banks. The reason therefore is quite simple. I have had the pleasure of meeting at Basel over several years the Central Bank Governors in each country concerned and have, on trips made in your behalf, visited them at various times during the last three years. In each of these three countries it is the Central Bank which has been or is charged with the management of the Stabilization Fund. . . .
Fund. Consequently, when I have called in the city where the Central Bank is located, I have been welcomed by the Central Bank Governor, and the latter has arranged the required contact for me with the Minister of Finance and with the Prime Minister, in each of the three countries. This has given me direct, immediate and confidential access to the officials with whom it was necessary that negotiations be conducted. On the other hand, the Central Bank Governors have, I believe, been a little pleased to be the intermediaries through which our approach to the higher officials was informally made. While I do not suggest the slightest criticism of the formalities which must usually attend straight diplomatic negotiations, I respectfully submit that the direct method which we followed in our informal arrangements with the three countries concerned has been found effective.

Faithfully yours,

H. Merle Cochran,
First Secretary of Embassy.

PERSONAL AND
STRICTLY CONFIDENTIAL

The Honorable
Henry Morgenthau, Junior,
Secretary of the Treasury,
Washington, D. C.

Dear Mr. Morgenthau:

In my letter dated October 26, 1936, I provided you with a chronicle of events culminating in the tripartite monetary arrangement of September 25, 1936, and reported the immediate results thereof, up through October 4. In the present communication I shall continue this chronicle, giving particular attention to the implementing of the tripartite arrangement to permit of gold reciprocity between the United States, France and England, and to the supplementing of the arrangement between these three countries to include Belgium, Switzerland and the Netherlands.

I telephoned you at 4 p.m. on October 5 and I sent at 8 p.m. my cablegram No. 966, which confirmed the news I had given you over the telephone. This dealt principally...
principally with the devaluation of the Italian lira and the activity on the Paris stock market. In my telegram I also included an expression of opinion obtained by telephone from Dr. Jacobsson at the B.I.S. with respect to Italian and German monetary policies. The B.I.S. observers approved of Italy's step, and thought Germany was making a mistake in not endeavoring to cooperate in some manner with the tripartite arrangement. When I gave you the information which I had obtained here in regard to Italian devaluation, you indicated that this was not in strict accordance with the version set forth in a cablegram from Ambassador Phillips at Rome. You asked that I procure for you specific information in the premises.

After talking with you I got into touch with Dr. Pennachio, the Bank of Italy representative in Paris, and asked him to provide definite facts on the monetary step that had been taken in Italy. While Dr. Pennachio had received considerable information on this subject, he was anxious to be of direct service and telephoned Governor Azzolini of the Bank of Italy at Rome. Later in the evening I talked with you, at 8:45 p.m., and gave you the official information, as relayed through Dr. Pennachio. Before I spoke with you on this occasion, I got into touch with M. Cariguel at the Bank of France and found that he had done a good business in obtaining sterling on that day, but that there had been few dollars in the market. He had been able to obtain some gold against . . .
against dollars in London.

When I talked with you on the night of October 5 you said that you desired that I let the French know that you were working on the arrangement to yield gold. You reminded me that there had been three parties to the monetary arrangement of September 25. In view of this partnership you thought it fair to give England the same facility for gold as France. You said you were seeing Mr. Malleson, the British Chargé d'Affaires at Washington, to see if his people were interested. You had told your press correspondents that any technical arrangement would be made public. You were planning an arrangement which should be on a reciprocal and on a twenty-four hour basis. You desired to find out whether the French wished to make an announcement of reciprocity simultaneously with you. You hoped that the three original parties could stand together on this new matter. Your declaration would be an amplification of the statement of January, 1934. You did not insist that there be declarations from the French and British, but you did state that you were obliged to make an announcement. I told you that there was a French cabinet meeting that night at which the question was to be decided as to the application of a tax of 50 per cent on market transactions made just prior to devaluation. I was to see the Minister of Finance at 9:30 the following morning.

While awaiting your call on the evening of October 5 I drew up a draft of my own suggestions with respect to an...
to an announcement for giving gold by the United States under the new arrangement. I mentioned my ideas briefly to you in our conversation by telephone. On the morning of October 5 I took the liberty of amplifying and sending to you my views in cablegram No. 970, dated 9 a.m. In this, as in all of my messages, I gave you my frank opinion. I was concerned lest the statement which you proposed might eventually prove to be too narrow, and I hoped that you might yield gold to foreign "monetary authorities."

At 10 o’clock on the morning of October 5, I called on Minister of Finance Auriol. This was my first visit with the Minister of Finance since the night of September 25. M. Auriol reiterated at this time his appreciation of your cooperation in the tripartite move and insisted that passage of the French monetary (devaluation) law would have been absolutely impossible if it had not been accompanied by the three-power agreement. I told him of witnessing some of the debate in which he defended his policies, and he reminded me of the bitterness with which he was attacked by several of the parliamentary leaders who personally shared his own views in the premises but felt obliged to criticize on account of political reasons. M. Auriol expressed his particular pleasure at the privilege of having direct communication with you and he hoped that this method could be utilized in the future. I think I told you previously that I was convinced that M. Auriol's exchange of felicitations with you on the night of September 25 was his first occasion...
occasion to use the transatlantic telephone. He is a very direct individual and appreciated the expeditious manner in which we had arranged matters through direct contact, in contrast with the complications and delays that would have necessarily been involved if the more formal procedure of diplomatic correspondence had been followed.

Incidentally, the Minister mentioned the serious embarrassment which had been caused him in the early stage of the conversations through M. Monick's excessive zeal. M. Auriol let me understand confidentially that M. Monick's visit to you last June had been inspired by certain of Monick's friends, and that he, M. Auriol, was then too new in office to object thereto. It was understood, however, that Monick should go to the United States only on a visit of observation, and should enter into no negotiations. The Minister of Finance told me that Monick exceeded his instructions and began sending reports back to France, through the French Embassy at Washington. These reports were received by the Minister for Foreign Affairs, and pertinent parts thereof were sent, according to practice, to the President of the Republic. M. Auriol knew nothing of these reports until President Lebrun summoned him to the Elysée Palace and asked that he explain why he had sent an emissary to the United States without the President of the Republic even having knowledge thereof. M. Auriol seemed convinced of the inadvisability of utilizing M. Monick's services on any future journeys to the United States, and I said nothing to encourage a further...
further mission on M. Monick's part.

M. Auriol thought that we had taken a big step forward through the three-power declaration. He was greatly pleased at the reception given this declaration by most of the European countries, the principal exception being Germany. He was particularly gratified over Italy's action. He told me that he had not desired that Dr. Schacht should figure in the original negotiations principally because he felt that Dr. Schacht and Governor Norman were so close that there might have been some Anglo-German collusion which would have made agreement difficult. The Minister was anxious to see what Dr. Schacht would eventually do. He said that he was sending word to Dr. Schacht, by Governor Labeyrie of the Bank of France, since the two were to meet at the B.I.S. that week-end, that whenever Germany might see fit to follow the precedent set by France, the latter would be ready to cooperate with Germany toward achieving stabilization and toward reduction of trade and exchange barriers. The Minister of Finance said, however, that he would insist that the financial burden which the policies of armament actually being followed in Europe would entail, would prove to be unbearable by the various Treasuries. That is, no hopeful progress toward monetary stabilization could be achieved until military policies might be brought within the paying capacities of the countries concerned. The Minister said that while we had made considerable progress, there was much more ...
more to do in the way of consolidating our gains and looking to future economic and monetary rehabilitation. He expected to be in contact with Premier Van Zeeland of Belgium within the near future on plans for cooperation in the premises, and promised to inform me of the course of their discussions.

In our conversation, M. Auriol brought up the subject of war debts owed by France to the United States. He regretted that there was nothing that France could do at present to clear up this matter. He said that if his Government remained in power, he hoped that, after internal order and some degree of prosperity might be achieved, it would be his pleasure and opportunity, say in another year or a year and one-half, to make spontaneously to the United States an offer of final settlement of the war debt. He said that such an offer would be arrived at after studying all phases of the question, including the Hoover Moratorium, the Lausanne Agreement and the character of the constituent parts of the indebtedness. I could not possibly conceive the idea from this conversation that Minister Auriol anticipated opening the question within the immediate future, and, although I have made no inquiries in the premises, I am of the opinion that recent moves with respect to the war debts, which have attracted much attention in the French and American press, did not originate with Minister Auriol.

The purpose of my visit with the Finance Minister was ...
was to ascertain whether the French would be interested in making an arrangement and a declaration in regard to gold of the character which you had suggested to me on the preceding evening. The Minister of Finance told me that he desired to consult his assistants and the appropriate officers of the Bank of France on this subject, and would endeavor to give me an answer during the course of the day. The above information was incorporated in my cablegram No. 971 of October 6, 12 noon.

After leaving the Minister of Finance I talked with M. Baumgartner, Director General of the Movement of Funds Section in the Ministry, and explained to him the purpose of my visit with M. Auriol. M. Baumgartner promised to call me back as soon as the Minister had reached a decision. M. Baumgartner himself was confident that they would act in complete accord with your desires.

You telephoned me at 12:30 noon on October 6. You told me that the British Embassy in Washington was pleased with the offer which you had extended them to participate in the gold declaration, but that you had not yet had time to receive the reaction from the British Treasury in London, to which the Embassy had referred your proposition. I told you of my visit with the Minister of Finance and let you know that I would communicate further news as soon as I might obtain the definite French answer. I mentioned in our conversation that...
that I had in my cablegram No. 970, sent at 9 a.m. that morning, presumed to present my own views on the matter of a declaration.

At 1:05 p.m. I talked by telephone with M. Baumgartner, who was happy to tell me that his Minister of Finance was in complete accord with you on the matter of a statement in regard to giving gold on a reciprocal basis. The Minister desired to know, however, what the British had decided to do. The French officials made the point that they already were practicing actual reciprocity with the British.

I telephoned you at 2:30 p.m. to give you the Minister's answer, as transmitted through M. Baumgartner. In some manner, which I never understood, your assistants, who were with you when you were speaking, gained the impression that I had placed too much stress on the issuance of a declaration. I assured you that there had been no misunderstanding on this point and no insistence on my part that the French should make any declaration whatever. The French had been appreciative of your offer to participate in a statement and did not question in the slightest the propriety of such participation. You told me that you were anxious to get the matter cleared up in a short time and that you would call me back as soon as you had the official British reply. In the meantime, there was nothing further for me to do here.

In my cablegram No. 972 of October 6, 5 p.m., I gave . . .
gave you the market news of the day, which was principally to the effect that sterling was being offered heavily against the franc. The new Italian lira was quoted at exact parity in Paris.

As I was returning from my home to the Embassy at 2:15 on October 7, you endeavored to reach me by telephone, but we did not succeed that day in establishing connection. My cablegram No. 975, filed at 4 p.m. on October 7, gave the news of the day, including the fact that sterling continued to be offered in large amounts at the Bank of France, and the report that the Swiss had resumed contracting gold at London for delivery the following week, it having become necessary for the Swiss at one time to cease operations until their bookkeeping might catch up with their buying. In my cablegram I quoted at some length a statement made by Mr. Chamberlain, Chancellor of the British Exchequer, on the preceding evening, wherein he referred to the tripartite arrangement.

On October 8 you telephoned me at 4:45 p.m. You said that a very satisfactory answer had been received from Mr. Chamberlain, and that you were working on a reply. You had prepared a proclamation and a communique for the press. You said you would cable both of these to me that night. A representative of the British Embassy was coming to see you shortly. You said that you were also sending me a copy of Mr. Chamberlain's message. You made the point that you were obliged to make ...
make a statement. You thought the British would be
dispersed to make a statement and you wanted the French
to feel free to do likewise if they cared to do so
after having seen your statement. This would be
entirely voluntary, however, on the part of the French.
You hoped to issue your statement on Sunday morning,
if possible, to become effective on Monday. It was
agreed that I should arrange to have your messages
decoded as early as possible so that I could show them
to the Minister of Finance and then telephone you back
as soon as I had obtained M. Auriol's reaction thereto.
You incidentally referred to my cablegram of October 6,
in which I had expressed my own opinions, and you
assured me that these were always accepted in the same
spirit in which they were sent, whether or not you might
be able invariably to act favorably thereon.

Later in the day, at 9:45 p.m., you telephoned me
at my home. You stated that there had been despatched
to me a copy of the new statement signed by the President.
You said this was a legal statement drawn up by attorneys.
You added that since Monday was a bank holiday, Columbus
Day, you were giving out your statement at a 4 o'clock
press conference on that day, instead of Sunday as
originally anticipated, and that the new procedure
would go into effect on Tuesday. You let me know that
you were giving the British the same information that
you were giving me and that you had told the British
that, once the statement was issued, they should get into
touch . . .
touch with the Federal Reserve Bank at New York toward working out details of gold reciprocity. You told me that in your press conference you would answer any general questions, but that you would not explain that the gold price was to be fixed on a daily basis. You told me that I could leave with Minister Auriol copies of the messages you were sending me that night, and it was arranged that I telephone you back at 2:30 p.m. the next day to give you the French reaction.

Before we finished our conversation I let you know that I had talked with M. Carigué during the day and he had asked me if I had received any information from you on gold reciprocity, since no word had been received from the Federal Reserve Bank directly, and Undergovernor Fournier was becoming quite nervous.

On the morning of October 9 the Embassy received your cablegram No. 391, giving the text of the communication from the Chancellor of the Exchequer, and No. 393, setting forth the gold statement which you intended to issue on Monday afternoon. The second of these messages did not arrive until after 9 o'clock, and, because of errors in transmission, it was no possible to complete decoding thereof until 11:45. As soon as I had received the finished copies from the code room, I proceeded to the Ministry of Finance, where I was received by M. Auriol and Baumgartner. I summarized developments to them and mentioned the idea of your making a declaration at 4 p.m. on Monday, October 12.
I then went with M. Baumgartner to his office; I let him read the two messages and then left with him excerpts therefrom, consisting of the text of Mr. Chamberlain's communication and the text of your proposed declaration. M. Baumgartner told me that he would talk with Undergovernor Fournier of the Bank of France at 1 o'clock that afternoon and would try to give me an answer between 4 and 5 p.m.

After returning from the Ministry of Finance, I put in a call for you, at 12:30 noon, and got connection at 2 p.m. I reported the developments of the morning to you. When I mentioned that your proposed statement had come through in form practically identical with that originally drafted, you volunteered that you were working under terrific pressure, which I easily understood. You said that the first step, the tripartite declaration, had been a great success and that you had to move cautiously with this second step. You gave me additional information which you said I could pass on to the Bank of France.

Consequently, at 3:25 p.m., I telephoned M. Baumgartner, who was then at Governor Fournier's office. I told him that I had talked with you. I explained that you desired that the French and British give out your statement to the press; that they comment thereon; and that they indicate that they are going to give gold to the other two parties of the agreement under similar conditions, that is, that gold moves on all sides of

the . . .
the triangle; and, finally, that the declaration be
given to the press at 4 o'clock in Washington and 9
o'clock in Paris and London. I let M. Fournier know
that he was free to discuss with the Federal Reserve
Bank of New York the technical details incidental to
procuring a working arrangement with the United States
along the lines being consummated with the British, as
set forth in Mr. Chamberlain's memorandum.

At 5 p.m. on October 9, I sent cablegram No. 983,
letting you know that the Paris bourse had turned quite
weak, with a decline in rentes, and that the reflux of
capital to France had slackened, for domestic and
international political reasons.

At 5:45 I telephoned M. Baumgartner and made an
appointment for 7 o'clock that evening. At 7 o'clock
he gave me the British communiqué which the Bank of
England had telephoned through the Bank of France.
The French were willing to give a simultaneous
declaration and were preparing it, their declaration,
and translating the statement of the Secretary of the
Treasury into French, for issuance at 9 o'clock on
Monday night.

At 9:15 p.m., October 9, I spoke with you from
my home. I told you that I had given your message to
M. Fournier and Baumgartner, and that they had talked
with London and had received the text of the British
communiqué. You told me that you had not yet received
the British reply directly. You would telephone or
cable ...
cable it to me as soon as received. When I told you that I was planning to leave for Basel on Saturday night, to be there for the B.I.S. meetings, you told me that you wanted the text of the English declaration cleared up before I left. I mentioned in this conversation the sending of a special emissary by Dr. Schacht to Minister Auriol.

At 10:30 a.m., October 10, I talked by telephone with M. Baumgartner. I told him of my conversation with you of the preceding evening and mentioned that you had not yet received the official text from the British. M. Baumgartner said that he had that morning received the text officially through his Financial Attaché in London, and that this was exactly the same as the text which had been received by telephone through the Bank of France.

In my cablegram No. 985, sent at 1 p.m., October 10, I let you know that the French financial press was continuing to criticize French legislation and regulations against alleged hoarders and speculators, it being felt that such measures were tending to prevent the reflux of French capital. I also reported that I had talked with M. Cariguel during the morning. He had told me that he had worked out with the Federal Reserve Bank at New York a forty-eight hour arrangement on gold.

At 3:15 p.m., October 10, you telephoned me at my home. You stated that the British had given to you the official statement, which was entirely satisfactory.

You . . .
You had not checked this against the one which I had telephoned you the preceding night. I let you know that I was examining M. Baumgartner's French translations, and it was understood that these translations were to be sent to you. You approved my departure for Basel that night, for return to Paris on Tuesday morning, but you wanted me to make sure that the French were not to permit any leak before Monday night.

At 7:15 on the night of October 9, I had received from M. Baumgartner the text, in English, of the communiqué which the British planned to give to the press. I had informed you of this in our conversation by telephone on the night of October 9. At 12:35 noon, October 10, M. Baumgartner transmitted to me a French translation of the British communiqué and also a French translation of the declaration which you proposed to make. I checked these translations and called M. Baumgartner back at 4:30 p.m. at the Ministry of Finance. He agreed to one or two changes which I suggested and he promised to maintain absolute secrecy until the communiqués might be released at 9 o'clock on Monday evening. He also promised that he would cable to his Financial Attaché in Washington the text in French of the communiqués which he was issuing, in order that these might be communicated directly to you.

Consequently, I left Paris at 10 o'clock Saturday night, October 10, and spent Sunday and Monday in Basel.

In my cablegram No. 992, filed at 11 a.m. on October ...
October 13, I summarized the information which I gained on my visit at the B.I.S., where the principal topic discussed by the Central Bankers over the weekend had been that of the currency changes started by the three-power agreement. The general opinion was that while the first purpose of the three-power plan had fundamentally been to help France devalue, the agreement had been received with such world-wide interest and had been followed by such wide repercussions on other monetary systems that the plan had probably acquired an even greater significance than originally conceived.

I let you know the manner in which the Swiss and Dutch Central Banks were conducting their currency measures. I told you of the British and Italian opinions. I particularly stressed the unhappiness of Dr. Schacht over having not been informed, through the B.I.S. or otherwise, of the plans for the tripartite arrangement. Finally, I let you know that it was generally agreed at Basel that the French had been short-sighted in penalizing hoarded gold and in taxing alleged profits from speculation. It was thought that the return flow of capital would be much larger if the French would not establish penalties. You telephoned me at 3:25 p.m. on October 13. I summarized my Basel cablegram above-mentioned. I told you that the atmosphere here was more optimistic and that the tripartite gold reciprocity announcement had appeared...
as scheduled and had been well received, with the slight exception of the "day-to-day" character thereof.
You told me that the story had gone over very well in the United States and that the press had been quite satisfactory, the best story having appeared in the NEW YORK HERALD TRIBUNE.

In my cablegram No. 993 of October 13, 5 p.m., I made the point that the announcement of the preceding evening of technical arrangements for reciprocal gold movements between the French, British and American Stabilization Funds had enabled the French Government to display evidence that the agreement into which they had entered was fully equipped with means to make it effective.

At 4 p.m. on October 14, I dispatched my cablegram No. 1001, in which I reported the day's developments. I also said that in a talk by telephone with Dr. Jacobsson I had learned that the resident officers of the B.I.S., and particularly the German Assistant Manager, had been quite provoked to learn on the morning of October 13, following the day of their Directors' meeting and the departure of the Directors for their respective capitals, that the three powers had consummated a further arrangement of intense interest to Central Bankers. Dr. Jacobsson had told me that M. Beyen was considering the propriety of cabling the Federal Reserve Bank of New York to the effect that the B.I.S. thought the new move was good as far as it went...
went but that the B.I.S. would like to see it go
further. In my cablegram I mentioned that M. Baumgart-
ner had told me that he considered the Paris press
reception of the new arrangement quite good, but that
there had been some political sniping, with the twenty-
four hour feature the most vulnerable point. French
technical writers were generally appreciative of the
fact that this arrangement constituted a big forward
step. I quoted comments by French and British
financial writers.

You telephoned me at 3:15 p.m. on October 13.
You stated that you had two matters to take up with me.
First, my friends in Switzerland had cabled to the
Federal Reserve Bank that they wanted to join the gold
pact. The Federal told them that this matter would
have to be taken up through the Secretary of the
Treasury. You had consulted with the Department of
State, and the latter was glad to approve your use
of me in conducting the necessary negotiations in
Europe. An instruction was to be sent out from the
Department of State to the Paris Embassy the same day
to this effect, but you desired to save a few hours by
telephoning me. The American Minister in Switzerland
was not informed of the above facts, but I was to keep
him advised of any developments. I was not instructed
to consult with him. You stressed the point that you
desired to do business with the Minister of Finance,
that is, that negotiations would be between governments,
rather ...
rather than through their Central Banks.

The question had also been raised by Belgium. Governor Franck of the National Bank of Belgium had cabled Governor Harrison of the Federal Reserve Bank of New York as follows: "On reciprocal conditions your cable we confirm our arrangement to sell gold to United States our legal parity. Please transmit to Treasury." You explained that the Federal Reserve Bank of New York had, at your request, telegraphed the text of your gold announcement of October 12 to the Central Banks. As in the Swiss case, the Belgians had been informed that they had to work through Treasuries.

You were to advise the British of the above-indicated interest of the Swiss and Belgian authorities in joining the gold pact. You desired that I inform Minister Auriol in the same sense. I was to ask the French Minister of Finance whether he desired to join with the United States in extending reciprocal gold privileges to Belgium and Switzerland. I was to ask whether France already had any arrangements with these two countries. I was to make it clear that we were being spontaneously considerate of France and Great Britain in keeping them informed and in ascertaining their interest toward joining in this extension of the pact.

You explained that Belgium was probably the only country eligible to draw gold from us under the old announcement...
announcement of February 1, 1934. You did not want to cancel this announcement until you had a new arrangement with Belgium. You did desire, however, that the arrangement of October 12 should supersede that of February 1 and that the earlier arrangement be cancelled. That is, the reciprocal agreements would be between Treasuries, and Central Banks would act simply as agents of the Treasuries. It was not essential that a country have a stabilization fund, although it was perhaps easier if they did have such a fund to operate through in cooperation with the funds of the United States and other countries. The Ambassador in Brussels was not being instructed as to my trip, but I was to keep him informed.

You desired that the countries with which we entered arrangements should be able to keep up their own end, that is, support their own exchanges. You did not want to take on any "lame ducks." You stressed again that you wanted to cancel the 1934 arrangement as soon as possible and have the October 12 the only gold arrangement. You said again that the Department of State was glad to have me act in the above-mentioned capacity. You used the expression "through diplomatic channels" two or three times when talking with me, to the effect that negotiations should be through such channels and not through the Central Banks. I asked you if you meant that the negotiations should be through the usual channels of our Embassies in the respective countries. ...
countries. You said no, but through the "Morgenthau-Cochran" diplomatic channels. You desired, however, that I inform Ambassador Bullitt of this arrangement.

When you inquired if I had any questions, I asked you whether I was to go to Brussels and Bern. I thought it would be better to discuss the matter in person. You said I was the salesman of the idea and that I should use my own judgment. Likewise, when I asked you if I could make the appointments with the Ministers of Finance through my Central Banking contacts, namely, Governor Franck of the National Bank of Belgium and President Bachmann of the Swiss National Bank, you said you left this entirely to me. I told you that if I made the trips I would send no cablegrams while absent from Paris. You asked me to let you know whenever I left Paris and to get in touch with you upon my return.

At 6:45 p.m., October 15, I called on M. Baumgartner at the Ministry of Finance. I told him of your telephone call above-described in regard to the Swiss and Belgians. M. Baumgartner said that he was sure that the French would be glad to associate themselves with this move. He would have to speak with the Minister of Finance and would telephone me at 10 o'clock the next morning, October 16.

My cablegram No. 1008 of October 15, 5 p.m., described the exchange situation and quoted from the London TIMES a report of Mr. Eden's speech, in which he had ...
had referred very nicely to the tripartite arrangement and its consequences.

As agreed, M. Baumgartner telephoned me at 10 o'clock on the morning of October 16, but said that the Minister of Finance had been ill and would be late getting to the Ministry. M. Baumgartner subsequently informed me that the Minister was quite in accord with the arrangement for bringing the Belgians and the Swiss into our group. At 10:45 on the morning of October 16, I telephoned Governor Franck of the National Bank of Belgium at Brussels and made an appointment with him for 10 o'clock the next morning. It was arranged that he would receive me at the Bank and would fix an hour for the Minister of Finance or the latter’s competent representative to meet with us.

I left this in Governor Franck’s hands, simply explaining that I must be in touch with the Ministry of Finance. I also telephoned to President Bachmann of the Swiss National Bank at Zurich at 11 a.m. and made an appointment to meet him on October 19 at 9:30, at the head office of his Bank in Bern. He was furthermore to arrange an appointment for us with the Swiss Minister of Finance for 11 a.m., October 19. I urged upon President Bachmann the necessity for completing our business on the one day, so that I could return to Paris on Monday night.

On October 16 I had received the Department’s cablegram No. 405 of October 15, 12 noon, authorizing me...
me to establish contacts with the Swiss and Belgian financial authorities and to negotiate with them in your behalf. Your message No. 406 of October 15, 5 p.m. gave the texts of the messages which had been received by the Federal Reserve Bank at New York from the Swiss National Bank and the Governor of the National Bank of Belgium.

In my message No. 1010 of 4 p.m., October 16, I let you know that I was proceeding to Brussels that night and to Bern on Sunday evening, and that Ambassador Bullitt had telephoned Ambassador Morris at Brussels and Minister Wilson at Bern, informing them of my plans.

Your cablegram No. 409 of October 16, 5 p.m., and your No. 410 of October 16, 6 p.m., giving the texts of the Federal Reserve Bank’s replies to the National Bank of Belgium and the Swiss National Bank, respectively, were not received in Paris until early on the morning of October 17. I had arranged, however, with an Embassy code clerk to be on duty quite early that morning. The two messages were, therefore, decoded and telephoned to me at my hotel in Brussels before I went to the National Bank of Belgium to keep my 10 o’clock appointment.

At 9:30 on Saturday morning I called on Ambassador Morris and explained my trip to Belgium. The Ambassador suggested that before leaving Brussels I call on the Prime Minister, M. Van Zeeland, whom I have known for some...
some years.

After receiving in Paris your instructions to visit Belgium and Switzerland for the purpose of carrying on the negotiations under reference, I spent some time going over all documents available to me in regard to effective monetary legislation of those countries. Your instructions as to the form in which some arrangement should be reached with the monetary authorities of the two countries were quite general. I worked out the idea that perhaps the best arrangement would be for the competent authorities to make a declaration wherein they made clear the existing laws affecting domestic and international gold dealings by them, and indicated their competency and willingness to effect gold dealings on a reciprocal basis with your Treasury. Such a declaration should facilitate your study of the eligibility of each country, since this declaration would summarize pertinent legislation, would indicate what type, if any, of stabilization or equalization fund was in existence, and its method of operation.

With the above plan in mind, I called on Governor Franck of the Bank of Belgium at 10 o'clock on October 17. He had with him Mr. Joseph Warland, the General Manager of the Belgian Treasury and Public Debt, and Mr. Adolphe Baudewyns, Secretary of the National Bank of Belgium. I referred to the exchange of telegrams between the National Bank of Belgium and the Federal Reserve Bank of New York, and I indicated my purpose in coming...
in coming to Brussels. I had with me documents to assist in explaining the American position and in suggesting the lines along which the Belgian authorities might clarify and set forth the Belgian position with respect to gold transactions. A declaration was then drafted in French.

After completion of the draft, MM. Franck, Warland and I went to the Ministry of Finance, where the Minister, M. Henri de Man, received us. He read, approved and signed the declaration as drafted, after Governor Franck and I had explained to him the purpose thereof. Governor Franck signed the declaration, after the Minister had signed, and the Minister of Finance then handed the document to me. M. de Man was then kind enough to telephone Prime Minister Van Zeeland, with whom he arranged a twelve o'clock interview for us. Governor Franck and I explained to the Prime Minister the purpose of our visit, and he read the declaration carefully. He found it quite satisfactory, but he made the point that, relative to the second paragraph of the first article of the declaration, Belgium had had no provision of law which restricted gold dealings to countries of the gold block and the United States. After leaving the Prime Minister, I returned with Governor Franck to the National Bank of Belgium, where I translated the document from French into English and had it checked by Secretary Baudewyne.

I lunched with Ambassador Morris and showed him the . . .
the declaration.

I returned to Paris on the evening of October 17. On the following morning I filed at 10 a.m. my telegram No. 1018, providing you with the English translation of the Belgian declaration. In closing my message, I let you know I had found all of the Belgian officials pleased with the international progress which had been accomplished through the three-power monetary and gold agreements and desirous of Belgium's fitting into the progressive arrangements. There was one suggestion made by Governor Franck which I did not include in my telegram. That was that we should not endeavor to add on to our tripartite arrangement more than the three countries of Belgium, Switzerland and the Netherlands. Governor Franck thought we should stop with these three and then work through the B.I.S. in our gold dealings with any other countries. Governor Franck had emphasized to me that he had plenty of gold and was entirely willing to lose some of it. He said he had already been giving gold to France, following devaluation of the French franc.

You telephoned me at my home at 1:20 p.m. on Sunday, October 18. I summarized to you the account of my Belgian trip as set forth in my telegram No. 1018 above-mentioned. I told you of my plans for the Swiss trip. You seemed to approve of the idea of a general declaration such as I told you I had obtained from Belgium, leaving technical details to be worked out...
out directly with the Federal Reserve Bank of New York after the preliminary agreements had been reached. In this conversation I mentioned to you a news item from the Netherlands in regard to possible adherence of the Netherlands to the tripartite agreement. I suggested that I might possibly telephone Governor Trip of the Bank of the Netherlands if we got Switzerland lined up, to give him at least the opportunity of bringing the Netherlands into the arrangement before we made any announcement of these two countries. You told me to hold this question in abeyance until after I had returned from Switzerland and had telephoned you my report. You said that you wanted to be careful in having the State Department approve every one of my individual trips. You asked if the Belgians appeared to be in any great hurry for the completion of the arrangement. I said I had told them I was going to Switzerland and that I did not think they would mind our postponing the announcement with respect to Belgium until we might get both the Swiss and the Dutch into the arrangement. You told me that the British would come in with us entirely on these arrangements and were quite willing for us "to write the ticket."

On the night of Sunday, October 18, I left Paris for Switzerland. Upon my arrival next morning I went to my hotel and immediately called upon Minister Wilson, who lives in the hotel, to explain the purpose of my visit. At 9:30 I was received at the Swiss National Bank...
Bank by President Bachmann. When I came in the door, he asked me, "Where is Mr. Morgenthau?" I told him that you were in Washington insofar as I knew. When I had called Professor Bachmann by telephone at Zurich to tell him that you wanted me to visit Switzerland with the purpose of conferring with the Minister of Finance, he simply misunderstood me to say that you were coming. With President Bachmann were MM. Schnyder and Weber, who are Vice President and Third Member, respectively, of the Board of General Managers of the Swiss National Bank, President Bachmann being the first ranking member.

I proceeded with the Swiss along the same lines I had followed with the Belgians. That is, I referred to the exchange of telegrams between them and the Federal Reserve Bank of New York; explained the American position; and suggested the lines of a declaration to set forth the Swiss devaluation, the availability of resources that could be utilized as an exchange equalization fund, the responsibility for the management of such resources and the willingness of the Swiss authorities to grant reciprocity to the United States in gold dealings. Professor Bachmann raised several technical points which he had set forth in his cablegram of October 14 to the Federal Reserve Bank of New York. He also wanted the inclusion in this statement of a provision for immunity of gold holdings. I told him that technical points would have to be cleared up with the...
with the Federal Reserve at a later period and that it would be preferable to omit any request for immunity. I reminded him that when an embargo had been placed upon gold exports from the United States, holdings of Central Banks had in fact been exempt. I did not think it possible, however, for any pledge to be given by us, in acknowledgment of the Swiss declaration, which could officially bind us to guarantee future immunity.

At 11 o'clock Professor Bachmann and I went to the Swiss Ministry of Finance, where Dr. Meyer, who is Chief of the Federal Department of Finances and Customs and was on that date President of the Swiss Federal Council, received us. We explained the idea of gold reciprocity, and Dr. Meyer indicated his entire approval of and sympathy with the plan for Swiss-American cooperation. He explained that under Swiss practice, it would be necessary, however, for him to obtain from his colleagues on the Swiss Federal Council approval of the proposed declaration before he could sign it.

President Bachmann and I then returned to the Bank, where a draft declaration was drawn up. My Swiss friends were most thorough and pains-taking in their efforts. The draft was typed out in French and German, while I lunched with the three officers of the Bank. The draft was revised after lunch and I made an English translation thereof, which M. Schnyder checked. . . .
checked. The above tasks occupied our entire afternoon. Just before dinner I called on Minister Wilson and showed him the declaration. I left Bern that night and reached Paris the next morning. My cablegram No. 1021, filed at 11 a.m. on October 20, reported my negotiations and contained the English translation of the Swiss declaration. In this message I explained to you that I had cautioned the Swiss to guard the negotiations as confidential, as I had the Belgians. The Swiss, in turn, requested that the contents of their declaration be kept confidential and be not published. Furthermore, I let you know that several days would have to elapse before the definite approval of the Federal Council could be obtained.

At 4:30 p.m., October 20, I reached you by telephone and summarized to you my cablegram No. 1021, reporting my Swiss trip. You asked that I see the French the next day and inform them of the results of my trips to Brussels and Bern. You said that you would show my cablegram to the British in Washington on the same day. You said that you were considering the idea of limiting operations by countries having no stabilization funds, such as Belgium, to a quota, say 10 million dollars for any one day, lest some other countries might operate through the country in question. You asked my idea on this. My initial reaction was that such a restriction should not be imposed, it being my feeling that we could afford to be generous rather than otherwise in yielding gold. . . .
gold.

In my cablegram No. 1028, dated October 21, 6 p.m.,
I let you know that I had called on M. Baumgartner at
the Ministry of Finance, at 5 o'clock, and had
acquainted him with the results of my trips to Belgium
and Switzerland. I learned that the French were
entirely ready to move along with us in making
reciprocal arrangements with the Belgians and the
Swiss in regard to gold transactions. M. Baumgartner
asked that the French be given time to complete technical
arrangements with such countries as the United
States might consummate arrangements with before we
issued any public announcements in regard thereto. The
French would desire to make simultaneous announcements.
M. Baumgartner hoped that the Netherlands would join in
the arrangement in order that a complete picture of
cooperation and solidarity between the six important
financial nations might be achieved.

On the morning of October 22, I received your
cablegram No. 481 of October 21, 5 p.m., raising a
question in regard to a spread in the Swiss buying and
selling prices of gold, as set forth in the Swiss de-
claration which I had cabled you. In my message No. 1034,
dated October 22, 2 p.m., I gave you my explanation on
this point. In this same telegram, I told you of a
letter, dated the 21st, which I had received from
President Bachmann, who said that the Swiss Federal
Council would pass on the question of the Swiss
declaration on October 23, and that the Board of General
Managers
Managers of the Swiss National Bank would then have to submit the question for approval to their Board of Delegates on October 27.

The Paris exchange market was quite hectic on October 22 with the franc heavily under pressure, due to domestic political concern over the Radical Socialist convention at Biarritz and to international apprehensions lest the Little Entente States follow Belgium’s example and declare their neutrality. In my message No. 1035 of 5 p.m., I gave you a summary of the day’s operations, including remarks of M. Cariguel thereon.

On the morning of October 23, I received your cablegram No. 423 of October 22, 6 p.m., asking me to inform the Belgian and Swiss authorities that, owing to the extreme pressure of business and of the elections, you would not be able to give the necessary consideration to negotiations for gold arrangements before the following week. I immediately addressed letters to MM. Franck and Bachmann conveying this information. I telephoned M. Baumgartner to let him know of your message, and also to acquaint him with the delay that was taking place in Switzerland, due to the necessity of procuring such complete official approval of the declaration. M. Baumgartner again asked if we had heard from the Dutch. He said that it was possible that President Trip of the Netherlands Bank might be visiting Paris the next week. Incidentally, this visit never transpired.

You telephoned me at 4:15 p.m. on Monday, October
26. You stated that you were satisfied with the declaration which I had received from the Swiss on my trip to Bern, and with the arrangement contemplated therein. You were not satisfied, however, insofar as Belgium was concerned. The declaration which I had obtained from the Belgians did not let you feel that you were doing business with the Treasury. You said that the Treasury could designate the National Bank of Belgium as its fiscal agent, or that the King of the Belgians could reestablish the stabilization fund if he desired. You would prefer to see the reestablishment of the stabilization fund, but you did not insist thereon. You told me to visit Brussels again and see that the arrangement was strictly between Governments. If Belgium did not see fit to come in on our terms we should go ahead with our arrangements with Switzerland.

When I mentioned that no word had yet been received from the Netherlands, you said that you had no objection to the French "building a fire under them" if they desired. You told me to report promptly on my Brussels trip when I returned to Paris.

In the afternoon of October 26 I talked by telephone with M. Baumgartner. I mentioned our position with respect to the Netherlands. M. Baumgartner said he or M. Fournier would telephone Dr. Trip to the effect that the Swiss and Belgians had approached us, that I had visited their two countries, and that I was going to Brussels again on Tuesday evening.

At...
At 4:30 on October 27, M. Baumgartner telephoned me that M. Fournier had telephoned the Netherlands Bank at Amsterdam but had learned that President Trip was absent from the city. Under governor Fournier had agreed to call President Trip when the latter might be back in Amsterdam, and M. Baumgartner promised to let me know the results of the conversation when I returned from Brussels.

In my cablegram No. 1053 of October 27, 5 p.m., I continued my observations of the preceding few days upon the factors which were working against benefits of devaluation of the French franc. In a later cablegram, No. 1054, dated 6 p.m., I reported that, in compliance with instructions received from you by telephone, I was leaving for Brussels that night and should be back in Paris on Wednesday night. In accordance with the above plans, I left Paris on the evening of Tuesday, October 27. When you had talked by telephone with me on the afternoon of October 26, you had asked that I go up to Brussels that same evening. I told you that it was too late for me to telephone to Brussels for appointments and to catch the train which left Paris at 6:10 p.m. I did proceed, however, to telephone Governor Franck at once on Monday evening and made an appointment for Wednesday morning.

No further instructions from you as to the specific representations which I should make at Brussels arrived for me before I left Paris or were transmitted to me at Brussels before the hour of my appointment with the National...
National Bank of Belgium. I was, accordingly, free
to use my own judgment in endeavoring to obtain the
ends which I thought you desired. When I was received
by Governor Franck and Secretary Baudewyns of the
Belgian National Bank, I indicated to them your wishes.
Governor Franck again went over the Belgian situation
with me. I was definitely informed that the Belgians
had no intention of reestablishing a stabilization
fund. Realizing, therefore, that there was no likeli-
hood of a change in the basic Belgian monetary set-up,
as pictured in the declaration which I had procured
at Brussels on October 17, I sought an additional
statement on the part of the Minister of Finance,
which might meet your requirements. My instinct
was to make no arrangement, even of a confidential
character, whereby the Belgian Government might be
placed in the position, before the Belgian public, of
seeking to contravene the laws and practices which fix
the relations between the Government and the Central
Bank. Governor Franck and I drew up a letter with
the above points in mind. We telephoned the draft
text to Minister of Finance de Man, who assented to
the terms, but requested that I learn from you whether
the draft would meet your requirements before he be
asked to sign the document.

I went to our Embassy in Brussels, where I
explained the situation fully to Ambassador Morris
and put in a call to talk with you at 2:30 p.m. I
then ...
then went back to the National Bank of Belgium, where I attended a large monthly luncheon of the Directors of the Bank, at which a number of prominent outside officials were present.

After the luncheon I returned to the Embassy and spoke with you. I read you the text, in English, of the letter which had been drafted. You could not give an immediate answer as to whether this would acceptably solve the question. You asked me to cable the text, together with my comments. Consequently, the draft was not submitted to the Minister of Finance for signature at a 4 o'clock appointment which had been arranged for this purpose.

Before taking the 4 o'clock train from Brussels to Paris, I again spoke with Governor Franck, and it was understood that I should communicate further with Brussels if you desired that the letter be completed. It was agreeable to the Belgians that this letter be addressed to you and be sent to me for transmission to you. It will be recalled that I raised this point with you on the telephone, since the Belgians were uncertain as to whether the letter should be transmitted in this fashion, or through our Embassy in Brussels, or be simply a note addressed to me. I told Ambassador Morris of all of my conversations, and he was entirely agreeable to the idea of the letter being sent to you through me, if it might subsequently be signed. In our conversation by telephone, you stressed the point that any actual arrangements which you made with foreign countries...
countries in regard to reciprocal gold dealings would have to be made public.

Upon my arrival in Paris on the evening of October 28, I came to the Embassy and despatched at 10 p.m. my cablegram No. 1061, which I had prepared on the train coming from Brussels. In this, I gave you the text of the Belgian draft letter, and commented freely thereon. I had done everything I thought possible at Brussels to ensure that our reciprocal gold transactions be of a governmental character. You will recall that on my first visit to Brussels I had procured the signature of the Minister of Finance to the declaration, along with that of the Governor of the Central Bank, and had also obtained the oral approval of the Prime Minister of the country to the declaration. In drafting the proposed letter, on the second trip, I suggested the reference therein to the fact that the National Bank of Belgium acted as the fiscal agent of the Treasury. In my cablegram I made the point, however, that since gold which would be ceded to you from Belgium was actually the property of the National Bank of Belgium, the latter would not, in my opinion, be acting as fiscal agent of the Treasury in such transactions. My whole purpose had been to achieve an understanding as completely in accord with your desires as possible, but at the same time to make known to you attendant facts and circumstances, and to take every precaution to prevent any eventual criticism of our arrangement.

At ...
At 3:15 p.m. on October 29, I telephoned President Bachmann at Zurich to learn what progress was being made with the Swiss declaration. He told me that he had mailed to me a letter, accompanied by copies of a text of the Swiss declaration which had been approved by the Board of Delegates of his Bank at a meeting held on October 28, and was to be passed upon by the Swiss Federal Council on October 30. He mentioned to me a few changes which had been made in the text as originally drafted when I visited Bern.

You telephoned me at 5 p.m. on October 29. I gave you the substance of my conversation with President Bachmann. We discussed the results of my Belgian trip. You and Dr. Feis asked me for precise information as to the position of the Belgians with respect to publicity of any arrangements which they made with us. You referred to the need of letting your public know what you were doing, particularly since you faced the necessity of having legislation passed to give authority for the continuation of the Stabilization Fund after January 31, 1937. You were fully aware of the objections which Central Banks might bring up to the plan which you had decided upon, with the President's approval, for arranging gold reciprocity.

I mentioned to you that President Trip of the Netherlands Bank had telephoned me on the preceding afternoon from Amsterdam indicating the interest of Premier Colijn and himself in inquiring in regard to the formalities with respect to entering a reciprocal gold . . .
gold arrangement with the United States. You told me that you preferred that I see President Trip in Amsterdam, rather than reserve our interview for our next meeting at Basel on November 9. You stated, however, that your hands were full for the present, and that you would give me specific instructions later.

In my cablegram No. 1065 of October 30, 12 noon, I confirmed my report of my conversation with President Trip. I also let you know that at 10:45 on the morning of October 30, M. Baumgartner had telephoned to inquire about the present status of our negotiations. M. Baumgartner strongly advanced the opinion that no announcement should be made with respect to Switzerland or Belgium until we might see whether the Netherlands could also be brought into the agreement, and until time was then given for France and England to agree upon announcements to be issued simultaneously with the American announcement. When Dr. Trip had telephoned me at 3:30 on the afternoon of October 29, he said that he had not gotten into touch with us earlier, not because he had not wanted to cooperate fully but that he had desired to see how conditions might develop on his own market following the departure of the florin from the gold standard. I told him of the talks which I had had with the Belgian and Swiss Treasuries. It was understood that I could not ask for an appointment to see Premier Colijn and himself until I might submit the matter...
the matter to you and received your instructions.

I called President Trip back at 9:45 a.m., October 30, and told him that I could not at that time indicate a date upon which I might visit him at Amsterdam. He thought it much better to meet in the Netherlands, where everything could be settled all at once, than to endeavor to make any arrangements at Basel. He said that he was already working on a formula for transactions with the Federal Reserve Bank at New York, which he would mail to me. He had confirmed that Premier Colijn would be glad to receive me whenever I might visit the Netherlands. He mentioned that Governor Labeyrie had telephoned him the preceding afternoon, shortly after he, President Trip, had spoken with me in regard to possible arrangements with the United States. He made the point very clearly that he had thus taken the matter up with us on his own initiative and prior to his receiving any suggestion from the French.

In my cablegram No. 1064, dated October 30, 3 p.m., I gave you the amendments which had been made in the Swiss declaration, I having received on that morning the letter from President Bachmann, dated October 29, 1936, which set forth the new text. I also told you that I had received at noon on October 30 a telegram, in which President Bachmann informed me that the Federal Council had authorized the Swiss Finance Department to sign the declaration as of October 28.

You . . .
You telephoned me at my home at 2 p.m. on Sunday, November 1. I let you know the developments of the week-end, including the receipt of a letter from President Bachmann confirming his telephone call and telegram, and informing me that the signed Swiss declaration should reach me shortly. I told you furthermore, that M. Bachmann had raised the question as to whether Switzerland should adhere to the tripartite declaration of September 25 in the same manner that the Belgian Government had adhered.

You told me that you desired that I proceed to the Netherlands on Monday with the view to procuring from the Dutch an arrangement along the lines of the declarations I had obtained from the Belgians and the Swiss. You said that you would ask the Department of State to send me the necessary instructions that day (the Department’s instruction No. 441, dated November 1, 2 p.m., arrived at the Embassy early on the morning of November 2). You explained that final American approval had not yet been given to the Belgian and amended Swiss declarations. We discussed the manner in which announcements would be made by the American, British and French Treasuries in the event that additions might be made to the countries eligible to reciprocal gold transactions. In my cablegram No. 1070, dated November 2, 10 a.m., I confirmed my understanding of certain points which we discussed by telephone the preceding afternoon. I included in this cablegram certain reasons which, in my opinion, made it ...
made it important to extend the tripartite agreement as early as possible. I also told you that I had telephoned President Trip, who would receive me at the Bank of the Netherlands the following morning and would make an appointment with Premier Collijn. I was, therefore, leaving Paris on Monday noon for Amsterdam and should be back in Paris on Wednesday morning.

On the morning of Tuesday, November 3, I called at the Bank of the Netherlands at 9:45 a.m., and was received by President Trip. We were later joined by the ranking Director, M. Beaufort, and the Secretary of the Bank, M. de Jong. Before leaving Paris I had received the preceding forenoon a letter dated October 30, with which President Trip had enclosed a memorandum which he had drawn up suggesting the lines along which gold transactions might be carried out between his Bank and the Federal Reserve Bank. I had studied these on my way to Amsterdam with the view to having in mind a draft declaration which would be similar to those declarations already obtained from the Belgians and the Swiss, and would at the same time include enough of Dr. Trip's suggestions to satisfy the Dutch. With Dr. Trip's memorandum and the Swiss and Belgian declarations before us, the drafting of a Dutch declaration proceeded quickly, particularly due to the fact that this could be drawn up in English. The work, except for typing and final revision, was finished before Mr. Trip and Beaufort and I went out for lunch.

Immediately . . .
Immediately afterwards we read over the typed copy and made a few corrections therein.

At 2:45 President Trip and I took the train to The Hague, where Premier Colijn, with Minister of Finance Oud present in his office, received us at 4 p.m. I explained to MM. Colijn and Oud the procedure which we were following in our negotiations with the countries which had indicated an interest in having gold dealings with us on a reciprocal basis, and President Trip explained to them the draft document. MM. Colijn and Oud approved the document, but it was agreed it should not be signed until I might ascertain from you the acceptability of the terms thereof. It was understood that MM. Oud and Trip would be the officials to sign. After leaving the Prime Minister, Dr. Trip went with me to call upon Minister Emmet, who is a good friend of his, but we found him out of town. We hurried on, therefore, to the railway station, where I caught the train for Paris.

In my cablegram No. 1075, sent from Paris at 10 a.m. on November 4, I gave you the text of the Dutch draft declaration and also transmitted certain opinions which the Dutch officials had volunteered to me. I particularly mentioned Dutch concern over the French situation because of the apparent tendency of the French public to continue to doubt the Government and because of the lack of prospect for a strong, confidence-inspiring Government to come into power. I added that

President . . .
President Trip felt that the American legislation providing for a Stabilization Fund and a further cut in the dollar had an important merit internationally in that this legislation constitutes a balance to steady sterling, with the relationship between the dollar and sterling now more than ever having an important influence on the currencies of the world.

In a second telegram, No. 1076, sent at 1 p.m. on November 4, I told you of the receipt of the Swiss declaration, dated October 26, bearing the signatures of MM. Meyer, Bachmann and Weber. I also let you know that there had been a leak to the press from Switzerland as to the Swiss signing a declaration in regard to the Anglo-Franco-American monetary arrangement. I also mentioned that M. Baumgartner had telephoned me as to the French unhappiness over this leak, which apparently came from the Swiss Federal Council. I told M. Baumgartner at this time of the results of my Dutch trip, and he said Minister Auriol was anxiously awaiting our decision on the three countries.

I spoke with you at 8:30 p.m. on November 4. I told you the substance of my two telegrams sent during the day, above-summarized, and urged the importance of terminating arrangements for the addition of the three countries by Sunday or Monday. I was anxious that this might be achieved before the Central Bank Governors met at Basel. You stated that you were anxious to accomplish the addition...
the addition of the three countries, on a three-sided arrangement with France and Great Britain, but you were afraid this could not be arranged in such a short time.

In my cablegram No. 1080, dated November 5, 4 p.m., I reported the gratification expressed by the European financial press over President Roosevelt's reelection and its consequent optimism over the prospect of continuing monetary cooperation, following up the tripartite agreement. I also let you know that I had been able to inform Minister Emmet fully of my conversations with the Dutch officials since the Minister had called at my office while he was in Paris.

On the morning of November 6, I received your cablegram No. 445 of November 5, 5 p.m., in which you quoted the draft of a proposed statement to cover the release of gold for export, not only to the countries then under discussion, the Netherlands, Switzerland and Belgium, but also to France and England. In my cablegram No. 1088, dated November 6, 5 p.m., I reported that, in accordance with your telegraphic instructions, I had left with M. Baumgartner at the Ministry of Finance a copy of the proposed statement, and that M. Baumgartner had promised to discuss the matter with Minister Auricol and to provide me the following day, if possible, with a memorandum setting forth such comment as the French Ministry of Finance might care to give me upon the draft declaration.

When...
When I left the above-mentioned document with M. Baumgartner at 3:30 p.m. on November 6, he could not grasp the exact purpose thereof. He thought a new declaration, especially superseding the one of October 13, if issued now, would only confuse people. He thought it better to hurry up with the addition of the three countries to the original declaration. If necessary, we could make some amendment later. M. Baumgartner was quite willing to accept for the Ministry of Finance the declarations which I had obtained from the three countries, he stating that France would require nothing further as a basis for granting reciprocal gold treatment to the countries involved. M. Baumgartner admitted that, as far as France's present status was concerned, this new declaration would change nothing. He realized that the French Stabilization Fund would continue to exist for some time, but he had no reason to believe that the French had yet developed the idea that the Stabilization Fund was to be made permanent. He promised to discuss the matter with Minister Auriol and to call me back on Saturday morning, when he would endeavor to give me a memorandum on the subject.

At noon on November 7, I visited M. Baumgartner. He had not been able to see the Minister of Finance since my call on the preceding afternoon, due to M. Auriol's being engaged on parliamentary matters. M. Baumgartner had, however, drawn up an informal letter . . .
letter, addressed to me, in which he expressed his personal views. I had asked that the views of the French officials be set down in writing in order that there would be no possibility of the slightest misunderstanding in the premises. I asked M. Baumgartner whether he had any objection to my cabling his views to you. He said that he had none, provided that I characterized them as his own views.

In my cablegram No. 1092, sent at 2 p.m. on November 7, I provided you with a translation of M. Baumgartner's letter, giving three reasons why he thought your proposed declaration might cause inconveniences. First, because the impression might be gained that the October statement was being reversed for some reason that might not be clear to the French public; second, because he thought that Belgium could not subscribe to the declaration as drafted; and, third, because difficulty or embarrassment might be experienced if France eventually returned to the normal system of the gold standard.

On the night of Saturday, November 7, I left for Basel, where the B.I.S. Directors were having their monthly meetings on Sunday the eighth and Monday the ninth. While at Basel I gave an oral reply to President Bachmann of the Swiss National Bank, who had written me under date of November 5 to inquire whether or not his Bank was at liberty to approach the Federal Reserve Bank of New York in regard to making arrangements . . .
arrangements as to future gold and exchange operations. Since the declaration which I had received in your behalf from the Swiss authorities had not yet been definitely approved by you, my answer to President Bachmann was necessarily negative.

Upon my return from Basel on the morning of November 10, I filed my cablegram No. 1096 at 10 o'clock, reporting the results of my week-end at B.I.S. headquarters. I mentioned to you the inquiries on the part of resident B.I.S. officers as to whether there might soon be any likelihood of the United States Treasury releasing gold to the B.I.S. in order that the latter might have proper facilities for continuing to help the smaller European Central Banks to rebuild their gold supplies. I gave you the views as expressed by Governor Norman upon the gold movement to the United States, which had been continuing after the consummation of the tripartite monetary agreement. The Governor insisted that the Bank of England had all the gold that it needed or could use. I mentioned the skepticism of some of my friends in regard to the French making devaluation a success. In a second telegram, No. 1098, sent at 5 p.m. on November 10, I informed you of the nervous condition of the French exchange market and reported that there was even some gossip as to the possibility of exchange control.

After returning from Basel I had telephoned M. Baumgartner at the Ministry of Finance to see if he could...
could give me the views of the Minister of Finance upon your draft declaration, which M. Baumgartner had thought would be possible on that date, as indicated in the final sentence of my No. 1092, November 7, 2 p.m. M. Baumgartner told me that Minister Auric shared his views on the statements, but that the matter was so complicated that they desired to study it further. I talked with M. Baumgartner later in the day, at 5:45 p.m., and he then said that they must await a document from London, which they expected on Thursday morning. He asked me to call him at 12:15 on that day. He said that he had learned that the British were apparently disposed to interpret your intended statement in a manner different from the interpretation which he and the French Minister of Finance had placed upon it. I told you of my call and the postponement of a decision until Thursday, November 12, in my cablegram No. 1100, November 10, 7 p.m.

At noon on November 10, Miss Willis, Secretary of the American Embassy at Brussels, telephoned me that the Embassy had received an envelope from the Belgian Minister of Finance for me, and she inquired as to what should be done with it. I told her to forward it at once in a plain envelope, registered and sealed. She did not know the contents of the letter. On the morning of November 12 I received the envelope in question, and in the inner cover, addressed to me, I found an original letter, dated November 9, 1936, signed . . .
signed by the Minister of Finance of Belgium, M. H. de Man, and directed to you as Secretary of the Treasury, which was drawn up in exactly the terms of the draft which had been prepared at Brussels on my visit of October 28. When I had last talked with the Belgian officials at Brussels, on October 28, it had been definitely understood that the letter was not to be signed until I might be able to inform the Belgian officials that you had found its terms satisfactory and that this would render possible the consummation of a reciprocal gold arrangement between our two Governments. I had had no further conversation with any one upon this subject, and when I talked on a subsequent occasion with the Embassy at Brussels, I found that no one there had been in communication with the Belgian authorities upon this subject. The letter, presumably, was signed and despatched by the Minister of Finance upon his own initiative.

I called on M. Baumgartner at the Ministry of Finance at 12:15 on November 18. He told me that he had received from his Acting Financial Attaché in London, M. F. Le Norcy, a letter to the effect that London had interpreted your proposed declaration differently from Paris. The British officials thought that the new declaration was to facilitate and not to hinder Belgium's cooperation. I was happy to be able to show M. Baumgartner the signed Belgian confidential letter, which I had received just before going to the French...
French Ministry. He admitted that this evidently indicated that Belgium would be disposed, confidentially, to give a wide interpretation to the manner in which the Bank of Belgium acted as "fiscal agent of the Ministry of Finance," even though it actually was not fiscal agent but "principal" in gold dealings. He thought France might now yield, seeing that Belgium was taken care of, but he insisted that his technical objections, as he had communicated them to me and as I had cabled them to you, were still well founded. He told me that Minister Auriol was "confused" over this new scheme. M. Baumgartner said that he would talk with the Minister of Finance again, to let him know of the letter which I had shown in strictest confidence. Before talking with the Minister, M. Baumgartner was also to telephone London to see if the British had given you their reaction to your proposed statement, since the letter from M. Le Nercy was accompanied by a proposed draft of a British declaration, dated November 9, to be issued in welcoming the extension by the United States Treasury of the reciprocal gold arrangements to Belgium, Switzerland and possibly the Netherlands. Although M. Baumgartner promised to call me back later in the day, I did not hear from him; and when I telephoned the Ministry of Finance at 6:45 p.m., I found that he had left.

At 10 a.m. on November 13 I telephoned M. Baumgartner...
Baumgartner that I was anxious to wire to you on that
day the French response to your proposed declaration.
He said that he would see the Minister during the
morning and asked me to call at 12:15. At the
prescribed hour, I called upon him and then returned
to the Embassy, where I dictated a report of our
conversation and had it coded under serial No. 1106,
dated 4 p.m. At 4:15, I put in a long-distance call
for you in order that you might know the French decision.
At 4:55 I was informed that you were absent until the
following week but that if the matter was very urgent
you could be found. M. Baumgartner telephoned me at
5 o'clock to say that he had just learned that the
British had replied to you, giving their approval
to the proposed declaration. Your message No. 456,
sent rush at 10 a.m. on November 15, requesting that
a definite answer from the French on the matter of your
proposal be sent to reach Washington not later than
Saturday morning, was received after my cable No. 1106
of 4 p.m. had been despatched.

In my cablegram under reference, I told you that
while Minister Auriol endorsed the views of his
technical assistant, M. Baumgartner, as set forth in
my No. 1092 of November 7, 2 p.m., I had procured the
oral agreement of the French Minister of Finance to
your proposed statement, as quoted in your No. 445,
November 5, 5 p.m., with one condition. MM. Auriol
and Baumgartner, after learning of the Belgian letter
and of...
and of the British willingness to give a very broad interpretation to the idea of "fiscal agent," did not desire to interpose objections to the issuance of the proposed American declaration. Their one condition was, however, that when your declaration might be issued, there should be some wording to indicate that there had been no rupture of the original tripartite agreement. That is, they desired that the point be made that the three powers had not revised their original agreement, but that certain additional countries had now been found eligible to be added to the three original parties for reciprocal gold dealings. In my cablegram reporting the French decision, I quoted a letter from the British Treasury to the French Financial Attaché at London in regard to the proposed communiqué by the Chancellor of the Exchequer.

You telephoned me at my home at 2 o'clock on the evening of November 13. You referred to the letter which I had received for you from the Minister of Finance of Belgium, and you requested that I mail this at once to you. I told you of my cablegram reporting the French decision. You felt that you could meet their worry with respect to the wording of the release on the one point under reference. The question was discussed as to whether we could at once mail to the three prospective members, Belgium, Switzerland and the Netherlands, the text of the proposed . . .
proposed statement and give them a week to agree thereto. I thought it might be necessary to visit the countries personally when the time came. I suggested that you provide me, for further transmission, with the text of any oral statements which you planned to make at the time your formal declaration was issued. You told me that you were seeking on Sunday the President's approval to your proposed statement and that I should hear from you on Monday. You were particularly interested to know what had moved the French to consent to your proposed declaration. I told you that the principal factors were the British interpretation of "fiscal agent" and the letter from the Belgian Minister of Finance. I mentioned to you that Governor Rooth of the Sveriges Riksbank was coming to visit me between November 22 and 24, and you said you wanted me to be sure to see him. In two telegrams sent on November 14 I mentioned the press rumors that the Netherlands was considering joining the tripartite gold arrangement and that Swiss adherence thereto was considered practically an accomplished fact. I mentioned these rumors as reason for haste in our concluding arrangements with the three countries under consideration and in issuing appropriate announcements. I told you that strengthening of the tripartite agreement would be most welcome to France, considering the bitter parliamentary fight which the Government was having on its budgetary and financial policies.

In my...
In my cablegram No. 1119, sent at 6 p.m. on November 16, I mentioned the attention which the European financial press was giving to the possibility of the United States restricting foreign purchase of American securities.

At 9 p.m. on the evening of November 16, you telephoned me at my home. You told me that you had prepared a new declaration, which you were cabling me that night, which was intended to supplement, and not to denounce, the statement of October 13, and that you were anxious to get complete adherence to this new declaration in order that it might be announced by you at 4 p.m. on Monday, November 23. That is, one week from the date on which you spoke to me. It was understood that I was to take no action on the declaration which you were cabling me until you might telephone or wire me further to the effect that the President, whom you were seeing the next day, had given his definite approval thereto.

On the morning of November 17, I received your rush cablegram No. 462, sent at 12 midnight, November 16, wherein the draft declaration was incorporated.

You telephoned me at 3:40 p.m. on November 17. You told me that the President had approved your draft statement as embodied in the cablegram which you had sent to me the preceding night. I told you that Minister Auriol was out of town, but that I was seeing M. Baumgartner at 4:15, and that the latter would telephone to Toulouse in an effort to obtain M. Auriol's approval...
approval to your new declaration. I was sure that I could procure the French adherence to your new plan, especially since it embodied the idea of not cancelling the declaration of October 13. I agreed that this statement constituted an improvement over the preceding draft.

You outlined to me the schedule which you desired to be followed. You said that you would like to have the Swiss and the Dutch get out a release on Sunday night, November 22, for publication in their morning papers of November 23, indicating the adherence of those Governments to the tripartite agreement of September 25. These declarations of adherence should be phrased similarly to that which Belgium had made on September 26, and should be transmitted through the respective Foreign Offices to the three powers. The Department of State should receive such telegrams not later than Sunday, so that the statements could appear in American papers on Monday morning. In answer to your inquiry as to whether I had a copy of the Belgian declaration, I told you that I had a press copy thereof, and that I would get an official copy of the complete statement from the French Ministry of Finance for the guidance, if necessary, of Switzerland and the Netherlands.

You stated that the United States, France and Great Britain would, according to your schedule, give out on the night of Monday, November 23, releases for publication . . .
publication on the morning of Tuesday, November 24. Your statement in regard to your new policy would be issued at that time. I asked if you desired that you receive, prior to their issuance, the texts of the statements which the European countries were going to give out. You thought this was not necessary with respect to the statements of adherence to the September 25 agreement on the part of Switzerland and the Netherlands, since they were simply to follow the Belgian text, but you did desire, if at all possible, to have any advance copies of the announcements which the countries planned to make with respect to the reciprocal gold arrangements which were being consummated.

It was agreed that I should cable you on the evening of November 17 the results of the interview which I was to have at that time with the French Ministry of Finance. It was not necessary to telephone. As soon as you received a reply from the British, you would telephone me, and I could then begin to effect the necessary arrangements with the three prospective Governments. I told you that I thought it might be necessary to visit the officials in the three countries, particularly the Belgians, who were most vitally concerned with the new declaration, and the Dutch, who had not yet signed their original technical declaration. Furthermore, it would be quite difficult to make the Swiss understand over the telephone just what was involved ...
involved, and to procure an official Swiss adherence to the tripartite declaration of September 25, since the Minister for Foreign Affairs would have to be approached on this subject by my two contacts, the Minister of Finance and the President of the Swiss National Bank. You said that the American announcement in regard to the addition of the new countries would be very simple, in the same manner as the announcement was made as to the eligibility of France and England. At my suggestion you agreed to cable me the text of such a brief announcement.

In my cablegram No. 1121, sent at 7 p.m. on November 17, I told you that I had at 5 o'clock that afternoon submitted to M. Baumgartner at the Ministry of Finance the proposals contained in your No. 452 of November 16, 2 a.m., which, according to cablegram No. 463 of November 17, 2 p.m., could be definitely taken as the basis for negotiations. I told you that M. Baumgartner had not been able to get into touch with Minister of Finance Auriol, who was coming by motor car from Toulouse to Paris. My friend was confident that the Minister would approve the statement and arrangements described in your cablegram, and he promised to give me definite word before noon on Wednesday.

Under cover of a note dated November 17, 1936, I mailed you in our diplomatic pouch the original text of the communication addressed to you under date of November 9, 1936, by the Minister of Finance of Belgium.
Belgium.

M. Baumgartner telephoned me at 10:30 on the morning of November 18 that Minister of Finance Auric had returned to Paris and had found himself in complete agreement with the proposals as set forth in your cablegram No. 462 of November 16, 12 midnight. I gave you this information in my cablegram No. 1123, sent at 12 noon, November 18. I informed M. Baumgartner of the contemplated form of press release quoted in the Department's No. 465 of November 17, 4 p.m.

I put in a long-distance call for you and obtained communication with you at 2:45 p.m. on November 18. I gave you the information in regard to the French approval, which I had sent in my cablegram. I told you that I should have to leave for Belgium that night if it was desired to finish arrangements by Sunday. I told you that I could attend to the negotiations in Brussels the following day and could telephone or wire you from there the results. You said to telephone you, if possible, and confirm by cable, and for me not to hesitate to use the telephone freely. It was understood that I could not make any arrangements with the Dutch or Swiss officials until I had procured the necessary approval of the Belgian officials to the new draft statement. If such approval was obtained, however, I was to endeavor to effect the necessary arrangements in the Netherlands on Friday and in Switzerland on Saturday. You were agreeable to my plans and told me to leave Paris...
Paris that night. You had not yet received the British response to the declaration. It would be necessary that I have word of this before I could talk with the Belgians. I was, however, to prepare to depart from Paris and await word from you in Brussels, if necessary, before seeing the officials there.

At 3:45 on the same afternoon, November 19, you telephoned me that you had heard from the British and that your statement was found entirely agreeable to the Chancellor of the Exchequer, provided it was acceptable to the Belgians. I was, therefore, to go on to Belgium that night and to keep you informed currently as to the results of my conversations.

Consequently, I telephoned at once, at 4 p.m., to Secretary Baudewyns of the National Bank of Belgium (Governor Franck was on a holiday in Egypt) and arranged to see him on the following morning at 9:45. He was to take me to see Minister of Finance de Man. At 5 o'clock I telephoned M. Baumgartner, and he said that it was also his understanding that the British were entirely in agreement with the French and Americans on the declaration. I told him of my proposed itinerary. He asked that I telephone him from Brussels as to the result of my negotiations there, and he agreed to be at the Embassy at 11 o'clock on Sunday morning, November 22, to learn the complete results of the trip and to plan for the necessary French announcements.

Consequently, I left Paris at 6:10 on the evening of...
of November 19 for Brussels. At 9:15 on the morning of November 19, I telephoned Ambassador Morris to let him know that I was in Brussels and to inform him of my plans. At 9:45 I went to the National Bank of Belgium, where I was received by Secretary Baudewyns and M. Mahieu, a Manager of the National Bank of Belgium who was acting in the place of Governor Franck during the latter's absence in Egypt. I showed these two officials a draft of your proposed statement and informed them that the French Ministry of Finance had considered your plan acceptable, as had the British, subject to Belgium's finding the arrangements and declarations agreeable. I told them of the plan to obtain the adherence of the Netherlands and Switzerland to the tripartite declaration, and then to add these two countries, along with Belgium, to those nations entitled to gold reciprocal treatment. I made the point, however, that I could not proceed further with this plan unless Belgium's approval in the premises could be obtained at once. I also made the point that this new declaration had been drawn up specifically to meet the Belgian situation. The two officers of the Belgian National Bank asked to be permitted to study the documents. I was to return at noon to the Bank, and from there we were to proceed to the Ministry of Finance to confer with M. de Man.

Upon leaving the Bank at 10:30, I proceeded to the Embassy, where I explained developments to Ambassador Morris. . . .
Morris. I called back at the Bank at 12 noon, and
MM. Baudewyn and Mahieu accompanied me to the Ministry
of Finance, where we were met by Mr. Warland, the
General Manager of the Treasury. Before we entered
the private office of the Minister of Finance, I
learned that the Minister had signed and had despatched
his letter of November 9 to you without the knowledge
of any of his technical advisers or of the officials
of the National Bank. This point came out when, as
we were about to go into Mr. de Man's office, Mr. Warland
told me he was opposed to the idea of the Government's
giving such a statement, guaranteeing the operations
of the National Bank of Belgium, as had been envisaged
in the draft letter which had been drawn up when I had
been last in Brussels. M. Baudewyns laughingly re-
marked to Mr. Warland that his objections were too late
since the Minister had already signed the necessary
letter.

To Minister de Man I explained the situation, as
I had earlier in the morning at the National Bank of
Belgium. He understood that your proposed declaration
was to supplement that of October 13 and he took no
exception to the cancellation of your statement of
January 31, 1934. He indicated definitely that he
stood by and confirmed the original Belgian declaration
of October 17, as well as his letter of November 9.
His one question was in regard to the manner in which
you . . .
you might find it necessary to explain the manner in which Belgium had been fitted into the reciprocal arrangements. When we were discussing this point, M. de Man volunteered some phrases which I took down in his presence. If this point could be cleared up, he was quite agreeable to enter the arrangement. In order to expedite the matter, I told the Minister of Finance that I would telephone you early in the afternoon and hoped that I could give him definite assurance on his point in the course of the day.

I proceeded from the Ministry of Finance to the Embassy, where I placed a call for you for 8:30 p.m., and then lunched with the Ambassador. When our call came through, I summarized to you my conversations of the day and emphasized the one point of possible difficulty. You told me to inform the Belgian Minister of Finance that you now understood exactly what the Belgian situation was and that you would do your very best to avoid any embarrassment insofar as the American press was concerned.

At the conclusion of our conversation, I called the National Bank of Belgium, where I spoke to Secretary Baudewyns by telephone and asked him to communicate your reply to Manager Mahieu, and particularly to the Minister of Finance. It was understood that if M. Baudewyns did not call me back within a few minutes, the matter could be considered as settled. Since I heard no further word from him, I proceeded with my arrangements. I had explained...
explained to the Belgians the proposed schedule for press releases. I had left them copies of all available documents, and had promised to communicate with them further from Paris on the following Monday morning.

From the Embassy I telephoned President Trip of the Netherlands Bank at Amsterdam and told him I was proceeding to Amsterdam that night. It was arranged that he should receive me the following noon, and that we were then to proceed together to The Hague where it was to be arranged for Prime Minister Colijn and Finance Minister Oud to receive us after luncheon. I explained to Dr. Trip that, for our plans to carry through, it would be necessary to obtain from the Dutch officials their adherence to the tripartite declaration of September 25, as well as their signature to the declaration which had been drafted on my earlier visit to the Netherlands.

I telephoned Professor Bachmann, President of the Swiss National Bank. Professor Bachmann was at the office of his Bank in Zurich and told me that he would be there on Saturday forenoon. Fortunately, Dr. Meyer, the head of the Swiss Department of Finances and Customs, and also President of the Swiss Federal Council, was to visit Professor Bachmann at the Bank in Zurich at 9 o'clock on Saturday morning. Since these were the two Swiss officials whom it would be necessary for me to see, it was therefore arranged that I should come to the Bank
in Zurich as early as possible on Saturday morning. President Bachmann, who is a very early riser, told me that he hoped I could reach the Bank at 7 a.m. so that we could have our discussion before the Finance Minister arrived. I stressed the importance of the Swiss being ready to adhere formally to the tripartite declaration of September 25 and the urgency for speed in order that everything could be concluded by the week-end. In accordance with the promise which I had given M. Baumgartner before leaving Paris, I also telephoned him at the French Ministry of Finance to let him know of the Belgian approval of the declaration and also of my itinerary.

Before leaving Brussels on the evening train for Amsterdam, I filed with the Embassy a cablegram reporting fully to you my visit with the Belgian officials.

Proceeding from Brussels, I arrived in Amsterdam on the night of November 19. I called at the Bank of the Netherlands the following noon, where I was received by President Trip and Director Beaufort. I reviewed developments to date and gave them copies of all documents pertinent to your proposed declaration. In order to simplify matters and to avoid any delay in The Hague, Dr. Trip and I drew up a short draft of a statement which we thought would suffice as indicating adherence of the Netherlands to the tripartite declaration of September 25. We talked straight through until time for the train to The Hague, without having any . . .
any lunch. I was sincerely appreciative of the assistance which Dr. Trip was giving me, since he was very busy on the day of my visit, which also happened to be his sixieth birthday.

Upon our arrival in The Hague, we went directly to the office of Prime Minister Colijn, where Minister of Finance Oud also joined us. MM. Oud and Trip signed and delivered to me their technical declaration in exactly the terms which had been drafted on my previous visit and had been quoted in my cablegram No. 1075 of November 4, 10 a.m. Prime Minister Colijn took a very active interest in the discussions and insisted on reading to us the full text of the declaration of September 25 before consenting to adherence thereto. After he was satisfied in his own mind as to the entire situation, he called to his office an official of the Dutch Ministry for Foreign Affairs and instructed him to send cablegrams at once to the Dutch diplomatic representatives at Washington, Paris and London to deliver to the respective Foreign Offices, not later than Saturday afternoon, the message of Dutch adherence in the terms which Dr. Trip and I had drafted. The schedule for press releases was then confirmed and it was agreed that I should telephone Dr. Trip on Monday morning to give him the latest news in regard to Switzerland and any further press communiqués which I might have by that time.

After leaving the Prime Minister, I proceeded to our . . .
our Legation, where I explained my visit to Minister Emmet. I put in a telephone call for you and gave you the above facts. I also sent a cablegram confirming the report which I had given you over the telephone.

From the Legation I went directly to the railway station and got the 5:25 train to Brussels. Normally there should have been a margin of 25 minutes in Brussels, but the Hague train was 10 minutes late on arriving, so my 15 minutes were barely sufficient to get across Brussels and catch the night train for Switzerland. I changed trains at Basel in the early hours of Saturday morning, November 21, and reached the National Bank of Switzerland at Zurich at 3 a.m.

President Bachmann and his assistant, M. Pfenniger, who had met me at the train, told me they had already been at work for some time. I explained to them our plans for further statements and gave to them copies of such draft announcements as I had left with the Belgian and Dutch officials. We then drafted a telegram to the Swiss Ministry for Foreign Affairs at Bern, directing that Ministry to send the necessary telegraphic instructions immediately to the Swiss diplomatic representatives at Washington, Paris and London, for delivery to the respective Foreign Offices not later than Sunday forenoon. In this telegram we used the same text of adherence to the general principles of the tripartite declaration of September 25...
25 that had been employed in the Netherlands. To have followed the Belgian example of preparing a statement in almost identical terms with the tripartite declaration would have involved delay in cabling, because of the length thereof, and would have added little to the strength of the declaration.

When President Meyer arrived at the Bank at 9 o'clock, he promptly approved the telegram which had been drafted, and this was despatched to Bern. To the Swiss officials I explained in detail the schedule for press releases and promised to telephone President Bachmann from Paris on Monday morning any further available texts of communiqués. I called at our Consulate General at Zurich after the foregoing arrangements had been completed, and from there telephoned Minister Wilson at Bern at 11 a.m. to inform him of the negotiations. I lunched with MM. Bachmann and Pfenniger. In the afternoon, I reached you by long-distance and gave you the Zurich story. I confirmed this by cablegram from the Zurich Consulate General. I left Zurich on the night train and arrived in Paris on Sunday morning.

In the conversation which I had with you at 4 p.m. from Zurich on Saturday afternoon, you told me to telephone you from Paris at 5:30 on Sunday afternoon to give you the latest news. You told me that Judge Moore was following my cablegrams and was much interested in the entire situation. I suggested that you have the State...
State Department be on the watch for messages from the Dutch and the Swiss Legations in Washington and forward these to you promptly. You were pleased with the smoothness with which our arrangements had been made. I told you that I thought it would have been impossible to have completed the arrangements in any manner other than by personal visit, since so many different officials were involved in each country and since it was so much easier to explain the various phases of the situation face to face, with documents available, than to attempt to do this by long-distance telephone. You asked me when I was to see the Governor of the Bank of Sweden. I told you that Governor Rooth would be in to see me on the following Tuesday or Wednesday. You were pleased over this prospect.

As previously arranged, M. Baumgartner called at my office at 11 o'clock on Sunday morning, November 22. I told him of the results of my travels. He made arrangements to receive from the French Foreign Office, as soon as they might arrive, the declarations of the Dutch and Swiss Governments. M. Baumgartner submitted to me the text of the communiqué which the French proposed to give to the press at 9 o'clock on Monday night for publication Tuesday morning, and I incorporated this in my cablegram No. 1138, November 22, 1 p.m.

M. Baumgartner learned that the Dutch declaration had already been received through the Dutch Legation in Paris. When I telephoned him at 5:15 on Sunday afternoon ...
afternoon, he said the Foreign Office had not been able to find any one at the Swiss Legation but that there was still plenty of time for their declaration to be received.

After talking with M. Baumgartner, I put in a call for you and obtained communication at 5:45 p.m. I gave you the substance of the telegram which I had sent at one o'clock, and we discussed various details of the publication of the announcements. You incidentally mentioned the idea of M. Baumgartner possibly visiting the United States for one week. I was against the idea since such a visit on the part of this French official would attract too much press attention; furthermore, I did not think it was an appropriate time for such a visit, and particularly by an official who was just being relieved of his important position, even though a promotion was involved, because of objection to him on the part of influential politicians in Premier Blum's own party. I have always told you of the high personal regard which I hold for M. Baumgartner, and I have appreciated throughout our negotiations his fairness and desire to cooperate with us. You also told me confidentially of the hint received by my colleague in London that the British might be inclined to look upon Sweden as their particular charge. Nevertheless, we were interested in getting this country lined up in our reciprocal arrangements. The possibility of my visiting the United States at a later date was discussed ...
discussed.

I telephoned M. Baumgartner at 10 o'clock on
the morning of November 23. I suggested one or two
changes in the text of the French communiqué that was
to be given out that night, in order to bring this
more exactly in line with the English text of the
American announcement. I told him that you had
informed me by telephone the preceding day that you
had received both the Dutch and Swiss announcements
from their Missions in Washington by noon on Saturday,
and that you would give release thereto at 10 o'clock
that morning, Monday, November 23. Your own communiqué
was to be given to the press at 4 p.m. M. Baumgartner
confirmed again that the French communiqué would be
given out here at the corresponding hour, namely,
9 p.m.

At 10:15 a.m. I telephoned President Trip at
Amsterdam. I read him the text of the French communi-
quête and confirmed the hours for giving notice to the
press. He was much pleased over developments and
congratulated me on the results of my trip. He said
everything was in order so far as the Netherlands was
concerned. I telephoned President Bachmann of the Swiss
National Bank at Zurich in the above sense at 10:45 a.m.,
and he thanked me very generously. At 11:30 a.m. I got
telephonic connection with Secretary Baudewyns of the
Belgian National Bank at Brussels and gave him the
pertinent information. He was very happy over the
successful ...
successful termination of our negotiations and he said he would pass the word on to the appropriate officers in the Ministry of Finance and his own Bank. He hoped our cooperation would continue. At 12:30 M. Baudewyns telephoned me back and asked me to read to him once more the whole text of the French communiqué in order that his secretary could take it down.

In my cablegram No. 1140, November 23, 5 p.m., I summarized the day's developments and let you know that the Paris financial press carried correct reports from Amsterdam and Bern of the official adherence of the Dutch and Swiss Governments to the general principles of the tripartite declaration of September 25. I also told you that official announcement had been made of the appointment of M. Baumgartner as General Manager of the Crédit National. When I had talked with M. Baumgartner during the forenoon, I had asked him about the outlook in France, and he thought there might be a quiet period prior to the rush which would accompany the passage of the budget the last week in the calendar year.

You telephoned me at my home at 2:15 p.m. on November 24. You told me that there had been a good press reaction in the United States to the new announce-ments, although naturally not in such sensational manner as the original declaration of September 25 was greeted. I told you that the communiqués of the French and British Treasuries had been carried in full in the

European...
European financial press and that comment was entirely complimentary and hopeful as to the future. I also summarized to you the conversation which I had had during the forenoon with Governor Roeth of the Sverigecsa Riksbank. You mentioned, incidentally, that you did not desire that I return to the United States before January.

In my cablegram No. 1142 of 5 p.m., November 24, I gave you certain press comment on the extension of the tripartite arrangement, and I reported in detail my lengthy conversation with Governor Roeth. It was understood that no decision would be reached by the Scandinavian countries with regard to adherence to the tripartite declaration until after the meeting, to be held at Helsingfors on December 12, of the Central Bank Governors of the four countries, Sweden, Norway, Denmark and Finland.

In my daily telegrams I continued to keep you informed upon press comment with respect to the new additions to our reciprocal gold arrangement, my message No. 1146 of November 25, 5 p.m., having contained particularly pertinent remarks. My cablegram No. 1155 of November 27, 6 p.m., reported the growing strength of the Dutch florin following the adherence of the Netherlands to the tripartite declaration, and my reports since that date have kept you informed of the remarkable strength of this currency, as well as the faithful efforts of the Dutch Stabilization Fund to hold...
to hold the florin at a fair level, which certainly reveals not the slightest desire to depreciate that currency any further than may be reasonably necessary to permit a bearable equilibrium.

My message No. 1187 of 5 p.m., November 20, reported the resolution adopted at Prague by the Central Bank Governors from Czechoslovakia, Yugoslavia and Rumania, stressing the need for definitive monetary stabilization, urging solution of the problem of international indebtedness, and recommending an international examination of general methods of payment. I also mentioned a press report from Warsaw to the effect that the Polish Minister of Finance was strongly opposed to the devaluation of the złoty.

On the morning of December 1, I visited M. Cariguous at the Bank of France. We talked over the results of devaluation and he told me, in strictest confidence, of the disappointing extent of repatriation of French capital. He mentioned the various reasons therefor. M. Cariguous explained to me why he had so far been able to make little use, since devaluation, of the facility for procuring gold in New York, in accordance with the terms of the tripartite arrangement. He said it was the handling charge of one-quarter of one per cent which made it too expensive for him to deal in gold on our market in present circumstances. He figured that even to earmark gold at New York would cost about 10 centimes on the dollar, while to ship it the one-quarter of one per cent charges made a difference of about ...
about 32 centimes on the dollar. He said that due to
the necessity of holding the franc at a very fixed
rate at the present he could not afford variations
which would permit payment of these charges. He did
not make these remarks, he assured me, in any sense
critical of our regulations but more in an apology for
his failure to have had recourse to American gold
facilities. He stressed to me his desire to trade with
the Federal Reserve at New York whenever and to as great
an extent as may be possible.

As mentioned in my cablegram No. 1184 of December
2 and various other messages, the Lombard Street
editor of the London FINANCIAL NEWS has from time to
time argued that the pound sterling was overvalued
against the dollar and that we were not following a
fair policy in holding the dollar-sterling rate around
4.90 by gold purchases in London. I should remark that
this view has not been expressed recently by any other
of the leading British financial journals, insofar as
I am aware, and my official contacts of the Bank of
England and the British Treasury have not said a word
on this point to me in any of our talks since the
arrangement of September 25 was announced.

From the beginning until the middle of December,
there were various reports current here in regard to
a prospective offer by France in settlement of the
war debt to the United States and of possible French
borrowing in the United States. I gave you this
current . . .
current gossip as it developed.

You telephoned me at my home at 3:45 p.m. on Sunday, December 6. You asked about the French situation in general and about French views on the English succession crisis. You also asked whether the war debt talk had quieted down here. You mentioned the possibility of my future cooperation with your Treasury.

At 3 p.m., December 6, Sir Frederick Phillips, Undersecretary of the British Treasury, who had been in Geneva for some days attending a meeting of the Budget Committee of the League of Nations, called on me while en route through Paris to London. This was the first occasion on which Sir Frederick had ever visited me in Paris. As you may recall, I was a member of the American monetary group at the Preparatory Conferences at Geneva in November, 1932, and February, 1933, where Sir Frederick Phillips was the British representative. At that time I became well acquainted with him, and on three visits to London, made within the past year under your instructions, I have had the pleasure of seeing Sir Frederick, once at the Bank of England, and twice at the British Treasury. Since there had been a little question as to the propriety of my calling on Sir Frederick in London, I was quite pleased that he apparently was not himself concerned over such a question, and was good enough to return my call on his first visit to Paris. My cablegram No. 1216 of 7 p.m., December 8, reported the . . .
the conversation which I had with Sir Frederick and indicated his concern over the position of the French Stabilization Fund. Sir Frederick was particularly pleased when I gave him a copy, which I had just received that day, of your statistical publication on capital movements. You had told me that you had sent a copy directly to the Chancellor of the Exchequer, but Sir Frederick had, of course, not seen this, being absent on the Continent. He remarked that the publication appeared to contain information of a type which he said he had frequently but unsuccessfully sought to obtain on his own market.

On the forenoon of December 9 I visited M. Carigueul again at the Bank of France, and in my cablegram No. 1219 of 5 p.m. I reported his further remarks, particularly concerning his problem of dealing in gold on the American market. In this message I mentioned, incidentally, the rumor that M. Georges Bonnet might be named French Ambassador to the United States to undertake war debt negotiations. I also told you that I had received from Governor Booth a letter requesting certain data to supplement the information which I had given him on his visit to Paris regarding reciprocal gold arrangements. I telephoned him at Stockholm the next morning to give him part of the information which he desired, and mailed an envelope, which he was to find at Helsingfors, giving him certain documentary information.

On the...
On the evening of December 8 I visited M. Rueff at the Ministry of Finance, who had succeeded M. Baumgartner as Director of the General Movement of Funds. Without making the slightest reference to Sir Frederick Phillips, I cautiously and unofficially let M. Rueff know the gossip that was circulating in regard to the possibility of France's being obliged to resort to exchange control, and emphasized the seriousness of such a blow to the arrangements for which we had all worked. He at that time gave me assurance that steps would be promptly taken towards liberalizing the French gold policy, which he thought would constitute an important step forward in general recovery. I informed you of this interview in cablegram No. 1222, filed at 9 p.m. on December 9. On the following day I telephoned Sir Frederick Phillips in London and gave him a confidential hint as to prospective changes in French policy. He appreciated this service very much and indicated his desire to continue to cooperate with me. As my messages reporting conversations with him have revealed, most particularly the cablegram which I sent on August 28, wherein I told you what the British attitude would be in the event of devaluation of the franc, Sir Frederick talks to me with considerable directness, and so far has given me absolutely no misleading information.

On December 15 I sent at 10 a.m. my message No. 1255 recounting my week-end visit to Basel, where the
E.I.S. Directors had held their monthly meeting. I shall not summarize this message, which I made longer than usual in the hope that a detailed picture of the situation over here might be of convenient reference to you just at the time the President was returning. I was happy to record therein the pleasure which the heads of the Central Banks of the countries most recently added to our reciprocal gold agreement expressed over the facilities which had been extended them through the announcements of November 24 and over the favorable public and press reception of these announcements. I mentioned Governor Norman's remarks about the American problem with respect to foreign capital. I gave various views in regard to the French situation, stressing the concern of certain conservative observers with respect to the possibility of France's recovering that confidence necessary to procure a repatriation of capital, a dishoarding of savings, and a rise in the rente market, all of which are essential to assist the Government to do the heavy borrowing which will be required over the coming year. Dr. Schacht, as I reported, was much more reasonable at the December meeting than he had been in October and November, and I believed I sensed a genuine desire on his part to try to fit into international monetary arrangements as soon as it is at all possible for him to find an excuse to take such a step. I am convinced that if he obtained some satisfaction with respect to his...
his advocacy of raw material sources for Germany, he would promptly "align" the reichsmark, just as Italy, after her success in Ethiopia, devalued the lira.

My cablegrams since December 15 have stressed the continuing strength of the Dutch florin and the operations of the Dutch Stabilization Fund, through purchasing sterling and dollars, towards preventing a rise in the Dutch currency. I have recorded the issuance of the French National Defense loan in an effort to procure the surrender of gold and the conversion of gold deposit certificates and of the Auriol "baby" bonds. I have recounted the progress made in the French Parliament on fiscal and budgetary legislation. The outlook now is that the budget for 1937 will be passed without too much difficulty by the end of the calendar year. I have reported the favorable impression created in Europe by your plans for gold "sterilization."

Since talking with President Bachmann at Basel on December 14, I have received from him a rather long letter referring to certain technical points which he had raised with the Federal Reserve Bank of New York in regard to gold dealings. I told President Bachmann when I was last in Basel that I might possibly be visiting Washington within the next few weeks, and I promised to discuss informally with the appropriate officials in the United States the technical points which he raised, if he was willing to let the matter rest...
rest until I might make the trip. I am, therefore, holding the letter tentatively without action. If I learn within the next few days that I am not likely to visit Washington early in the year, I shall forward copies of the letter, in English translation, to you for such attention as the matter may merit.

In cablegram No. 1297 of December 22 I reported the decision of the Central Bank Governors of Greece, Yugoalavia, Rumania and Turkey to the effect that they were unable for the moment to adhere to the tripartite understanding.

I have today, December 28, sent you cablegram No. 1295, dated 11 a.m., in which I referred to my cablegram No. 1142 of November 24, 5 p.m., and quoted to you the pertinent paragraphs from a letter dated December 23, in which Governor Booth of the Sveriges Riksbank gave me his summary of the opinions expressed at Helsingfors on December 12 by the Governors of the four Scandinavian Central Banks in regard to the tripartite declaration of September 25, 1936, and the subsequent developments towards supplementing and implementing this declaration. I am sure you were pleased to see the acknowledgment of the debt of gratitude which these Central Bankers felt was due the United States for the initiative which our Government had taken in the tripartite and subsequent arrangements. On the other hand, it is disappointing to note that there is, in the opinion of Governor Booth, apparently little immediate prospect of any...
of any one of the four countries adhering to the tripartite arrangement. The reasons given for this attitude are chiefly that: (1) the four countries are endeavoring to stand together on monetary questions, and no one of them is inclined to act unless the others act similarly; (2) because of exchange control, Denmark is not free at present to give an effective adherence to the tripartite declaration and the technical working thereof; (3) Sweden at least is satisfied with the facilities granted by London for gold dealings on that market, irrespective of the question as to whether Sweden adheres to the tripartite arrangement. In my conversations with Governor Rooth, I have made it clear that we were not approaching any of them or soliciting their adherence, although we should naturally be delighted if they might volunteer their desire to cooperate. In the circumstances, I see nothing further to be done for the present with regard to procuring the adherence of one or more of the Scandinavian countries, but I do not feel the matter should be forgotten. I have some confidential ideas on the Scandinavian situation which I will communicate to you at an early opportunity.

In conducting the negotiations which I have outlined, perhaps in too great detail in this long letter, I have been impressed by the favorable reaction of the officials in the smaller countries, Belgium, the Netherlands and Switzerland, to our personal approach. That is, in the past...
past, these countries have felt that in most instances they were obliged merely to follow along after the great powers, and were shown no individual consideration. When, for instance, the late Governor Strong of the Federal Reserve Bank of New York and, more recently, Governor Harrison, have visited Europe, they have not called at the small capitals, but the Governors of the Central Banks situated therein have been obliged to make the pilgrimage to Paris or London if they desired to have contact with the American representative. Consequently, the monetary authorities in these three countries have not endeavored to dissemble their pleasure at receiving me, as your personal representative, and at having the knowledge that through a telephone call from their capitals I could inform you of their sentiments and obtain your prompt reaction to their individual problem.

While I have observed your desire that our agreements be negotiated with Treasuries, I have in each of the three countries recently added to our group made my approach through the Central Banks. The reason therefor is quite simple. I have had the pleasure of meeting at Basel over several years the Central Bank Governors in each country concerned and have, on trips made in your behalf, visited them at various times during the last three years. In each of these three countries it is the Central Bank which has been or is charged with the management of the Stabilization Fund. ...
Fund. Consequently, when I have called in the city where the Central Bank is located, I have been welcomed by the Central Bank Governor, and the latter has arranged the required contact for me with the Minister of Finance and with the Prime Minister, in each of the three countries. This has given me direct, immediate and confidential access to the officials with whom it was necessary that negotiations be conducted. On the other hand, the Central Bank Governors have, I believe, been a little pleased to be the intermediaries through which our approach to the higher officials was informally made. While I do not suggest the slightest criticism of the formalities which must usually attend straight diplomatic negotiations, I respectfully submit that the direct method which we followed in our informal arrangements with the three countries concerned has been found effective.

Faithfully yours,

H. Merle Cochran,
First Secretary of Embassy.
Paris, December 26, 1936.

PERSONAL AND
STRICTLY CONFIDENTIAL

The Honorable
Henry Morgenthau, Junior,
Secretary of the Treasury,
Washington, D. C.

Dear Mr. Morgenthau:

In my letter dated October 26, 1936, I provided you with a chronicle of events culminating in the tripartite monetary arrangement of September 25, 1936, and reported the immediate results thereof, up through October 4. In the present communication I shall continue this chronicle, giving particular attention to the implementing of the tripartite arrangement to permit of gold reciprocity between the United States, France and England, and to the supplementing of the arrangement between these three countries to include Belgium, Switzerland and the Netherlands.

I telephoned you at 3 p.m. on October 5 and I sent at 3 p.m. my cablegram No. 968, which confirmed the news I had given you over the telephone. This dealt principally ...
principally with the devaluation of the Italian lira and the activity on the Paris stock market. In my telegram I also included an expression of opinion obtained by telephone from Dr. Jacobsson at the B.I.S. with respect to Italian and German monetary policies. The B.I.S. observers approved of Italy's step, and thought Germany was making a mistake in not endeavoring to cooperate in some manner with the tripartite arrangement. When I gave you the information which I had obtained here in regard to Italian devaluation, you indicated that this was not in strict accordance with the version set forth in a cablegram from Ambassador Phillips at Rome. You asked that I procure for you specific information in the premises.

After talking with you I got into touch with Dr. Pennachio, the Bank of Italy representative in Paris, and asked him to provide definite facts on the monetary step that had been taken in Italy. While Dr. Pennachio had received considerable information on this subject, he was anxious to be of direct service and telephoned Governor Azzolini of the Bank of Italy at Rome. Later in the evening I talked with you, at 8:45 p.m., and gave you the official information, as relayed through Dr. Pennachio. Before I spoke with you on this occasion, I got into touch with M. Carigel at the Bank of France and found that he had done a good business in obtaining sterling on that day, but that there had been few dollars in the market. He had been able to obtain some gold against ...
against dollars in London.

When I talked with you on the night of October 5 you said that you desired that I let the French know that you were working on the arrangement to yield gold. You reminded me that there had been three parties to the monetary arrangement of September 25. In view of this partnership you thought it fair to give England the same facility for gold as France. You said you were seeing Mr. Mallet, the British Chargé d'Affaires at Washington, to see if his people were interested. You had told your press correspondents that any technical arrangement would be made public. You were planning an arrangement which should be on a reciprocal and on a twenty-four hour basis. You desired to find out whether the French wished to make an announcement of reciprocity simultaneously with you. You hoped that the three original parties could stand together on this new matter. Your declaration would be an amplification of the statement of January, 1934. You did not insist that there be declarations from the French and British, but you did state that you were obliged to make an announcement. I told you that there was a French cabinet meeting that night at which the question was to be decided as to the application of a tax of 50 per cent on market transactions made just prior to devaluation. I was to see the Minister of Finance at 9:30 the following morning.

While awaiting your call on the evening of October 5 I drew up a draft of my own suggestions with respect to an ...
to an announcement for giving gold by the United States under the new arrangement. I mentioned my ideas briefly to you in our conversation by telephone. On the morning of October 6 I took the liberty of amplifying and sending to you my views in cablegram No. 970, dated 9 a.m. In this, as in all of my messages, I gave you my frank opinion. I was concerned lest the statement which you proposed might eventually prove to be too narrow, and I hoped that you might yield gold to foreign "monetary authorities."

At 10 o'clock on the morning of October 6, I called on Minister of Finance Auriol. This was my first visit with the Minister of Finance since the night of September 25. M. Auriol reiterated at this time his appreciation of your cooperation in the tripartite move and insisted that passage of the French monetary (devaluation) law would have been absolutely impossible if it had not been accompanied by the three-power agreement. I told him of witnessing some of the debate in which he defended his policies, and he reminded me of the bitterness with which he was attacked by several of the parliamentary leaders who personally shared his own views in the premises but felt obliged to criticize on account of political reasons. M. Auriol expressed his particular pleasure at the privilege of having direct communication with you and he hoped that this method could be utilized in the future. I think I told you previously that I was convinced that M. Auriol's exchange of felicitations with you on the night of September 25 was his first occasion . . .
occasion to use the transatlantic telephone. He is a very direct individual and appreciated the expeditious manner in which we had arranged matters through direct contact, in contrast with the complications and delays that would have necessarily been involved if the more formal procedure of diplomatic correspondence had been followed.

Incidentally, the Minister mentioned the serious embarrassment which had been caused him in the early stage of the conversations through M. Monick's excessive zeal. M. Auriol let me understand confidentially that M. Monick's visit to you last June had been inspired by certain of Monick's friends, and that he, M. Auriol, was then too new in office to object thereto. It was understood, however, that Monick should go to the United States only on a visit of observation, and should enter into no negotiations. The Minister of Finance told me that Monick exceeded his instructions and began sending reports back to France, through the French Embassy at Washington. These reports were received by the Minister for Foreign Affairs, and pertinent parts thereof were sent, according to practice, to the President of the Republic. M. Auriol knew nothing of these reports until President Lebrun summoned him to the Elysee Palace and asked that he explain why he had sent an emissary to the United States without the President of the Republic even having knowledge thereof. M. Auriol seemed convinced of the inadvisability of utilizing M. Monick's services on any future journeys to the United States, and I said nothing to encourage a further...
further mission on M. Monick's part.

M. Auriol thought that we had taken a big step forward through the three-power declaration. He was greatly pleased at the reception given this declaration by most of the European countries, the principal exception being Germany. He was particularly gratified over Italy's action. He told me that he had not desired that Dr. Schacht should figure in the original negotiations principally because he felt that Dr. Schacht and Governor Norman were so close that there might have been some Anglo-German collusion which would have made agreement difficult. The Minister was anxious to see what Dr. Schacht would eventually do. He said that he was sending word to Dr. Schacht, by Governor Labeyrie of the Bank of France, since the two were to meet at the B.I.B. that week-end, that whenever Germany might see fit to follow the precedent set by France, the latter would be ready to cooperate with Germany toward achieving stabilization and toward reduction of trade and exchange barriers. The Minister of Finance said, however, that he would insist that the financial burden which the policies of armament actually being followed in Europe would entail, would prove to be unbearable by the various Treasuries. That is, no hopeful progress toward monetary stabilization could be achieved until military policies might be brought within the paying capacities of the countries concerned. The Minister said that while we had made considerable progress, there was much more . . .
more to do in the way of consolidating our gains and looking to future economic and monetary rehabilitation. He expected to be in contact with Premier Van Zeeland of Belgium within the near future on plans for cooperation in the premises, and promised to inform me of the course of their discussions.

In our conversation, M. Auriol brought up the subject of war debts owed by France to the United States. He regretted that there was nothing that France could do at present to clear up this matter. He said that if his Government remained in power, he hoped that, after internal order and some degree of prosperity might be achieved, it would be his pleasure and opportunity, say in another year or a year and one-half, to make spontaneously to the United States an offer of final settlement of the war debt. He said that such an offer would be arrived at after studying all phases of the question, including the Hoover Moratorium, the Lausanne Agreement and the character of the constituent parts of the indebtedness. I could not possibly conceive the idea from this conversation that Minister Auriol anticipated opening the question within the immediate future, and, although I have made no inquiries in the premises, I am of the opinion that recent moves with respect to the war debts, which have attracted much attention in the French and American press, did not originate with Minister Auriol.

The purpose of my visit with the Finance Minister was ...
was to ascertain whether the French would be interested in making an arrangement and a declaration in regard to gold of the character which you had suggested to me on the preceding evening. The Minister of Finance told me that he desired to consult his assistants and the appropriate officers of the Bank of France on this subject, and would endeavor to give me an answer during the course of the day. The above information was incorporated in my cablegram No. 971 of October 5, 12 noon.

After leaving the Minister of Finance I talked with M. Baumgartner, Director General of the Movement of Funds Section in the Ministry, and explained to him the purpose of my visit with M. Auric. M. Baumgartner promised to call me back as soon as the Minister had reached a decision. M. Baumgartner himself was confident that they would act in complete accord with your desires.

You telephoned me at 12:30 noon on October 6. You told me that the British Embassy in Washington was pleased with the offer which you had extended them to participate in the gold declaration, but that you had not yet had time to receive the reaction from the British Treasury in London, to which the Embassy had referred your proposition. I told you of my visit with the Minister of Finance and let you know that I would communicate further news as soon as I might obtain the definite French answer. I mentioned in our conversation that . . .
that I had in my cablegram No. 970, sent at 9 a.m. that morning, presumed to present my own views on the matter of a declaration.

At 1:05 p.m. I talked by telephone with M. Baumgartner, who was happy to tell me that his Minister of Finance was in complete accord with you on the matter of a statement in regard to giving gold on a reciprocal basis. The Minister desired to know, however, what the British had decided to do. The French officials made the point that they already were practicing actual reciprocity with the British.

I telephoned you at 2:30 p.m. to give you the Minister's answer, as transmitted through M. Baumgartner. In some manner, which I never understood, your assistants, who were with you when you were speaking, gained the impression that I had placed too much stress on the issuance of a declaration. I assured you that there had been no misunderstanding on this point and no insistence on my part that the French should make any declaration whatever. The French had been appreciative of your offer to participate in a statement and did not question in the slightest the propriety of such participation. You told me that you were anxious to get the matter cleared up in a short time and that you would call me back as soon as you had the official British reply. In the meantime, there was nothing further for me to do here.

In my cablegram No. 972 of October 6, 5 p.m., I gave . . .
gave you the market news of the day, which was principally to the effect that sterling was being offered heavily against the franc. The new Italian lira was quoted at exact parity in Paris.

As I was returning from my home to the Embassy at 2:15 on October 7, you endeavored to reach me by telephone, but we did not succeed that day in establishing connection. My cablegram No. 975, filed at 4 p.m. on October 7, gave the news of the day, including the fact that sterling continued to be offered in large amounts at the Bank of France, and the report that the Swiss had resumed contracting gold at London for delivery the following week, it having become necessary for the Swiss at one time to cease operations until their bookkeeping might catch up with their buying. In my cablegram I quoted at some length a statement made by Mr. Chamberlain, Chancellor of the British Exchequer, on the preceding evening, wherein he referred to the tripartite arrangement.

On October 8 you telephoned me at 4:45 p.m. You said that a very satisfactory answer had been received from Mr. Chamberlain, and that you were working on a reply. You had prepared a proclamation and a communiqué for the press. You said you would cable both of these to me that night. A representative of the British Embassy was coming to see you shortly. You said that you were also sending me a copy of Mr. Chamberlain’s message. You made the point that you were obliged to make...
make a statement. You thought the British would be
disposed to make a statement and you wanted the French
to feel free to do likewise if they cared to do so
after having seen your statement. This would be
entirely voluntary, however, on the part of the French.
You hoped to issue your statement on Sunday morning,
if possible, to become effective on Monday. It was
agreed that I should arrange to have your messages
decoded as early as possible so that I could show them
to the Minister of Finance and then telephone you back
as soon as I had obtained M. Auriol's reaction thereto.
You incidentally referred to my cablegram of October 6,
in which I had expressed my own opinions, and you
assured me that these were always accepted in the same
spirit in which they were sent, whether or not you might
be able invariably to act favorably thereon.

Later in the day, at 9:45 p.m., you telephoned me
at my home. You stated that there had been despatched
to me a copy of the new statement signed by the President.
You said this was a legal statement drawn up by attorneys.
You added that since Monday was a bank holiday, Columbus
Day, you were giving out your statement at a 4 o'clock
press conference on that day, instead of Sunday as
originally anticipated, and that the new procedure
would go into effect on Tuesday. You let me know that
you were giving the British the same information that
you were giving me and that you had told the British
that, once the statement was issued, they should get into
touch . . .
touch with the Federal Reserve Bank at New York toward working out details of gold reciprocity. You told me that in your press conference you would answer any general questions, but that you would not explain that the gold price was to be fixed on a daily basis. You told me that I could leave with Minister Auriol copies of the messages you were sending me that night, and it was arranged that I telephone you back at 2:30 p.m. the next day to give you the French reaction.

Before we finished our conversation I let you know that I had talked with M. Carignan during the day and he had asked me if I had received any information from you on gold reciprocity, since no word had been received from the Federal Reserve Bank directly, and Undergovernor Fournier was becoming quite nervous.

On the morning of October 9 the Embassy received your cablegram No. 391, giving the text of the communication from the Chancellor of the Exchequer, and No. 395, setting forth the gold statement which you intended to issue on Monday afternoon. The second of these messages did not arrive until after 9 o'clock, and, because of errors in transmission, it was no possible to complete decoding thereof until 11:45. As soon as I had received the finished copies from the code room, I proceeded to the Ministry of Finance, where I was received by MM. Auriol and Baumgartner. I summarized developments to them and mentioned the idea of your making a declaration at 4 p.m. on Monday, October 12.

I ...
I then went with M. Baumgartner to his office; I let him read the two messages and then left with him excerpts therefrom, consisting of the text of Mr. Chamberlain's communication and the text of your proposed declaration. M. Baumgartner told me that he would talk with Undergovernor Fournier of the Bank of France at 1 o'clock that afternoon and would try to give me an answer between 4 and 5 p.m.

After returning from the Ministry of Finance, I put in a cell for you, at 12:50 noon, and got connection at 2 p.m. I reported the developments of the morning to you. When I mentioned that your proposed statement had come through in form practically identical with that originally drafted, you volunteered that you were working under terrific pressure, which I easily understood. You said that the first step, the tripartite declaration, had been a great success and that you had to move cautiously with this second step. You gave me additional information which you said I could pass on to the Bank of France.

Consequently, at 3:25 p.m., I telephoned M. Baumgartner, who was then at Governor Fournier's office. I told him that I had talked with you. I explained that you desired that the French and British give out your statement to the press; that they comment thereon; and that they indicate that they are going to give gold to the other two parties of the agreement under similar conditions, that is, that gold moves on all sides of
the triangle; and, finally, that the declaration be
given to the press at 4 o'clock in Washington and 9
o'clock in Paris and London. I let M. Fournier know
that he was free to discuss with the Federal Reserve
Bank of New York the technical details incident to
procuring a working arrangement with the United States
along the lines being consummated with the British, as
set forth in Mr. Chamberlain's memorandum.

At 5 p.m. on October 9, I sent cablegram No. 983,
letting you know that the Paris bourse had turned quite
weak, with a decline in rentes, and that the reflux of
capital to France had slackened, for domestic and
international political reasons.

At 5:45 I telephoned M. Baumgartner and made an
appointment for 7 o'clock that evening. At 7 o'clock
he gave me the British communiqué which the Bank of
England had telephoned through the Bank of France.
The French were willing to give a simultaneous
declaration and were preparing it, their declaration,
and translating the statement of the Secretary of the
Treasury into French, for issuance at 9 o'clock on
Monday night.

At 9:15 p.m., October 9, I spoke with you from
my home. I told you that I had given your message to
M. Fournier and Baumgartner, and that they had talked
with London and had received the text of the British
communiqué. You told me that you had not yet received
the British reply directly. You would telephone or
cable...
cable it to me as soon as received. When I told you
that I was planning to leave for Basel on Saturday
night, to be there for the S.I.S. meetings, you told
me that you wanted the text of the English declaration
cleared up before I left. I mentioned in this conver-
sation the sending of a special emissary by Dr. Schacht
to Minister Auriol.

At 10:20 a.m., October 10, I talked by telephone
with M. Baumgartner. I told him of my conversation
with you of the preceding evening and mentioned that
you had not yet received the official text from the
British. M. Baumgartner said that he had that morning
received the text officially through his Financial
Attaché in London, and that this was exactly the same
as the text which had been received by telephone through
the Bank of France.

In my cablegram No. 985, sent at 1 p.m., October 10,
I let you know that the French financial press was
continuing to criticize French legislation and regulations
against alleged hoarders and speculators, it being felt
that such measures were tending to prevent the reflux
of French capital. I also reported that I had talked
with M. Gariguil during the morning. He had told me
that he had worked out with the Federal Reserve Bank
at New York a forty-eight hour arrangement on gold.

At 3:15 p.m., October 10, you telephoned me at my
home. You stated that the British had given to you the
official statement, which was entirely satisfactory.

You . . .
You had not checked this against the one which I had telephoned you the preceding night. I let you know that I was examining M. Baumgartner's French translations, and it was understood that these translations were to be sent to you. You approved my departure for Basel that night, for return to Paris on Tuesday morning, but you wanted me to make sure that the French were not to permit any leak before Monday night.

At 7:15 on the night of October 9, I had received from M. Baumgartner the text, in English, of the communiqué which the British planned to give to the press. I had informed you of this in our conversation by telephone on the night of October 9. At 12:35 noon, October 10, M. Baumgartner transmitted to me a French translation of the British communiqué and also a French translation of the declaration which you proposed to make. I checked these translations and called M. Baumgartner back at 4:30 p.m. at the Ministry of Finance. He agreed to one or two changes which I suggested and he promised to maintain absolute secrecy until the communiqués might be released at 9 o'clock on Monday evening. He also promised that he would cable to his Financial Attaché in Washington the text in French of the communiqués which he was issuing, in order that these might be communicated directly to you.

Consequently, I left Paris at 10 o'clock Saturday night, October 10, and spent Sunday and Monday in Basel.

In my cablegram No. 992, filed at 11 a.m. on October...
October 13, I summarized the information which I gained on my visit at the B.I.S., where the principal topic discussed by the Central Bankers over the weekend had been that of the currency changes started by the three-power agreement. The general opinion was that while the first purpose of the three-power plan had fundamentally been to help France devalue, the agreement had been received with such world-wide interest and had been followed by such wide repercussions on other monetary systems that the plan had probably acquired an even greater significance than originally conceived.

I let you know the manner in which the Swiss and Dutch Central Banks were conducting their currency measures. I told you of the British and Italian opinions. I particularly stressed the unhappiness of Dr. Schacht over having not been informed, through the B.I.S. or otherwise, of the plans for the tripartite arrangement. Finally, I let you know that it was generally agreed at Basel that the French had been short-sighted in penalizing hoarded gold and in taxing alleged profits from speculation. It was thought that the return flow of capital would be much larger if the French would not establish penalties. You telephoned me at 5:25 p.m. on October 15. I summarized my Basel cablegram above-mentioned. I told you that the atmosphere here was more optimistic and that the tripartite gold reciprocity announcement had appeared as . . .
as scheduled and had been well received, with the slight exception of the "day-to-day" character thereof. You told me that the story had gone over very well in the United States and that the press had been quite satisfactory, the best story having appeared in the NEW YORK HERALD TRIBUNE.

In my cablegram No. 993 of October 13, 5 p.m., I made the point that the announcement of the preceding evening of technical arrangements for reciprocal gold movements between the French, British and American Stabilization Funds had enabled the French Government to display evidence that the agreement into which they had entered was fully equipped with means to make it effective.

At 4 p.m. on October 14, I depatched my cablegram No. 1001, in which I reported the day's developments. I also said that in a talk by telephone with Mr. Jacobson I had learned that the resident officers of the B.I.S., and particularly the German Assistant Manager, had been quite provoked to learn on the morning of October 13, following the day of their Directors' meeting and the departure of the Directors for their respective capitals, that the three powers had consummated a further arrangement of intense interest to Central Bankers. Mr. Jacobson had told me that M. Beyen was considering the propriety of cabling the Federal Reserve Bank of New York to the effect that the B.I.S. thought the new move was good as far as it went . . .
went but that the B.I.S. would like to see it go further. In my cablegram I mentioned that M. Baumgartner had told me that he considered the Paris press reception of the new arrangement quite good, but that there had been some political sniping, with the twenty-four hour feature the most vulnerable point. French technical writers were generally appreciative of the fact that this arrangement constituted a big forward step. I quoted comments by French and British financial writers.

You telephoned me at 3:15 p.m. on October 15. You stated that you had two matters to take up with me. First, my friends in Switzerland had cabled to the Federal Reserve Bank that they wanted to join the gold pact. The Federal told them that this matter would have to be taken up through the Secretary of the Treasury. You had consulted with the Department of State, and the latter was glad to approve your use of me in conducting the necessary negotiations in Europe. An instruction was to be sent out from the Department of State to the Paris Embassy the same day to this effect, but you desired to save a few hours by telephoning me. The American Minister in Switzerland was not informed of the above facts, but I was to keep him advised of any developments. I was not instructed to consult with him. You stressed the point that you desired to do business with the Minister of Finance, that is, that negotiations would be between governments, rather ...
rather than through their Central Banks.

The question had also been raised by Belgium. Governor Franck of the National Bank of Belgium had cabled Governor Harrison of the Federal Reserve Bank of New York as follows: "On reciprocal conditions your cable we confirm our arrangement to sell gold to United States our legal parity. Please transmit to Treasury." You explained that the Federal Reserve Bank of New York had, at your request, telegraphed the text of your gold announcement of October 12 to the Central Banks. As in the Swiss case, the Belgians had been informed that they had to work through Treasuries.

You were to advise the British of the above-indicated interest of the Swiss and Belgian authorities in joining the gold pact. You desired that I inform Minister Aurici in the same sense. I was to ask the French Minister of Finance whether he desired to join with the United States in extending reciprocal gold privileges to Belgium and Switzerland. I was to ask whether France already had any arrangements with these two countries. I was to make it clear that we were being spontaneously considerate of France and Great Britain in keeping them informed and in ascertaining their interest toward joining in this extension of the pact.

You explained that Belgium was probably the only country eligible to draw gold from us under the old announcement . . .
announcement of February 1, 1934. You did not want
to cancel this announcement until you had a new
arrangement with Belgium. You did desire, however,
that the arrangement of October 12 should supersede
that of February 1 and that the earlier arrangement
be cancelled. That is, the reciprocal agreements
would be between Treasuries, and Central Banks would
not simply as agents of the Treasuries. It was not
essential that a country have a stabilization fund,
although it was perhaps easier if they did have such
a fund to operate through in cooperation with the funds
of the United States and other countries. The Ambassador
in Brussels was not being instructed as to my trip, but
I was to keep him informed.

You desired that the countries with which we
entered arrangements should be able to keep up their
own end, that is, support their own exchanges. You did
not want to take on any "lame ducks." You stressed
again that you wanted to cancel the 1934 arrangement
as soon as possible and have the October 12 the only
gold arrangement. You said again that the Department
of State was glad to have me act in the above-mentioned
capacity. You used the expression "through diplomatic
channels" two or three times when talking with me, to
the effect that negotiations should be through such
channels and not through the Central Banks. I asked
you if you meant that the negotiations should be through
the usual channels of our Embassies in the respective
countries. ...
countries. You said no, but through the "Morgenthau-
Cochran" diplomatic channels. You desired, however,
that I inform Ambassador Bullitt of this arrangement.

When you inquired if I had any questions, I asked
you whether I was to go to Brussels and Bern. I thought
it would be better to discuss the matter in person. You
said I was the salesman of the idea and that I should
use my own judgment. Likewise, when I asked you if I
could make the appointments with the Ministers of
Finance through my Central Banking contacts, namely,
Governor Franck of the National Bank of Belgium and
President Bachmann of the Swiss National Bank, you said
you left this entirely to me. I told you that if I
made the trips I would send no cablegrams while absent
from Paris. You asked me to let you know whenever I
left Paris and to get in touch with you upon my
return.

At 6:45 p.m., October 15, I called on M. Baumgart-
ner at the Ministry of Finance. I told him of your
telephone call above-described in regard to the Swiss
and Belgians. M. Baumgartner said that he was sure
that the French would be glad to associate themselves
with this move. He would have to speak with the Minister
of Finance and would telephone me at 10 o'clock the next
morning, October 16.

My cablegram No. 1008 of October 15, 5 p.m.,
described the exchange situation and quoted from the
London TIMES a report of Mr. Eden's speech, in which he
had ...
had referred very nicely to the tripartite arrangement and its consequences.

As agreed, M. Baumgartner telephoned me at 10 o'clock on the morning of October 16, but said that the Minister of Finance had been ill and would be late getting to the Ministry. M. Baumgartner subsequently informed me that the Minister was quite in accord with the arrangement for bringing the Belgians and the Swiss into our group. At 10:45 on the morning of October 16, I telephoned Governor Franck of the National Bank of Belgium at Brussels and made an appointment with him for 10 o'clock the next morning. It was arranged that he would receive me at the Bank and would fix an hour for the Minister of Finance or the latter's competent representative to meet with us. I left this in Governor Franck's hands, simply explaining that I must be in touch with the Ministry of Finance. I also telephoned to President Bachmann of the Swiss National Bank at Zurich at 11 a.m. and made an appointment to meet him on October 19 at 9:30, at the head office of his Bank in Bern. He was furthermore to arrange an appointment for us with the Swiss Minister of Finance for 11 a.m., October 19. I urged upon President Bachmann the necessity for completing our business on the one day, so that I could return to Paris on Monday night.

On October 16 I had received the Department's cablegram No. 405 of October 15, 12 noon, authorizing
me to establish contacts with the Swiss and Belgian
financial authorities and to negotiate with them in
your behalf. Your message No. 406 of October 15,
5 p.m. gave the texts of the messages which had been
received by the Federal Reserve Bank at New York from
the Swiss National Bank and the Governor of the National
Bank of Belgium.

In my message No. 1019 of 4 p.m., October 16, I
let you know that I was proceeding to Brussels that
night and to Bern on Sunday evening, and that Ambassa-
dor Bullitt had telephoned Ambassador Morris at
Brussels and Minister Wilson at Bern, informing them
of my plans.

Your cablegram No. 409 of October 16, 5 p.m.,
and your No. 410 of October 16, 6 p.m., giving the
texts of the Federal Reserve Bank’s replies to the
National Bank of Belgium and the Swiss National Bank,
respectively, were not received in Paris until early
on the morning of October 17. I had arranged, however,
with an Embassy code clerk to be on duty quite early
that morning. The two messages were, therefore,
decoded and telephoned to me at my hotel in Brussels
before I went to the National Bank of Belgium to keep
my 10 o’clock appointment.

At 9:30 on Saturday morning I called on Ambassador
Morris and explained my trip to Belgium. The Ambassador
suggested that before leaving Brussels I call on the
Prime Minister, M. Van Zeeland, whom I have known for
some . . .
some years.

After receiving in Paris your instructions to visit Belgium and Switzerland for the purpose of carrying on the negotiations under reference, I spent some time going over all documents available to me in regard to effective monetary legislation of those countries. Your instructions as to the form in which some arrangement should be reached with the monetary authorities of the two countries were quite general. I worked out the idea that perhaps the best arrangement would be for the competent authorities to make a declaration wherein they made clear the existing laws affecting domestic and international gold dealings by them, and indicated their competency and willingness to effect gold dealings on a reciprocal basis with your Treasury. Such a declaration should facilitate your study of the eligibility of each country, since this declaration would summarize pertinent legislation, would indicate what type, if any, of stabilization or equalization fund was in existence, and its method of operation.

With the above plan in mind, I called on Governor Franck of the Bank of Belgium at 10 o'clock on October 17. He had with him M. Joseph Warland, the General Manager of the Belgian Treasury and Public Debt, and My. Adolphe Baudeyns, Secretary of the National Bank of Belgium. I referred to the exchange of cabledgrams between the National Bank of Belgium and the Federal Reserve Bank of New York, and I indicated my purpose in coming . . .
in coming to Brussels. I had with me documents to assist in explaining the American position and in suggesting the lines along which the Belgian authorities might clarify and set forth the Belgian position with respect to gold transactions. A declaration was then drafted in French.

After completion of the draft, MM. Franck, Warland and I went to the Ministry of Finance, where the Minister, M. Henri de Man, received us. He read, approved and signed the declaration as drafted, after Governor Franck and I had explained to him the purpose thereof. Governor Franck signed the declaration, after the Minister had signed, and the Minister of Finance then handed the document to me. M. de Man was then kind enough to telephone Prime Minister Van Zeeland, with whom he arranged a twelve o'clock interview for us. Governor Franck and I explained to the Prime Minister the purpose of our visit, and he read the declaration carefully. He found it quite satisfactory, but he made the point that, relative to the second paragraph of the first article of the declaration, Belgium had had no provision of law which restricted gold dealings to countries of the gold block and the United States. After leaving the Prime Minister, I returned with Governor Franck to the National Bank of Belgium, where I translated the document from French into English and had it checked by Secretary Baudewyns.

I lunched with Ambassador Morris and showed him
the declaration.

I returned to Paris on the evening of October 17. On the following morning I filed at 10 a.m. my cablegram No. 1018, providing you with the English translation of the Belgian declaration. In closing my message, I let you know I had found all of the Belgian officials pleased with the international progress which had been accomplished through the three-power monetary and gold agreements and desirous of Belgium's fitting into the progressive arrangements. There was one suggestion made by Governor Franck which I did not include in my cablegram. That was that we should not endeavor to add on to our tripartite arrangement more than the three countries of Belgium, Switzerland and the Netherlands. Governor Franck thought we should stop with these three and then work through the B.I.S. in our gold dealings with any other countries. Governor Franck had emphasized to me that he had plenty of gold and was entirely willing to lose some of it. He said he had already been giving gold to France, following devaluation of the French franc.

You telephoned me at my home at 1:30 p.m. on Sunday, October 18. I summarized to you the account of my Belgian trip as set forth in my cablegram No. 1018 above-mentioned. I told you of my plans for the Swiss trip. You seemed to approve of the idea of a general declaration such as I told you I had obtained from Belgium, leaving technical details to be worked out...
out directly with the Federal Reserve Bank of New York after the preliminary agreements had been reached. In this conversation I mentioned to you a news item from the Netherlands in regard to possible adherence of the Netherlands to the tripartite agreement. I suggested that I might possibly telephone Governor Trip of the Bank of the Netherlands if we got Switzerland lined up, to give him at least the opportunity of bringing the Netherlands into the arrangement before we made any announcement of these two countries. You told me to hold this question in abeyance until after I had returned from Switzerland and had telephoned you my report. You said that you wanted to be careful in having the State Department approve every one of my individual trips. You asked if the Belgians appeared to be in any great hurry for the completion of the arrangement. I said I had told them I was going to Switzerland and that I did not think they would mind our postponing the announcement with respect to Belgium until we might get both the Swiss and the Dutch into the arrangement. You told me that the British would come in with us entirely on these arrangements and were quite willing for us "to write the ticket."

On the night of Sunday, October 16, I left Paris for Switzerland. Upon my arrival next morning I went to my hotel and immediately called upon Minister Wilson, who lives in the hotel, to explain the purpose of my visit. At 9:30 I was received at the Swiss National Bank...
Bank by President Bachmann. When I came in the door, he asked me, "Where is Mr. Morgenthau?" I told him that you were in Washington insofar as I knew. When I had called Professor Bachmann by telephone at Zurich to tell him that you wanted me to visit Switzerland with the purpose of conferring with the Minister of Finance, he simply misunderstood me to say that you were coming. With President Bachmann were MM. Schnyder and Weber, who are Vice President and Third Member, respectively, of the Board of General Managers of the Swiss National Bank, President Bachmann being the first ranking member.

I proceeded with the Swiss along the same lines I had followed with the Belgians. That is, I referred to the exchange of telegrams between them and the Federal Reserve Bank of New York; explained the American position; and suggested the lines of a declaration to set forth the Swiss devaluation, the availability of resources that could be utilized as an exchange equalization fund, the responsibility for the management of such resources and the willingness of the Swiss authorities to grant reciprocity to the United States in gold dealings. Professor Bachmann raised several technical points which he had set forth in his cablegram of October 14 to the Federal Reserve Bank of New York. He also wanted the inclusion in this statement of a provision for immunity of gold holdings. I told him that technical points would have to be cleared up with the...
with the Federal Reserve at a later period and that it would be preferable to omit any request for immunity. I reminded him that when an embargo had been placed upon gold exports from the United States, holdings of Central Banks had in fact been exempt. I did not think it possible, however, for any pledge to be given by us, in acknowledgment of the Swiss declaration, which could officially bind us to guarantee future immunity.

At 11 o'clock Professor Bachmann and I went to the Swiss Ministry of Finance, where Dr. Meyer, who is Chief of the Federal Department of Finances and Customs and was on that date President of the Swiss Federal Council, received us. He explained the idea of gold reciprocity, and Dr. Meyer indicated his entire approval of and sympathy with the plan for Swiss-American cooperation. He explained that under Swiss practice, it would be necessary, however, for him to obtain from his colleagues on the Swiss Federal Council approval of the proposed declaration before he could sign it.

President Bachmann and I then returned to the Bank, where a draft declaration was drawn up. My Swiss friends were most thorough and pains-taking in their efforts. The draft was typed out in French and German, while I lunched with the three officers of the Bank. The draft was revised after lunch and I made an English translation thereof, which H. Schnyder checked....
checked. The above tasks occupied our entire afternoon. Just before dinner I called on Minister Wilson and showed him the declaration. I left Bern that night and reached Paris the next morning. My cablegram No. 1021, filed at 11 a.m. on October 20, reported my negotiations and contained the English translation of the Swiss declaration. In this message I explained to you that I had cautioned the Swiss to guard the negotiations as confidential, as I had the Belgians. The Swiss, in turn, requested that the contents of their declaration be kept confidential and be not published. Furthermore, I let you know that several days would have to elapse before the definite approval of the Federal Council could be obtained.

At 4:30 p.m., October 20, I reached you by telephone and summarized to you my cablegram No. 1021, reporting my Swiss trip. You asked that I see the French the next day and inform them of the results of my trips to Brussels and Bern. You said that you would show my cablegram to the British in Washington on the same day. You said that you were considering the idea of limiting operations by countries having no stabilization funds, such as Belgium, to a quota, say 10 million dollars for any one day, lest some other countries might operate through the country in question. You asked my idea on this. My initial reaction was that such a restriction should not be imposed, it being my feeling that we could afford to be generous rather than otherwise in yielding gold. . . .
gold.

In my cablegram No. 1028, dated October 21, 5 p.m.,
I let you know that I had called on M. Baumgartner at
the Ministry of Finance, at 5 o'clock, and had
acquainted him with the results of my trips to Belgium
and Switzerland. I learned that the French were
entirely ready to move along with us in making
reciprocal arrangements with the Belgians and the
Swiss in regard to gold transactions. M. Baumgartner
asked that the French be given time to complete technical
arrangements with such countries as the United
States might consummate arrangements with before we
issued any public announcements in regard thereto. The
French would desire to make simultaneous announcements.
M. Baumgartner hoped that the Netherlands would join in
the arrangement in order that a complete picture of
cooperation and solidarity between the six important
financial nations might be achieved.

On the morning of October 22, I received your
cablegram No. 421 of October 21, 5 p.m., raising a
question in regard to a spread in the Swiss buying and
selling prices of gold, as set forth in the Swiss de-
claration which I had cabled you. In my message No. 1054,
dated October 22, 2 p.m., I gave you my explanation on
this point. In this same telegram, I told you of a
letter, dated the 21st, which I had received from
President Bachmann, who said that the Swiss Federal
Council would pass on the question of the Swiss
declaration on October 23, and that the Board of General
Managers . . .
Managers of the Swiss National Bank would then have to submit the question for approval to their Board of Delegates on October 27.

The Paris exchange market was quite hectic on October 22 with the franc heavily under pressure, due to domestic political concern over the Radical Socialist convention at Biarritz and to international apprehensions lest the Little Entente States follow Belgium's example and declare their neutrality. In my message No. 1025 of 3 p.m., I gave you a summary of the day's operations, including remarks of M. Carignac thereon.

On the morning of October 23, I received your cablegram No. 423 of October 22, 6 p.m., asking me to inform the Belgian and Swiss authorities that, owing to the extreme pressure of business and of the elections, you would not be able to give the necessary consideration to negotiations for gold arrangements before the following week. I immediately addressed letters to M. Tranck and Bachmann conveying this information. I telephoned M. Baumgartner to let him know of your message, and also to acquaint him with the delay that was taking place in Switzerland, due to the necessity of procuring such complete official approval of the declaration. M. Baumgartner again asked if we had heard from the Dutch. He said that it was possible that President Trip of the Netherlands Bank might be visiting Paris the next week. Incidentally, this visit never transpired.

You telephoned me at 4:15 p.m. on Monday, October 26. ...
26. You stated that you were satisfied with the declaration which I had received from the Swiss on my trip to Bern, and with the arrangement contemplated therein. You were not satisfied, however, insofar as Belgium was concerned. The declaration which I had obtained from the Belgians did not let you feel that you were doing business with the Treasury. You said that the Treasury could designate the National Bank of Belgium as its fiscal agent, or that the King of the Belgians could reestablish the stabilization fund if he desired. You would prefer to see the reestablishment of the stabilization fund, but you did not insist thereon. You told me to visit Brussels again and see that the arrangement was strictly between Governments. If Belgium did not see fit to come in on our terms we should go ahead with our arrangements with Switzerland. When I mentioned that no word had yet been received from the Netherlands, you said that you had no objection to the French "building a fire under them" if they desired. You told me to report promptly on my Brussels trip when I returned to Paris.

In the afternoon of October 26 I talked by telephone with M. Baumgartner. I mentioned our position with respect to the Netherlands. M. Baumgartner said he or M. Fournier would telephone Dr. Trip to the effect that the Swiss and Belgians had approached us, that I had visited their two countries, and that I was going to Brussels again on Tuesday evening.
At 4:30 on October 27, M. Baumgartner telephoned me that M. Fournier had telephoned the Netherlands Bank at Amsterdam but had learned that President Trip was absent from the city. Undergovernor Fournier had agreed to call President Trip when the latter might be back in Amsterdam, and M. Baumgartner promised to let me know the results of the conversation when I returned from Brussels.

In my cablegram No. 1053 of October 27, 5 p.m., I continued my observations of the preceding few days upon the factors which were working against benefits of devaluation of the French franc. In a later cablegram, No. 1054, dated 6 p.m., I reported that, in compliance with instructions received from you by telephone, I was leaving for Brussels that night and should be back in Paris on Wednesday night. In accordance with the above plans, I left Paris on the evening of Tuesday, October 27. When you had talked by telephone with me on the afternoon of October 26, you had asked that I go up to Brussels that same evening. I told you that it was too late for me to telephone to Brussels for appointments and to catch the train which left Paris at 6:10 p.m. I did proceed, however, to telephone Governor Franck at once on Monday evening and made an appointment for Wednesday morning.

No further instructions from you as to the specific representations which I should make at Brussels arrived for me before I left Paris or were transmitted to me at Brussels before the hour of my appointment with the National...
National Bank of Belgium. I was, accordingly, free to use my own judgment in endeavoring to obtain the ends which I thought you desired. When I was received by Governor Franck and Secretary Baudewyns of the Belgian National Bank, I indicated to them your wishes. Governor Franck again went over the Belgian situation with me. I was definitely informed that the Belgians had no intention of reestablishing a stabilization fund. Realizing, therefore, that there was no likelihood of a change in the basic Belgian monetary set-up, as pictured in the declaration which I had procured at Brussels on October 17, I sought an additional statement on the part of the Minister of Finance, which might meet your requirements. My instinct was to make no arrangement, even of a confidential character, whereby the Belgian Government might be placed in the position, before the Belgian public, of seeking to contravene the laws and practices which fix the relations between the Government and the Central Bank. Governor Franck and I drew up a letter with the above points in mind. We telephoned the draft text to Minister of Finance de Mau, who assented to the terms, but requested that I learn from you whether the draft would meet your requirements before he be asked to sign the document.

I went to our Embassy in Brussels, where I explained the situation fully to Ambassador Morris and put in a call to talk with you at 2:30 p.m. Then . . .
then went back to the National Bank of Belgium, where I attended a large monthly luncheon of the Directors of the Bank, at which a number of prominent outside officials were present.

After the luncheon I returned to the Embassy and spoke with you. I read you the text, in English, of the letter which had been drafted. You could not give an immediate answer as to whether this would acceptably solve the question. You asked me to cable the text, together with my comments. Consequently, the draft was not submitted to the Minister of Finance for signature at a 4 o'clock appointment which had been arranged for this purpose.

Before taking the 4 o'clock train from Brussels to Paris, I again spoke with Governor Franck, and it was understood that I should communicate further with Brussels if you desired that the letter be completed. It was agreeable to the Belgians that this letter be addressed to you and be sent to me for transmission to you. It will be recalled that I raised this point with you on the telephone, since the Belgians were uncertain as to whether the letter should be transmitted in this fashion, or through our Embassy in Brussels, or be simply a note addressed to me. I told Ambassador Morris of all of my conversations, and he was entirely agreeable to the idea of the letter being sent to you, through me, if it might subsequently be signed. In our conversation by telephone, you stressed the point that any actual arrangements which you made with foreign countries...
countries in regard to reciprocal gold dealings would have to be made public.

Upon my arrival in Paris on the evening of October 28, I came to the Embassy and despatched at 10 p.m. my cablegram No. 1061, which I had prepared on the train coming from Brussels. In this, I gave you the text of the Belgian draft letter, and commented freely thereon. I had done everything I thought possible at Brussels to ensure that our reciprocal gold transactions be of a governmental character. You will recall that on my first visit to Brussels I had procured the signature of the Minister of Finance to the declaration, along with that of the Governor of the Central Bank, and had also obtained the oral approval of the Prime Minister of the country to the declaration. In drafting the proposed letter, on the second trip, I suggested the reference therein to the fact that the National Bank of Belgium acted as the fiscal agent of the Treasury. In my cablegram I made the point, however, that since gold which would be ceded to you from Belgium was actually the property of the National Bank of Belgium, the latter would not, in my opinion, be acting as fiscal agent of the Treasury in such transactions. My whole purpose had been to achieve an understanding as completely in accord with your desires as possible, but at the same time to make known to you attendant facts and circumstances, and to take every precaution to prevent any eventual criticism of our arrangement.

At . . .
At 3:15 p.m. on October 29, I telephoned President Bachmann at Zurich to learn what progress was being made with the Swiss declaration. He told me that he had mailed to me a letter, accompanied by copies of a text of the Swiss declaration which had been approved by the Board of Delegates of his Bank at a meeting held on October 28, and was to be passed upon by the Swiss Federal Council on October 30. He mentioned to me a few changes which had been made in the text as originally drafted when I visited Bern.

You telephoned me at 5 p.m. on October 29. I gave you the substance of my conversation with President Bachmann. We discussed the results of my Belgian trip. You and Dr. Feis asked me for precise information as to the position of the Belgians with respect to publicity of any arrangements which they made with us. You referred to the need of letting your public know what you were doing, particularly since you faced the necessity of having legislation passed to give authority for the continuation of the Stabilization Fund after January 31, 1937. You were fully aware of the objections which Central Banks might bring up to the plan which you had decided upon, with the President’s approval, for arranging gold reciprocity.

I mentioned to you that President Trip of the Netherlands Bank had telephoned me on the preceding afternoon from Amsterdam indicating the interest of Premier Colijn and himself in inquiring in regard to the formalities with respect to entering a reciprocal gold...
gold arrangement with the United States. You told
me that you preferred that I see President Trip in
Amsterdam, rather than reserve our interview for our
next meeting at Basel on November 9. You stated,
however, that your hands were full for the present,
and that you would give me specific instructions
later.

In my cablegram No. 1063 of October 30, 12 noon,
I confirmed my report of my conversation with President
Trip. I also let you know that at 10:45 on the morning
of October 30, M. Baumgartner had telephoned to inquire
about the present status of our negotiations. M.
Baumgartner strongly advanced the opinion that no
announcement should be made with respect to Switzerland
or Belgium until we might see whether the Netherlands
could also be brought into the agreement, and until
time was then given for France and England to agree
upon announcements to be issued simultaneously with
the American announcement. When Dr. Trip had telephoned
me at 3:30 on the afternoon of October 29, he said that
he had not gotten into touch with us earlier, not
because he had not wanted to cooperate fully but that
he had desired to see how conditions might develop on
his own market following the departure of the florin
from the gold standard. I told him of the talks which
I had had with the Belgian and Swiss Treasuries. It
was understood that I could not ask for an appointment
to see Premier Colijn and himself until I might submit
the matter . . .

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the matter to you and received your instructions.

I called President Trip back at 9:45 a.m., October 30, and told him that I could not at that time indicate a date upon which I might visit him at Amsterdam. He thought it much better to meet in the Netherlands, where everything could be settled all at once, than to endeavor to make any arrangements at Basel. He said that he was already working on a formula for transactions with the Federal Reserve Bank at New York, which he would mail to me. He had confirmed that Premier Colijn would be glad to receive me whenever I might visit the Netherlands. He mentioned that Governor Labeyrie had telephoned him the preceding afternoon, shortly after he, President Trip, had spoken with me in regard to possible arrangements with the United States. He made the point very clearly that he had thus taken the matter up with us on his own initiative and prior to his receiving any suggestion from the French.

In my cablegram No. 1054, dated October 30, 3 p.m.,
I gave you the amendments which had been made in the Swiss declaration, I having received on that morning the letter from President Bachmann, dated October 29, 1936, which set forth the new text. I also told you that I had received at noon on October 30 a telegram, in which President Bachmann informed me that the Federal Council had authorized the Swiss Finance Department to sign the declaration as of October 28.

You . . .
You telephoned me at my home at 2 p.m. on Sunday, November 1. I let you know the developments of the week-end, including the receipt of a letter from President Bachmann confirming his telephone call and telegram, and informing me that the signed Swiss declaration should reach me shortly. I told you furthermore, that M. Bachmann had raised the question as to whether Switzerland should adhere to the tripartite declaration of September 25 in the same manner that the Belgian Government had adhered.

You told me that you desired that I proceed to the Netherlands on Monday with the view to procuring from the Dutch an arrangement along the lines of the declarations I had obtained from the Belgians and the Swiss. You said that you would ask the Department of State to send me the necessary instructions that day (the Department's instruction No. 441, dated November 1, 2 p.m., arrived at the Embassy early on the morning of November 2). You explained that final American approval had not yet been given to the Belgian and amended Swiss declarations. We discussed the manner in which announcements would be made by the American, British and French Treasuries in the event that additions might be made to the countries eligible to reciprocal gold transactions. In my cablegram No. 1070, dated November 2, 10 a.m., I confirmed my understanding of certain points which we discussed by telephone the preceding afternoon. I included in this cablegram certain reasons which, in my opinion, made it . . .
made it important to extend the tripartite agreement as early as possible. I also told you that I had telephoned President Trip, who would receive me at the Bank of the Netherlands the following morning and would make an appointment with Premier Colijn.

I was, therefore, leaving Paris on Monday noon for Amsterdam and should be back in Paris on Wednesday morning.

On the morning of Tuesday, November 3, I called at the Bank of the Netherlands at 9:45 a.m., and was received by President Trip. We were later joined by the ranking Director, M. Beaufort, and the Secretary of the Bank, M. de Jong. Before leaving Paris I had received the preceding forenoon a letter dated October 30, with which President Trip had enclosed a memorandum which he had drawn up suggesting the lines along which gold transactions might be carried out between his Bank and the Federal Reserve Bank. I had studied these on my way to Amsterdam with the view to having in mind a draft declaration which would be similar to those declarations already obtained from the Belgians and the Swiss, and would at the same time include enough of Mr. Trip's suggestions to satisfy the Dutch. With Mr. Trip's memorandum and the Swiss and Belgian declarations before us, the drafting of a Dutch declaration proceeded quickly, particularly due to the fact that this could be drawn up in English. The work, except for typing and final revision, was finished before M.M. Trip and Beaufort and I went out for lunch.

Immediately . . .
Immediately afterwards we read over the typed copy and made a few corrections therein.

At 2:45 President Trip and I took the train to The Hague, where Premier Colijn, with Minister of Finance Cud present in his office, received us at 4 p.m. I explained to MM. Colijn and Cud the procedure which we were following in our negotiations with the countries which had indicated an interest in having gold dealings with us on a reciprocal basis, and President Trip explained to them the draft document. MM. Colijn and Cud approved the document, but it was agreed it should not be signed until I might ascertain from you the acceptability of the terms thereof. It was understood that MM. Cud and Trip would be the officials to sign. After leaving the Prime Minister, Dr. Trip went with me to call upon Minister Emmet, who is a good friend of his, but we found him out of town. We hurried on, therefore, to the railway station, where I caught the train for Paris.

In my cablegram No. 1075, sent from Paris at 10 a.m. on November 4, I gave you the text of the Dutch draft declaration and also transmitted certain opinions which the Dutch officials had volunteered to me. I particularly mentioned Dutch concern over the French situation because of the apparent tendency of the French public to continue to doubt the Government and because of the lack of prospect for a strong, confidence-inspiring Government to come into power. I added that
President Trip felt that the American legislation providing for a Stabilization Fund and a further cut in the dollar had an important merit internationally in that this legislation constitutes a balance to steady sterling, with the relationship between the dollar and sterling now more than ever having an important influence on the currencies of the world.

In a second telegram, No. 1078, sent at 1 p.m. on November 4, I told you of the receipt of the Swiss declaration, dated October 28, bearing the signatures of MM. Meyer, Bachmann and Weber. I also let you know that there had been a leak to the press from Switzerland as to the Swiss signing a declaration in regard to the Anglo-Franco-American monetary arrangement. I also mentioned that M. Baumgartner had telephoned me as to the French unhappiness over this leak, which apparently came from the Swiss Federal Council. I told M. Baumgartner at this time of the results of my Dutch trip, and he said Minister Auricol was anxiously awaiting our decision on the three countries.

I spoke with you at 8:30 p.m. on November 4. I told you the substance of my two cablegrams sent during the day, above-summarized, and urged the importance of terminating arrangements for the addition of the three countries by Sunday or Monday. I was anxious that this might be achieved before the Central Bank Governors met at Basel. You stated that you were anxious to accomplish the addition...
the addition of the three countries, on a three-sided arrangement with France and Great Britain, but you were afraid this could not be arranged in such a short time.

In my cablegram No. 1080, dated November 5, 4 p.m., I reported the gratification expressed by the European financial press over President Roosevelt’s re-election and its consequent optimism over the prospect of continuing monetary cooperation, following up the tripartite agreement. I also let you know that I had been able to inform Minister Emnet fully of my conversations with the Dutch officials since the Minister had called at my office while he was in Paris.

On the morning of November 6, I received your cablegram No. 448 of November 5, 5 p.m., in which you quoted the draft of a proposed statement to cover the release of gold for export, not only to the countries then under discussion, the Netherlands, Switzerland and Belgium, but also to France and England. In my cablegram No. 1089, dated November 6, 5 p.m., I reported that, in accordance with your telegraphic instructions, I had left with M. Baumgartner at the Ministry of Finance a copy of the proposed statement, and that M. Baumgartner had promised to discuss the matter with Minister Auriol and to provide me the following day, if possible, with a memorandum setting forth such comment as the French Ministry of Finance might care to give me upon the draft declaration.
When I left the above-mentioned document with M. Baumgartner at 3:30 p.m. on November 6, he could not grasp the exact purpose thereof. He thought a new declaration, especially superseding the one of October 13, if issued now, would only confuse people. He thought it better to hurry up with the addition of the three countries to the original declaration. If necessary, we could make some amendment later. M. Baumgartner was quite willing to accept for the Ministry of Finance the declarations which I had obtained from the three countries, he stating that France would require nothing further as a basis for granting reciprocal gold treatment to the countries involved. M. Baumgartner admitted that, as far as France's present status was concerned, this new declaration would change nothing. He realized that the French Stabilization Fund would continue to exist for some time, but he had no reason to believe that the French had yet developed the idea that the Stabilization Fund was to be made permanent. He promised to discuss the matter with Minister Auriol and to call me back on Saturday morning, when he would endeavor to give me a memorandum on the subject.

At noon on November 7, I visited M. Baumgartner. He had not been able to see the Minister of Finance since my call on the preceding afternoon, due to M. Auriol's being engaged on parliamentary matters. M. Baumgartner had, however, drawn up an informal letter...
letter, addressed to me, in which he expressed his personal views. I had asked that the views of the French officials be set down in writing in order that there would be no possibility of the slightest misunderstanding in the premises. I asked M. Baumgartner whether he had any objection to my cabling his views to you. He said that he had none, provided that I characterized them as his own views.

In my cablegram No. 1092, sent at 2 p.m. on November 7, I provided you with a translation of M. Baumgartner’s letter, giving three reasons why he thought your proposed declaration might cause inconveniences. First, because the impression might be gained that the October statement was being reversed for some reason that might not be clear to the French public; second, because he thought that Belgium could not subscribe to the declaration as drafted; and, third, because difficulty or embarrassment might be experienced if France eventually returned to the normal system of the gold standard.

On the night of Saturday, November 7, I left for Basel, where the B.I.S. Directors were having their monthly meetings on Sunday the eighth and Monday the ninth. While at Basel I gave an oral reply to President Bachmann of the Swiss National Bank, who had written me under date of November 5 to inquire whether or not his Bank was at liberty to approach the Federal Reserve Bank of New York in regard to making arrangements . . .
arrangements as to future gold and exchange operations. Since the declaration which I had received in your behalf from the Swiss authorities had not yet been definitely approved by you, my answer to President Bachmann was necessarily negative.

Upon my return from Basel on the morning of November 10, I filed my cablegram No. 1095 at 10 o'clock, reporting the results of my week-end at B.I.S. headquarters. I mentioned to you the inquiries on the part of resident B.I.S. officers as to whether there might soon be any likelihood of the United States Treasury releasing gold to the B.I.S. in order that the latter might have proper facilities for continuing to help the smaller European Central Banks to rebuild their gold supplies. I gave you the views as expressed by Governor Norman upon the gold movement to the United States, which had been continuing after the consummation of the tripartite monetary agreement. The Governor insisted that the Bank of England had all the gold that it needed or could use. I mentioned the skepticism of some of my friends in regard to the French making devaluation a success. In a second telegram, No. 1099, sent at 5 p.m. on November 10, I informed you of the nervous condition of the French exchange market and reported that there was even some gossip as to the possibility of exchange control.

After returning from Basel I had telephoned W. Baumgartner at the Ministry of Finance to see if he could...
could give me the views of the Minister of Finance upon your draft declaration, which M. Baumgartner had thought would be possible on that date, as indicated in the final sentence of my No. 1092, November 7, 2 p.m. M. Baumgartner told me that Minister Auricol shared his views on the statements, but that the matter was so complicated that they desired to study it further. I talked with M. Baumgartner later in the day, at 5:45 p.m., and he then said that they must await a document from London, which they expected on Thursday morning. He asked me to call him at 12:15 on that day. He said that he had learned that the British were apparently disposed to interpret your intended statement in a manner different from the interpretation which he and the French Minister of Finance had placed upon it. I told you of my call and the postponement of a decision until Thursday, November 12, in my cablegram No. 1100, November 10, 7 p.m.

At noon on November 10, Miss Willis, Secretary of the American Embassy at Brussels, telephoned me that the Embassy had received an envelope from the Belgian Minister of Finance for me, and she inquired as to what should be done with it. I told her to forward it at once in a plain envelope, registered and sealed. She did not know the contents of the letter. On the morning of November 12 I received the envelope in question, and in the inner cover, addressed to me, I found an original letter, dated November 9, 1936.

signed . . .
signed by the Minister of Finance of Belgium, M. H. de Man, and directed to you as Secretary of the Treasury, which was drawn up in exactly the terms of the draft which had been prepared at Brussels on my visit of October 23. When I had last talked with the Belgian officials at Brussels, on October 23, it had been definitely understood that the letter was not to be signed until I might be able to inform the Belgian officials that you had found its terms satisfactory and that this would render possible the consummation of a reciprocal gold arrangement between our two Governments. I had had no further conversation with any one upon this subject, and when I talked on a subsequent occasion with the Embassy at Brussels, I found that no one there had been in communication with the Belgian authorities upon this subject. The letter, presumably, was signed and despatched by the Minister of Finance upon his own initiative.

I called on M. Baumgartner at the Ministry of Finance at 12:15 on November 12. He told me that he had received from his Acting Financial Attaché in London, M. F. Le Norcy, a letter to the effect that London had interpreted your proposed declaration differently from Paris. The British officials thought that the new declaration was to facilitate and not to hinder Belgium’s cooperation. I was happy to be able to show M. Baumgartner the signed Belgian confidential letter, which I had received just before going to the French...
French Ministry. He admitted that this evidently indicated that Belgium would be disposed, confidentially, to give a wide interpretation to the manner in which the Bank of Belgium acted as "fiscal agent of the Ministry of Finance," even though it actually was not fiscal agent but "principal" in gold dealings. He thought France might now yield, seeing that Belgium was taken care of, but he insisted that his technical objections, as he had communicated them to me and as I had cabled them to you, were still well founded. He told me that Minister Auriol was "confused" over this new scheme. M. Baumgartner said that he would talk with the Minister of Finance again, to let him know of the letter which I had shown in strictest confidence. Before talking with the Minister, M. Baumgartner was also to telephone London to see if the British had given you their reaction to your proposed statement, since the letter from M. Le Norey was accompanied by a proposed draft of a British declaration, dated November 9, to be issued in welcoming the extension by the United States Treasury of the reciprocal gold arrangements to Belgium, Switzerland and possibly the Netherlands. Although M. Baumgartner promised to call me back later in the day, I did not hear from him; and when I telephoned the Ministry of Finance at 6:45 p.m., I found that he had left.

At 10 a.m. on November 13 I telephoned M. Baumgartner...
Baumgartner that I was anxious to wire to you on that day the French response to your proposed declaration. He said that he would see the Minister during the morning and asked me to call at 12:15. At the prescribed hour, I called upon him and then returned to the Embassy, where I dictated a report of our conversation and had it coded under serial No. 1106, dated 4 p.m. At 4:15, I put in a long-distance call for you in order that you might know the French decision. At 4:55 I was informed that you were absent until the following week but that if the matter was very urgent you could be found. M. Baumgartner telephoned me at 5 o'clock to say that he had just learned that the British had replied to you, giving their approval to the proposed declaration. Your message No. 455, sent rush at 10 a.m. on November 15, requesting that a definite answer from the French on the matter of your proposal be sent to reach Washington not later than Saturday morning, was received after my cable No. 1106 of 4 p.m. had been despatched.

In my cablegram under reference, I told you that while Minister Auriol endorsed the views of his technical assistant, M. Baumgartner, as set forth in my No. 1092 of November 7, 2 p.m., I had procured the oral agreement of the French Minister of Finance to your proposed statement, as quoted in your No. 445, November 5, 5 p.m., with one condition. M. Auriol and Baumgartner, after learning of the Belgian letter and of ...
end of the British willingness to give a very broad interpretation to the idea of "fiscal agent," did not desire to interpose objections to the issuance of the proposed American declaration. Their one condition was, however, that when your declaration might be issued, there should be some wording to indicate that there had been no rupture of the original tripartite agreement. That is, they desired that the point be made that the three powers had not revised their original agreement, but that certain additional countries had now been found eligible to be added to the three original parties for reciprocal gold dealings. In my cablegram reporting the French decision, I quoted a letter from the British Treasury to the French Financial Attaché at London in regard to the proposed communiqué by the Chancellor of the Exchequer.

You telephoned me at my home at 9 o'clock on the evening of November 18. You referred to the letter which I had received for you from the Minister of Finance of Belgium, and you requested that I mail this at once to you. I told you of my cablegram reporting the French decision. You felt that you could meet their worry with respect to the wording of the release on the one point under reference. The question was discussed as to whether we could at once mail to the three prospective members, Belgium, Switzerland and the Netherlands, the text of the proposed...
proposed statement and give them a week to agree thereto. I thought it might be necessary to visit the countries personally when the time came. I suggested that you provide me, for further transmission, with the text of any oral statements which you planned to make at the time your formal declaration was issued. You told me that you were seeking on Sunday the President's approval to your proposed statement and that I should hear from you on Monday. You were particularly interested to know what had moved the French to consent to your proposed declaration. I told you that the principal factors were the British interpretation of "fiscal agent" and the letter from the Belgian Minister of Finance. I mentioned to you that Governor Booth of the Sveriges Riksbank was coming to visit me between November 22 and 24, and you said you wanted me to be sure to see him. In two telegrams sent on November 14 I mentioned the press rumors that the Netherlands was considering joining the tripartite gold arrangement and that Swiss adherence thereto was considered practically an accomplished fact. I mentioned these rumors as reason for haste in our concluding arrangements with the three countries under consideration and in issuing appropriate announcements. I told you that strengthening of the tripartite agreement would be most welcome to France, considering the bitter parliamentary fight which the Government was having on its budgetary and financial policies.

In my ...
In my cablegram No. 1119, sent at 6 p.m. on November 16, I mentioned the attention which the European financial press was giving to the possibility of the United States restricting foreign purchase of American securities.

At 9 p.m. on the evening of November 16, you telephoned me at my home. You told me that you had prepared a new declaration, which you were cabling me that night, which was intended to supplement, and not to denounce, the statement of October 13, and that you were anxious to get complete adherence to this new declaration in order that it might be announced by you at 4 p.m. on Monday, November 22. That is, one week from the date on which you spoke to me. It was understood that I was to take no action on the declaration which you were cabling me until you might telephone or wire me further to the effect that the President, whom you were seeing the next day, had given his definite approval thereto.

On the morning of November 17, I received your rush cablegram No. 462, sent at 12 midnight, November 16, wherein the draft declaration was incorporated.

You telephoned me at 3:40 p.m. on November 17. You told me that the President had approved your draft statement as embodied in the cablegram which you had sent to me the preceding night. I told you that Minister Auriol was out of town, but that I was seeing M. Baumgartner at 4:15, and that the latter would telephone to Toulouse in an effort to obtain M. Auriol's approval...
approval to your new declaration. I was sure that I could procure the French adherence to your new plan, especially since it embodied the idea of not recalling the declaration of October 13. I agreed that this statement constituted an improvement over the preceding draft.

You outlined to me the schedule which you desired to be followed. You said that you would like to have the Swiss and the Dutch get out a release on Sunday night, November 22, for publication in their morning papers of November 23, indicating the adherence of those Governments to the tripartite agreement of September 25. These declarations of adherence should be phrased similarly to that which Belgium had made on September 26, and should be transmitted through the respective Foreign Offices to the three powers. The Department of State should receive such telegrams not later than Sunday, so that the statements could appear in American papers on Monday morning. In answer to your inquiry as to whether I had a copy of the Belgian declaration, I told you that I had a press copy thereof, and that I would get an official copy of the complete statement from the French Ministry of Finance for the guidance, if necessary, of Switzerland and the Netherlands.

You stated that the United States, France and Great Britain would, according to your schedule, give out on the night of Monday, November 23, releases for publication . . .
publication on the morning of Tuesday, November 24. Your statement in regard to your new policy would be issued at that time. I asked if you desired that you receive, prior to their issuance, the texts of the statements which the European countries were going to give out. You thought this was not necessary with respect to the statements of adherence to the September 25 agreement on the part of Switzerland and the Netherlands, since they were simply to follow the Belgian text, but you did desire, if at all possible, to have any advance copies of the announcements which the countries planned to make with respect to the reciprocal gold arrangements which were being consummated.

It was agreed that I should cable you on the evening of November 17 the results of the interview which I was to have at that time with the French Ministry of Finance. It was not necessary to telephone. As soon as you received a reply from the British, you would telephone me, and I could then begin to effect the necessary arrangements with the three prospective Governments. I told you that I thought it might be necessary to visit the officials in the three countries, particularly the Belgians, who were most vitally concerned with the new declaration, and the Dutch, who had not yet signed their original technical declaration. Furthermore, it would be quite difficult to make the Swiss understand over the telephone just what was involved...
involved, and to procure an official cable message to the tripartite declaration of September 18, since the Minister for Foreign Affairs would have to be approached on this subject by my two contacts, the Minister of Finance and the President of the Swiss National Bank. You said that the American announcement in regard to the addition of the new countries would be very simple, in the same manner as the announcement was made as to the eligibility of France and England. At my suggestion you agreed to cable me the text of such a brief announcement.

In my cablegram No. 1121, sent at 7 p.m. on November 17, I told you that I had at 5 o'clock that afternoon submitted to M. Baumgartner at the Ministry of Finance the proposals contained in your No. 462 of November 16, 12 midnight, which, according to cablegram No. 463 of November 17, 2 p.m., could be definitely taken as the basis for negotiations. I told you that M. Baumgartner had not been able to get into touch with Minister of Finance Auriol, who was coming by motor car from Toulouse to Paris. My friend was confident that the Minister would approve the statement and arrangements described in your cablegram, and he promised to give me definite word before noon on Wednesday.

Under cover of a note dated November 17, 1936, I mailed you in our diplomatic pouch the original text of the communication addressed to you under date of November 9, 1936, by the Minister of Finance of Belgium. ...
Belgium.

M. Baumgartner telephoned me at 10:30 on the morning of November 18 that Minister of Finance Auricol had returned to Paris and had found himself in complete agreement with the proposals as set forth in your cablegram No. 462 of November 16, 12 midnight. I gave you this information in my cablegram No. 1123, sent at 12 noon, November 18. I informed M. Baumgartner of the contemplated form of press release quoted in the Department's No. 465 of November 17, 4 p.m.

I put in a long-distance call for you and obtained communication with you at 2:45 p.m. on November 18. I gave you the information in regard to the French approval, which I had sent in my cablegram. I told you that I should have to leave for Belgium that night if it was desired to finish arrangements by Sunday. I told you that I could attend to the negotiations in Brussels the following day and could telephone or wire you from there the results. You said to telephone you, if possible, and confirm by cable, and for me not to hesitate to use the telephone freely. It was understood that I could not make any arrangements with the Dutch or Swiss officials until I had procured the necessary approval of the Belgian officials to the new draft statement. If such approval was obtained, however, I was to endeavor to effect the necessary arrangements in the Netherlands on Friday and in Switzerland on Saturday. You were agreeable to my plans and told me to leave Paris...
Paris that night. You had not yet received the British response to the declaration. It would be necessary that I have word of this before I could talk with the Belgians. I was, however, to prepare to depart from Paris and await word from you in Brussels, if necessary, before seeing the officials there.

At 3:45 on the same afternoon, November 18, you telephoned me that you had heard from the British and that your statement was found entirely agreeable to the Chancellor of the Exchequer, provided it was acceptable to the Belgians. I was, therefore, to go on to Belgium that night and to keep you informed currently as to the results of my conversations. Consequently, I telephoned at once, at 4 p.m., to Secretary Baudewyns of the National Bank of Belgium (Governor Franck was on a holiday in Egypt) and arranged to see him on the following morning at 9:45. He was to take me to see Minister of Finance de Man. At 5 o’clock I telephoned M. Baumgartner, and he said that it was also his understanding that the British were entirely in agreement with the French and Americans on the declaration. I told him of my proposed itinerary. He asked that I telephone him from Brussels as to the result of my negotiations there, and he agreed to be at the Embassy at 11 o’clock on Sunday morning, November 22, to learn the complete results of the trip and to plan for the necessary French announcements.

Consequently, I left Paris at 6:10 on the evening of...
of November 18 for Brussels. At 9:15 on the morning of November 19, I telephoned Ambassador Morris to let him know that I was in Brussels and to inform him of my plans. At 9:45 I went to the National Bank of Belgium, where I was received by Secretary Saudewyns and M. Mahieu, a Manager of the National Bank of Belgium who was acting in the place of Governor Franck during the latter's absence in Egypt. I showed these two officials a draft of your proposed statement and informed them that the French Ministry of Finance had considered your plan acceptable, as had the British, subject to Belgium's finding the arrangements and declarations agreeable. I told them of the plan to obtain the adherence of the Netherlands and Switzerland to the tripartite declaration, and then to add these two countries, along with Belgium, to those nations entitled to gold reciprocal treatment. I made the point, however, that I could not proceed further with this plan unless Belgium's approval in the premises could be obtained at once. I also made the point that this new declaration had been drawn up specifically to meet the Belgian situation. The two officers of the Belgian National Bank asked to be permitted to study the documents. I was to return at noon to the Bank, and from there we were to proceed to the Ministry of Finance to confer with M. de Man.

Upon leaving the Bank at 10:30, I proceeded to the Embassy, where I explained developments to Ambassador Morris...
Morris. I called back at the Bank at 12 noon, and MM. Baudewyn and Mahieu accompanied me to the Ministry of Finance, where we were met by M. Warland, the General Manager of the Treasury. Before we entered the private office of the Minister of Finance, I learned that the Minister had signed and had despatched his letter of November 9 to you without the knowledge of any of his technical advisers or of the officials of the National Bank. This point came out when, as we were about to go into M. de Man's office, M. Warland told me he was opposed to the idea of the Government's giving such a statement, guaranteeing the operations of the National Bank of Belgium, as had been envisaged in the draft letter which had been drawn up when I had been last in Brussels. M. Baudewyns laughingly remarked to M. Warland that his objections were too late since the Minister had already signed the necessary letter.

To Minister de Man I explained the situation, as I had earlier in the morning at the National Bank of Belgium. He understood that your proposed declaration was to supplement that of October 13 and he took no exception to the cancellation of your statement of January 31, 1934. He indicated definitely that he stood by and confirmed the original Belgian declaration of October 17, as well as his letter of November 9. His one question was in regard to the manner in which you . . .
you might find it necessary to explain the manner in
which Belgium had been fitted into the reciprocal
arrangements. When we were discussing this point, M.
de Man volunteered some phrases which I took down in
his presence. If this point could be cleared up, he
was quite agreeable to enter the arrangement. In order
to expedite the matter, I told the Minister of Finance
that I would telephone you early in the afternoon and
hoped that I could give him definite assurance on his
point in the course of the day.

I proceeded from the Ministry of Finance to the
Embassy, where I placed a call for you for 2:30 p.m.,
and then lunched with the Ambassador. When our call
came through, I summarized to you my conversations of
the day and emphasized the one point of possible
difficulty. You told me to inform the Belgian Minister
of Finance that you now understood exactly what the
Belgian situation was and that you would do your very
best to avoid any embarrassment insofar as the American
press was concerned.

At the conclusion of our conversation, I called
the National Bank of Belgium, where I spoke to Secretary
Baudewyns by telephone and asked him to communicate your
reply to Manager Mahieu, and particularly to the Minister
of Finance. It was understood that if M. Baudewyns did
not call me back within a few minutes, the matter could
be considered as settled. Since I heard no further word
from him, I proceeded with my arrangements. I had
explained...
explained to the Belgians the proposed schedule for
press releases. I had left them copies of all avail-
able documents, and had promised to communicate with
them further from Paris on the following Monday
morning.

From the Embassy I telephoned President Trip of
the Netherlands Bank at Amsterdam and told him I was
proceeding to Amsterdam that night. It was arranged
that he should receive me the following noon, and
that we were then to proceed together to The Hague
where it was to be arranged for Prime Minister Colijn
and Finance Minister Oud to receive us after luncheon.
I explained to Dr. Trip that, for our plans to carry
through, it would be necessary to obtain from the
Dutch officials their adherence to the tripartite
declaration of September 25, as well as their signature
to the declaration which had been drafted on my earlier
visit to the Netherlands.

I telephoned Professor Bachmann, President of the
Swiss National Bank. Professor Bachmann was at the
office of his Bank in Zurich and told me that he
would be there on Saturday forenoon. Fortunately, Dr.
Meyer, the head of the Swiss Department of Finances and
Customs, and also President of the Swiss Federal Council,
was to visit Professor Bachmann at the Bank in Zurich at
9 o'clock on Saturday morning. Since these were the two
Swiss officials whom it would be necessary for me to see,
it was therefore arranged that I should come to the Bank
in ...
in Zurich as early as possible on Saturday morning.
President Bachmann, who is a very early riser, told me that he hoped I could reach the Bank at 7 a.m. so that we could have our discussion before the Finance Minister arrived. I stressed the importance of the Swiss being ready to adhere formally to the tripartite declaration of September 25 and the urgency for speed in order that everything could be concluded by the week-end. In accordance with the promise which I had given M. Baumgartner before leaving Paris, I also telephoned him at the French Ministry of Finance to let him know of the Belgian approval of the declaration and also of my itinerary.

Before leaving Brussels on the evening train for Amsterdam, I filed with the Embassy a cablegram reporting fully to you my visit with the Belgian officials.

Proceeding from Brussels, I arrived in Amsterdam on the night of November 19. I called at the Bank of the Netherlands the following noon, where I was received by President Trip and Director Beaufort. I reviewed developments to date and gave them copies of all documents pertinent to your proposed declaration. In order to simplify matters and to avoid any delay in The Hague, Dr. Trip and I drew up a short draft of a statement which we thought would suffice as indicating adherence of the Netherlands to the tripartite declaration of September 25. We talked straight through until time for the train to The Hague, without having any...
any lunch. I was sincerely appreciative of the assistance which Dr. Trip was giving me, since he was very busy on the day of my visit, which also happened to be his sixtieth birthday.

Upon our arrival in The Hague, we went directly to the office of Prime Minister Colijn, where Minister of Finance Oud also joined us. Mr. Oud and Trip signed and delivered to me their technical declaration in exactly the terms which had been drafted on my previous visit and had been quoted in my telegram No. 1075 of November 4, 10 a.m. Prime Minister Colijn took a very active interest in the discussions and insisted on reading to us the full text of the declaration of September 25 before consenting to adherence thereto. After he was satisfied in his own mind as to the entire situation, he called to his office an official of the Dutch Ministry for Foreign Affairs and instructed him to send cables at once to the Dutch diplomatic representatives at Washington, Paris and London to deliver to the respective Foreign Offices, not later than Saturday afternoon, the message of Dutch adherence in the terms which Dr. Trip and I had drafted. The schedule for press releases was then confirmed and it was agreed that I should telephone Dr. Trip on Monday morning to give him the latest news in regard to Switzerland and any further press communiqués which I might have by that time.

After leaving the Prime Minister, I proceeded to our...
our Legation, where I explained my visit to Minister Mamet. I put in a telephone call for you and gave you the above facts. I also sent a telegram confirming the report which I had given you over the telephone.

From the Legation I went directly to the railway station and got the 5:25 train to Brussels. Normally there should have been a margin of 25 minutes in Brussels, but the Hague train was 10 minutes late on arriving, so my 15 minutes were barely sufficient to get across Brussels and catch the night train for Switzerland. I changed trains at Basel in the early hours of Saturday morning, November 21, and reached the National Bank of Switzerland at Zurich at 8 a.m. President Bachmann and his assistant, M. Pfenniger, who had met me at the train, told me they had already been at work for some time. I explained to them our plans for further statements and gave to them copies of such draft announcements as I had left with the Belgian and Dutch officials. We then drafted a telegram to the Swiss Ministry for Foreign Affairs at Bern, directing that Ministry to send the necessary telegraphic instructions immediately to the Swiss diplomatic representatives at Washington, Paris and London, for delivery to the respective Foreign Offices not later than Sunday forenoon. In this telegram we used the same text of adherence to the general principles of the tripartite declaration of September 25.
23 that had been employed in the Netherlands. To have followed the Belgian example of preparing a statement in almost identical terms with the tripartite declaration would have involved delay in cableling, because of the length thereof, and would have added little to the strength of the declaration.

When President Meyer arrived at the Bank at 9 o'clock, he promptly approved the telegram which had been drafted, and this was despatched to Bern. To the Swiss officials I explained in detail the schedule for press releases and promised to telephone President Bachmann from Paris on Monday morning any further available texts of communiqués. I called at our Consulate General at Zurich after the foregoing arrangements had been completed, and from there telephoned Minister Wilson at Bern at 11 a.m. to inform him of the negotiations. I lunched with Mr. Bachmann and Pfenniger. In the afternoon, I reached you by long-distance and gave you the Zurich story. I confirmed this by cablegram from the Zurich Consulate General. I left Zurich on the night train and arrived in Paris on Sunday morning.

In the conversation which I had with you at 4 p.m. from Zurich on Saturday afternoon, you told me to telephone you from Paris at 5:30 on Sunday afternoon to give you the latest news. You told me that Judge Moore was following my telegrams and was much interested in the entire situation. I suggested that you have the State...
State Department be on the watch for messages from the
Dutch and the Swiss Legations in Washington and forward
these to you promptly. You were pleased with the
smoothness with which our arrangements had been made.
I told you that I thought it would have been impossible
to have completed the arrangements in any manner other
than by personal visit, since so many different officials
were involved in each country and since it was so much
easier to explain the various phases of the situation
face to face, with documents available, than to attempt
to do this by long-distance telephone. You asked me
when I was to see the Governor of the Bank of Sweden.
I told you that Governor Root would be in to see me
on the following Tuesday or Wednesday. You were pleased
over this prospect.

As previously arranged, M. Baumgartner called at
my office at 11 o'clock on Sunday morning, November 22.
I told him of the results of my travels. We made
arrangements to receive from the French Foreign Office,
as soon as they might arrive, the declarations of the
Dutch and Swiss Governments. M. Baumgartner submitted
to me the text of the communiqué which the French
proposed to give to the press at 9 o'clock on Monday
night for publication Tuesday morning, and I incorpor-
ated this in my cablegram No. 1139, November 22, 1 p.m.

M. Baumgartner learned that the Dutch declaration
had already been received through the Dutch Legation
in Paris. When I telephoned him at 5:15 on Sunday
afternoon...
afternoon, he said the Foreign Office had not been able to find any one at the Swiss Legation but that there was still plenty of time for their declaration to be received.

After talking with M. Baumgartner, I put in a call for you and obtained communication at 5:45 p.m. I gave you the substance of the telegram which I had sent at one o'clock, and we discussed various details of the publication of the announcements. You incidentally mentioned the idea of M. Baumgartner possibly visiting the United States for one week. I was against the idea since such a visit on the part of this French official would attract too much press attention; furthermore, I did not think it was an appropriate time for such a visit, and particularly by an official who was just being relieved of his important position, even though a promotion was involved, because of objection to him on the part of influential politicians in Premier Blum's own party. I have always told you of the high personal regard which I hold for M. Baumgartner, and I have appreciated throughout our negotiations his fairness and desire to cooperate with us. You also told me confidentially of the hint received by my colleague in London that the British might be inclined to look upon Sweden as their particular charge. Nevertheless, we were interested in getting this country lined up in our reciprocal arrangements. The possibility of my visiting the United States at a later date was discussed...
discussed.

I telephoned M. Baumgartner at 10 o'clock on the morning of November 23. I suggested one or two changes in the text of the French communiqué that was to be given out that night, in order to bring this more exactly in line with the English text of the American announcement. I told him that you had informed me by telephone the preceding day that you had received both the Dutch and Swiss announcements from their Missions in Washington by noon on Saturday, and that you would give release thereto at 10 o'clock that morning, Monday, November 23. Your own communiqué was to be given to the press at 4 p.m. M. Baumgartner confirmed again that the French communiqué would be given out here at the corresponding hour, namely, 9 p.m.

At 10:15 a.m. I telephoned President Trip at Amsterdam. I read him the text of the French communiqué and confirmed the hours for giving notice to the press. He was much pleased over developments and congratulated me on the results of my trip. He said everything was in order so far as the Netherlands was concerned. I telephoned President Bachmann of the Swiss National Bank at Zurich in the above sense at 10:45 a.m., and he thanked me very generously. At 11:30 a.m. I got telephonic connection with Secretary Baudewyns of the Belgian National Bank at Brussels and gave him the pertinent information. He was very happy over the successful . . .
successful termination of our negotiations and he said he would pass the word on to the appropriate officers in the Ministry of Finance and his own Bank. He hoped our cooperation would continue. At 12:20 M. Baudeyns telephoned me back and asked me to read to him once more the whole text of the French communiqué in order that his secretary could take it down.

In my cablegram No. 1140, November 23, 5 p.m., I summarized the day's developments and let you know that the Paris financial press carried correct reports from Amsterdam and Bern of the official adherence of the Dutch and Swiss Governments to the general principles of the tripartite declaration of September 25. I also told you that official announcement had been made of the appointment of M. Faunegartner as General Manager of the Crédit National. When I had talked with M. Faunegartner during the forenoon, I had asked him about the outlook in France, and he thought there might be a quiet period prior to the rush which would accompany the passage of the budget the last week in the calendar year.

You telephoned me at my home at 2:15 p.m. on November 24. You told me that there had been a good press reaction in the United States to the new announce-
ments, although naturally not in such sensational manner as the original declaration of September 25 was greeted. I told you that the communiqué of the French and British Treasuries had been carried in full in the European ...
European financial press and that comment was entirely complimentary and hopeful as to the future. I also summarized to you the conversation which I had had during the forenoon with Governor Booth of the Sveriges Riksbank. You mentioned, incidentally, that you did not desire that I return to the United States before January.

In my cablegram No. 1148 of 5 p.m., November 24, I gave you certain press comment on the extension of the tripartite arrangement, and I reported in detail my lengthy conversation with Governor Booth. It was understood that no decision would be reached by the Scandinavian countries with regard to adherence to the tripartite declaration until after the meeting, to be held at Helsingfors on December 12, of the Central Bank Governors of the four countries, Sweden, Norway, Denmark and Finland.

In my daily telegrams I continued to keep you informed upon press comment with respect to the new additions to our reciprocal gold arrangement, my message No. 1146 of November 25, 5 p.m., having contained particularly pertinent remarks. My cablegram No. 1155 of November 27, 8 p.m., reported the growing strength of the Dutch florin following the adherence of the Netherlands to the tripartite declaration, and my reports since that date have kept you informed of the remarkable strength of this currency, as well as the faithful efforts of the Dutch Stabilization Fund to hold...
to hold the florin at a fair level, which certainly reveals not the slightest desire to depreciate that currency any further than may be reasonably necessary to permit a bearable equilibrium.

My message No. 1167 of 8 p.m., November 20, reported the resolution adopted at Prague by the Central Bank Governors from Czechoslovakia, Yugoslavia and Romania, stressing the need for definitive monetary stabilization, urging solution of the problem of international indebtedness, and recommending an international examination of general methods of payment. I also mentioned a press report from Warsaw to the effect that the Polish Minister of Finance was strongly opposed to the devaluation of the złoty.

On the morning of December 1, I visited M. Cariguel at the Bank of France. We talked over the results of devaluation and he told me, in strictest confidence, of the disappointing extent of repatriation of French capital. He mentioned the various reasons therefor. M. Cariguel explained to me why he had so far been able to make little use, since devaluation, of the facility for procuring gold in New York, in accordance with the terms of the tripartite arrangement. He said it was the handling charge of one-quarter of one per cent which made it too expensive for him to deal in gold on our market in present circumstances. He figured that even to earmark gold at New York would cost about 10 centimes on the dollar, while to ship it the one-quarter of one per cent charges made a difference of about . . .
about 32 centimes on the dollar. He said that due to
the necessity of holding the franc at a very fixed
rate at the present he could not afford variations
which would permit payment of these charges. He did
not make these remarks, he assured me, in any sense
critical of our regulations but more in an apology for
his failure to have had recourse to American gold
facilities. He stressed to me his desire to trade with
the Federal Reserve at New York whenever and to as great
an extent as may be possible.

As mentioned in my cablegram No. 1184 of December
2 and various other messages, the Lombard Street
editor of the London FINANCIAL NEWS has from time to
time argued that the pound sterling was overvalued
against the dollar and that we were not following a
fair policy in holding the dollar-sterling rate around
4.90 by gold purchases in London. I should remark that
this view has not been expressed recently by any other
of the leading British financial journals, insofar as
I am aware, and my official contacts of the Bank of
England and the British Treasury have not said a word
on this point to me in any of our talks since the
arrangement of September 25 was announced.

From the beginning until the middle of December,
there were various reports current here in regard to
a prospective offer by France in settlement of the
war debt to the United States and of possible French
borrowing in the United States. I gave you this

current ...
current gossip as it developed.

You telephoned me at my home at 5:45 p.m. on Sunday, December 8. You asked about the French situation in general and about French views on the English succession crisis. You also asked whether the war debt talk had quieted down here. You mentioned the possibility of my future cooperation with your Treasury.

At 7 p.m., December 8, Sir Frederick Phillips, Undersecretary of the British Treasury, who had been in Geneva for some days attending a meeting of the Budget Committee of the League of Nations, called on me while en route through Paris to London. This was the first occasion on which Sir Frederick had ever visited me in Paris. As you may recall, I was a member of the American monetary group at the Preparatory Conferences at Geneva in November, 1932, and February, 1933, where Sir Frederick Phillips was the British representative. At that time I became well acquainted with him, and on three visits to London, made within the past year under your instructions, I have had the pleasure of seeing Sir Frederick, once at the Bank of England, and twice at the British Treasury.

Since there had been a little question as to the propriety of my calling on Sir Frederick in London, I was quite pleased that he apparently was not himself concerned over such a question, and was good enough to return my call on his first visit to Paris. My cablegram No. 1216 of 7 p.m., December 8, reported the . . .
the conversation which I had with Sir Frederick and indicated his concern over the position of the French Stabilization Fund. Sir Frederick was particularly pleased when I gave him a copy, which I had just received that day, of your statistical publication on capital movements. You had told me that you had sent a copy directly to the Chancellor of the Exchequer, but Sir Frederick had, of course, not seen this, being absent on the Continent. He remarked that the publication appeared to contain information of a type which he said he had frequently but unsuccessfully sought to obtain on his own market.

On the forenoon of December 9 I visited M. Carigué again at the Bank of France, and in my cablegram No. 1219 of 5 p.m. I reported his further remarks, particularly concerning his problem of dealing in gold on the American market. In this message I mentioned, incidentally, the rumor that M. Georges Bonnet might be named French Ambassador to the United States to undertake war debt negotiations. I also told you that I had received from Governor Booth a letter requesting certain data to supplement the information which I had given him on his visit to Paris regarding reciprocal gold arrangements. I telephoned him at Stockholm the next morning to give him part of the information which he desired, and mailed an envelope, which he was to find at Helsingfors, giving him certain documentary information.

On the...
On the evening of December 9 I visited M. Rueff at the Ministry of Finance, who had succeeded M. Baumgartner as Director of the General Movement of Funds. Without making the slightest reference to Sir Frederick Phillips, I cautiously and unofficially let M. Rueff know the gossip that was circulating in regard to the possibility of France’s being obliged to resort to exchange control, and emphasized the seriousness of such a blow to the arrangements for which we had all worked. He at that time gave me assurance that steps would be promptly taken towards liberalizing the French gold policy, which he thought would constitute an important step forward in general recovery. I informed you of this interview in cablegram No. 1222, filed at 9 p.m. on December 9. On the following day I telephoned Sir Frederick Phillips in London and gave him a confidential hint as to prospective changes in French policy. He appreciated this service very much and indicated his desire to continue to cooperate with me. As my messages reporting conversations with him have revealed, most particularly the cablegram which I sent on August 28, wherein I told you what the British attitude would be in the event of devaluation of the franc, Sir Frederick talks to me with considerable directness, and so far has given me absolutely no misleading information.

On December 16 I sent at 10 a.m. my message No. 1255 recounting my week-end visit to Basel, where the
E.I.S. Directors had held their monthly meeting. I shall not summarize this message, which I made longer than usual in the hope that a detailed picture of the situation over here might be of convenient reference to you just at the time the President was returning. I was happy to record therein the pleasure which the heads of the Central Banks of the countries most recently added to our reciprocal gold agreement expressed over the facilities which had been extended them through the announcements of November 24 and over the favorable public and press reception of these announcements. I mentioned Governor Norman's remarks about the American problem with respect to foreign capital. I gave various views in regard to the French situation, stressing the concern of certain conservative observers with respect to the possibility of France's recovering that confidence necessary to procure a repatriation of capital, a disbanding of savings, and a rise in the rente market, all of which are essential to assist the Government to do the heavy borrowing which will be required over the coming year. Dr. Schacht, as I reported, was much more reasonable at the December meeting than he had been in October and November, and I believed I sensed a genuine desire on his part to try to fit into international monetary arrangements as soon as it is at all possible for him to find an excuse to take such a step. I am convinced that if he obtained some satisfaction with respect to
his advocacy of raw material sources for Germany, he would promptly "align" the reichsmark, just as Italy, after her success in Ethiopia, devalued the lira.

My telegrams since December 15 have stressed the continuing strength of the Dutch florin and the operations of the Dutch Stabilization Fund, through purchasing sterling and dollars, towards preventing a rise in the Dutch currency. I have recorded the issuance of the French National Defense loan in an effort to procure the surrender of gold and the conversion of gold deposit certificates and of the Auriol "baby" bonds. I have recounted the progress made in the French Parliament on fiscal and budgetary legislation. The outlook now is that the budget for 1957 will be passed without too much difficulty by the end of the calendar year. I have reported the favorable impression created in Europe by your plans for gold "sterilization."

Since talking with President Bachmann at Basel on December 14, I have received from him a rather long letter referring to certain technical points which he had raised with the Federal Reserve Bank of New York in regard to gold dealings. I told President Bachmann when I was last in Basel that I might possibly be visiting Washington within the next few weeks, and I promised to discuss informally with the appropriate officials in the United States the technical points which he raised, if he was willing to let the matter rest . . .
rest until I might make the trip. I am, therefore, holding the letter tentatively without action. If I learn within the next few days that I am not likely to visit Washington early in the year, I shall forward copies of the letter, in English translation, to you for such attention as the matter may merit.

In cablegram No. 1287 of December 22 I reported the decision of the Central Bank Governors of Greece, Yugoslavia, Rumania and Turkey to the effect that they were unable for the moment to adhere to the tripartite understanding.

I have today, December 26, sent you cablegram No. 1896, dated 11 a.m., in which I referred to my cablegram No. 1148 of November 24, 5 p.m., and quoted to you the pertinent paragraphs from a letter dated December 23, in which Governor Booth of the Sveriges Riksbank gave me his summary of the opinions expressed at Helsinki on December 18 by the Governors of the four Scandinavian Central Banks in regard to the tripartite declaration of September 25, 1936, and the subsequent developments towards supplementing and implementing this declaration. I am sure you were pleased to see the acknowledgment of the debt of gratitude which these Central Bankers felt was due the United States for the initiative which our Government had taken in the tripartite and subsequent arrangements. On the other hand, it is disappointing to note that there is, in the opinion of Governor Booth, apparently little immediate prospect of any...
of any one of the four countries adhering to the tripartite arrangement. The reasons given for this attitude are chiefly that: (1) the four countries are endeavoring to stand together on monetary questions, and no one of them is inclined to act unless the others act similarly; (2) because of exchange control, Denmark is not free at present to give an effective adherence to the tripartite declaration and the technical working thereof; (3) Sweden at least is satisfied with the facilities granted by London for gold dealings on that market, irrespective of the question as to whether Sweden adheres to the tripartite arrangement. In my conversations with Governor Rooth, I have made it clear that we were not approaching any of them or soliciting their adherence, although we should naturally be delighted if they might volunteer their desire to cooperate. In the circumstances, I see nothing further to be done for the present with regard to procuring the adherence of one or more of the Scandinavian countries, but I do not feel the matter should be forgotten. I have some confidential ideas on the Scandinavian situation which I will communicate to you at an early opportunity.

In conducting the negotiations which I have outlined, perhaps in too great detail in this long letter, I have been impressed by the favorable reaction of the officials in the smaller countries, Belgium, the Netherlands and Switzerland, to our personal approach. That is, in the past . . .
past, these countries have felt that in most instances they were obliged merely to follow along after the great powers, and were shown no individual consideration. When, for instance, the late Governor Strong of the Federal Reserve Bank of New York and, more recently, Governor Harrison, have visited Europe, they have not called at the small capitals, but the Governors of the Central Banks situated therein have been obliged to make the pilgrimage to Paris or London if they desired to have contact with the American representative. Consequently, the monetary authorities in these three countries have not endeavored to disseminate their pleasure at receiving me, as your personal representative, and at having the knowledge that through a telephone call from their capitals I could inform you of their sentiments and obtain your prompt reaction to their individual problem.

While I have observed your desire that our agreements be negotiated with Treasuries, I have in each of the three countries recently added to our group made my approach through the Central Banks. The reason therefor is quite simple. I have had the pleasure of meeting at Basel over several years the Central Bank Governors in each country concerned and have, on trips made in your behalf, visited them at various times during the last three years. In each of these three countries it is the Central Bank which has been or is charged with the management of the Stabilization Fund.
Fund. Consequently, when I have called in the city where the Central Bank is located, I have been welcomed by the Central Bank Governor, and the latter has arranged the required contact for me with the Minister of Finance and with the Prime Minister, in each of the three countries. This has given me direct, immediate and confidential access to the officials with whom it was necessary that negotiations be conducted. On the other hand, the Central Bank Governors have, I believe, been a little pleased to be the intermediaries through which our approach to the higher officials was informally made. While I do not suggest the slightest criticism of the formalities which must usually attend strict diplomatic negotiations, I respectfully submit that the direct method which we followed in our informal arrangements with the three countries concerned has been found effective.

Faithfully yours,

H. Merle Cochran,
First Secretary of Embassy.