

Nov 20 '34. The last two months on commission have been a bit better than my \$200. salary: no better but my costs were lower and getting an expense account makes a difference. My quest of a job in Norwich came to naught. Ely in the Charles Savings insisted he did not want to hire anyone - I thought that he having just displaced H. expected did not want to hurt the latter's feelings by hiring a good man, as H. came in a lot and kept his eye on the list as a member of the finance or investment committee.

Have heard of a possible job with Adams & Peck the R. R. quarantined stock specialists, as analyst, and am still on the Washington trail, where there are two possibilities, one in Douglas Protective Committee investigation, the other in analyzing applications to ~~be~~ issue securities.

Have been rereading accounting and some statistics, which along with my regular job and marking G. Lewis' papers lead to a busy life. Have hardly played any bridge for months and ~~play~~ no chess. Have had some arthritis through November

but am sleeping in bed a little
now - perhaps partly due to the
long wave of warm wet weather.

Dec 6-34 - Have spent the day in
N.Y. - much of it talking with Adams
& Peck about possible job: they
are rather non committed but were
enough interested to spend three
hours collectively with me, so
maybe there is some hope.

They want an analyst who can
put stuff up for Solomon to use
and persuade them to use it,
and who can also go out with
Solomon on special selling calls.

They strike me as rather high
pressure for the conservative securities
they handle, and as hard workers.
I don't know how I stand, but think
they had rather given up the
idea of hiring anyone at once, and
if they should take me on, it would
be after New Years, and partly
because I stirred up the thing en-
ergetically.

Anyone working there must know
more of the Pennsylvania than I
do now: an immediate problem
is a rail take out for Mass. Savings
banks for New Haven bonds.

One might start looking it
up concerning railroads legal in
Massachusetts after a glance at

Field Glorie's list

Earnings + interest

R.F.C. Loans

Near institutions

General position + prosperity of region.

That could be done any way -

While in N.Y. I saw ~~some~~ of the men at Minick Howell and also Heyard Peck, and talked over the phone with Mrs. Blackwell, who would like to have Charlotte + Lucretia and me come down some weekend.

Jan. 29, '35. Have been pursuing other jobs and still selling securities and on the side marking papers for the business operations course and some book review for Elliott Smith's course.

Jobs possible at present are Adams + Peck - have put off hiring a man until spring or better business. Bridgport City Co - Bob Clewense wants me to work with him farther in New Haven. Small drawing acct liberal split on commission. Fabretok + Co - Harry Arnold wants me to work with him - larger drawing acct - over to N.Y. not so good a split, but better than Edeley B no.

Security + Exchange Comm. seems quite possible. I went to Washington

three weeks ago over it.

Prof. Douglas recommended me for a job in his investigation of protective committee practices. The security and exchange commission have O.K'ed me, but so far the civil service people have not acted on my application. It looks like an interesting job, should be grand experience: somewhat better return - but not much - but a chance to learn a lot about protective committee practices: a fine chance to study them in very many phases. It would mean being away from home, which would be bad, but the glimpses of the U.S. would be valuable and interesting.

Supposedly the civil service folk are to take action soon.

Have had some asthma overhanging but have slept in bed for a month now, nearly always getting up at least once to smoke -

We have had a cold three weeks Jan 25th it was -25° hereabouts - one of the coldest days since we have lived here - We have a foot of snow, etc.

Have read an excellent book on current affairs

The Great Depression - Lionel Robbins of the London U. of Economics.

He laid much stress on the overvaluing of the pound in 1925, the cheap money policy of the U.S.A. to avoid pressure on London, and its effects on speculation - as causing the depression. He emphasizes the results of trade barriers of all sorts in prolonging it, and feels that one cannot expect much in the way of decent business for years - He has a good article on present U.S. conditions + prospects in the Times Annualist for Jan. 19'35.

I'd like to try to write up the U.S. in a book of this scope ~~over~~ on a rather wider scope covering perhaps

1. Our development, ind'l + financial from primitive agricultural country to present specialized industry and complicated financial set up.

Special attention to our present duality of interest ind'l + agriculture each keyed to international trade, with the products of industry more sought abroad

2. Depression: industry + ag.

II Financial crisis

Natural creative part aggravated II compromise of contradiction

Reamonnability of ~~the~~ F.D. ^{monetary} ~~financial~~ policy.

Conservative criticism of F.D.R. monetary policy based on orthodox economic theory that applied deflation into the stage for recovery. [As it does applied to industry.]

These theories formulated before we had complicated financial structure based on long term debts.

These debts had become impaired or endangered by falling price levels: further deflation impaired the heart of the system in a greater degree than "normal corrections" unevenly applied could counterbalance.

The deflation caused a loss of confidence in the values on which the long term debts (bonds) were based: reflected in low prices. This feature of financial crisis must be corrected before we could hope for recovery: two ways

general wash up

lowered dollar gold content.

Britain + U.S. Britain could not or would not stand deflation debased currency ^{1915 and 1931} sooner

We stood it longer before we bowed. Might have worked it out had deflation been applied to all groups. Farmers yes. Lower grade labor yes. Organized labor less. Prices of some comp products less. Executive salaries less.

(in making long debt contracts we
doomed our gold standard)

SFC

Feb 18 1935. Much has happened since the last entry. The hail for a job was a long one, but finally landed me with the Security and Exchange Commission, hired as an "Investigator Analyst," and assigned to a protective committee study with headquarters in New York. The S.E.C. has the twentieth floor of 120 Broadway and I have a small office 2012-I. I went to Washington on the hunt in early January and again in Feb. to be sworn in.

Started in with ground work for an investigation of the activities of protective committees representing the holders of foreign issues, with the idea of building up an organization that would better protect the interests of holders of defaulted foreign bonds. The immediate job being to build up a case that would tell the S.E.C. a vivid story as to the need for remedying the weakness of the present system. We have long depended on piecemeal treatment, and the several committees seemed to represent the defaulting government rather than the bond holder. There is now a unifying body, the Foreign Bondholders Protective Council, supposedly independent of issuing houses.

It seems to have been picked by them - though of quite all men, ^{and} the

active heads with a group of imposing names on the directorate. Their disinterestedness has been called in question - how correctly it would be our job to determine.

We would have to show the faults of some special committee, and also the faults of the council. It might be hard to disclose these, but it might not be impossible. Today word has come that the S.E.C. has ~~not~~ delayed approving this investigation, the suggestion being that the State Dept has objected.

There are several situations:

Brazil: where the Foreign Bondholders Protective Council has made a settlement providing for partial interest payment for a few years. The question here would be the adequacy of the payments Brazil is to make; ~~whether~~ whether they are as much as she could afford and whether we got a fair share of what she agrees to pay. There is criticism, but the case is not very strong at first glance.

Peru: there are several ~~independent~~ committees, with some clash between them, and a bad background for the way the loans were floated.

Colombia: where an energetic independent committee with Lawrence de S. Hoover (in the N.Y. Standard Oil Bldg) as Sec, is not getting

cooperation from the F.B.P.C. He is not too good a cooperater I think; has a strong committee and distrusts the F.B.P.C. and likes to talk about them. There are two banker committees.

Cuba: Where a committee headed by George Burnham Treas. Cetera Inc. said to be controlled for the Chase Bank interests by its counsel, and a committee on which Max Winkler has a place quashed.

The Chase Bank seems to have been so much at fault ~~that~~ in the way it made these loans, that this seems a likely field for interesting work.

The independent committee has two Senators among its members Wheeler and Cutting, and they might easily embarrass the State Dept more than an investigation would.

With this delay from Washington we are laying off at least for the present.

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ROOM

Feb. 26 '35. Last night was my first at 531 W 124th St with Hans Otto Dierck. The room is very clean, large enough, opens on an small courtyard; as so many other windows do likewise, it has to be well screened and curtained, but it does provide air: as we are on the fourth floor, plenty of air.

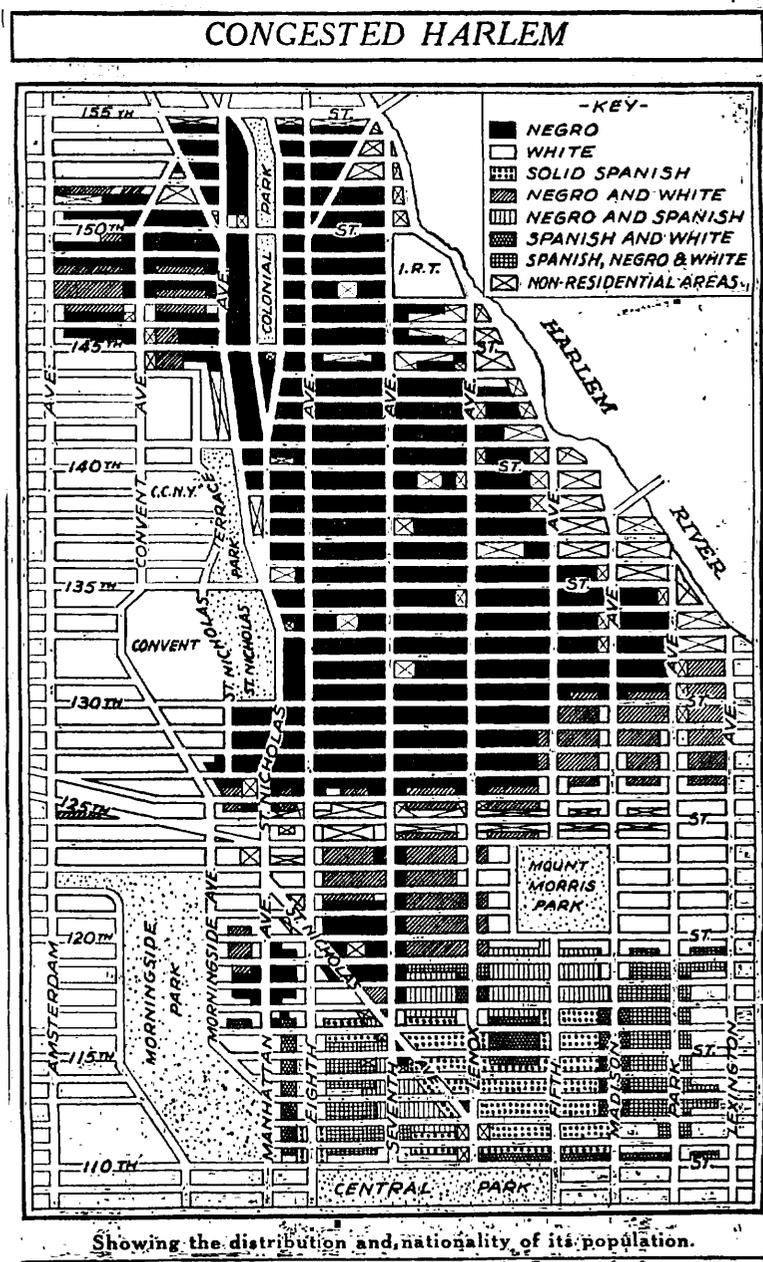
The hope of German conversation seems likely to be born out. I breakfasted with Hans + Frau Dierck, and they helped me review my lost nouns very patiently. After a few weeks it should go fairly easily I think. They kindly offered to read German with me of an evening, which should help a lot. Mr. Allen is going to let me have a German grammar and a book on conversational phrases that should help. I have a dictionary. What one does not know when starting to talk a foreign language is overwhelming. It is twenty five years since my German course in college, and that while taking me to the brink of reading, included no conversation.

3/26/35

There were race riots in the Harlem last week from which 3 people died and many had injuries. some rioting was within a few blocks of where I am staying. It occurred in the day time, and I saw nothing of it nor noticed any evidences remaining

N.Y. Times
Sun. March
24 '35

I am staying
about here
on this map
a pp it.



135
March 24

March 24 - This week and I am staying in New York - to save the difference between carfare and living costs. I am amazed at the cheapness of living in New York. My room at the Blinck is only \$3.50 per week: there is no style, but everything is clean and comfortable and roomy enough. They give me breakfasts, while we talk in German, and solid breakfasts for 25¢ per diem that I am here. Lunch and supper I eat at restaurants wherever I am.

Theoretically I allow myself 30¢ per lunch and 25¢ per supper, practically this is the spot in the budget where money can be saved.

Frequently I find a bowl of soup or chowder covers for lunch for 10 or 15 cents and sometimes beat the game at supper also.

New York has countless cafeterias where the food is good and is also inexpensive. Even at that living away from home is expensive and if I go home week ends (3.65 roundtrip)

I find it hard to keep within \$13.00 a week. This is apt to include some outlay other than the bare current needs of the day - a shirt or sock etc, but the pocket book gets empty by the end of the week.

Yesterday, in pursuit of more and better German, I went



March 22, 1935. I have been working for the Security and Exchange Commission for six weeks, all of them devoted to studying protective committees - as the rest of the year seems likely to be likewise spent. At first there was trouble in having clear authorization for the commission for what we wanted to do. I was from the start assigned to work on foreign situations, and we made preliminary inquiry into several Colombian, Cuban and Brazilian. It was evident that soon we would be forced to include in our study the Foreign Bondholders Protective Council. This

This organization was set up under the promptings of those shocked by the revolutions about foreign bonds in the Pecora hearings, and it enjoyed the government's blessing. It was named unofficially from the White House: its members may have been picked by Sullivan and Cromwell: it cooperated with the State Department, unofficially, and, financed by N.Y. banks and underwriting houses, it seemed friendly to them.

Some of its activities had caused criticism, well founded or not, and we would have had to go into its affairs. Its head is J. Reuben Clark - the chief Elder in the Mormon Church a man with wide business interests and much political influence. We would have stepped on his toes probably - and, in that the appointment came from the White House and there had been cooperation with the State Dept, any criticism we might make would come close to home. Perhaps because of this and perhaps because Raymond Stevens, who headed the F.B.P.C. for a few months is a close friend of Landis, the most active of the S.E.C. commissioners, our authorization never came through, or has not to date, and we laid off, perforce, the Foreign Bondholders Protective Council.

It was then thought that Krueger + Toll would be a proper object for study, Krueger's suicide, the subsequent revolutions of hand of monumental proportions, and the widespread interest in the situation made it a natural choice.

Richard Aronworth and I made some preliminary surveys of the Krueger + Tock - International Match situation, but again authorization was lacking and we postponed further research into Frank Krueger's debris.

We were assigned to an investigation into the Strauss protective committee practice. The S.W. Strauss people had sold real estate mortgages for years - "46 years without loss to an investor" - was their slogan. They had been a conspicuous casualty of the depression, and had gone down spreading ruin far and wide. Their system was

to place a mortgage on a piece of property and against it, sell bonds in \$500 or \$1,000 units, by high pressure sales methods, very shrewdly conceived. By a persistent and elaborate campaign with printed material, they gained the complete confidence of their clientele - then the actual selling was fairly simple. A considerable monthly magazine dwelt on the virtues of the Strauss organ-

ization, methods and record. They had placed \$345,000,000 of mortgages that had paid interest and principal at maturity without loss and it was a record that was something to talk about.

~~They~~ We had the cooperation of the receiver who now handles the mortgage, and through him access to files etc. There was a list of a dozen properties that the Straus people had reorganized and sent part again before their own collapse. I took one of these to study.

It happened to be an apartment house in Brookline Mass - Allton Court. We felt that by following through their method on several of these we would have a good picture of their system.

Allton Court was built in 1924: the work sheets used in figuring the mortgage that Straus would place, were all saved carefully, initialed and identified by reference in correspondence. It is rather strange that such things should be saved, seeing as they do with most reprehensible practices.

These sheets and the correspondence saved with them show how an organization goes down in not so many years. This management was the third generation, though the ~~sheed~~ was the son of the founder and it still was somewhat active; how active was hard to say. The grandfather had built up, slowly at first then faster, selling only mortgages as units. His son had the idea of selling participations as real estate bonds under a plan that called for ^{partial} capital repayment serially for some ten years. Appraisals were probably conservative at first, and mortgages participations may well have been sound investments, certainly things went well. It was of course a period of rising prices in general and of great urban growth. When the shock came there was weakness enough; it was a vivid illustration of the business practices of the twenties in real estate.

In the case of Alton Court the land had cost \$30,000; it was marked up to \$50,000 on the appraisal sheets. The apartment house seems to have ~~cost~~ ^{been considered worth} \$294,000; there

were several estimates around there. it was not quite complete at the time. The circular describing the apartment said at conservative appraisal \$422,000, so that he \$300,000 mortgage was well secured etc, etc.

The apartment was a source of worry from the start; the builder who contracted to finish it settled with his creditors at 10¢ on the dollar. The owner lost his equity, turning it over to the second mortgage holder before long. It was sold twice at this stage, then the man who held it three years or so, having lost \$90,000 in it turned it over to the Straus people (~~agents~~) representing the bond holders. That in October^{'31} they waited until Dec 22nd, then told the bond holders it was unable to meet Jan 1 interest and announced a protective committee of Straus men, promising their cooperation.

The default agreement put all in Straus hands, even involving a voting trust to tie the property to Straus control for the future. They had their own lawyers of course, also their own insurance agency, lest no

permanence be lost, their own management company too. They had ^{also} formerly had their own trust company for trustees etc. (later merged).

The terms of reorganization seemed to me a ghastly betrayal of the bondholders, - and protective committee members are supposed to be near trustees.

In discussing the price at which the apartment should be bid in, - the price determining the amount the non assenting bondholders would get for their bonds, hence in Strauss interests would be kept low -

their lawyer spoke of a cash offer of \$135,000, that could likely be improved to \$150,000. This would have meant around 50¢ on the dollar for all had the offer been taken. [There were then ~~\$237,000~~ \$237,000 of bonds still outstanding, the balance having been retired under the partial payments.] Instead, a \$35,000 savings bank ~~1st mortgage~~ mortgage was put on the property - spoiling its capital position, and the bondholders received income bonds on which

the Strauss lawyer thought the building could not earn 3% before depreciation. In fact in six months it was earning 2% before deprec.

I looked up the bond in a
manual of quotations: - 17,
and they could have had 50 in
cash - and this in 1932 when
everything looked sunk.
It naves or fools, which?

About the time I finished ~~Bulter~~
Court the resolutions covering
Kreuger + Toll ~~was~~ came through
and I left real estate committee
with only a glimpse at an
apartment in Newark where
the tenants ^{upstairs} complained because
the tar from the roof dripped
through.

Kreuger and Toll is a tremendous
job. I've been at it about
three weeks. This has its
troubles as the committee
in question have as counsel
some of the best law firms in
New York, and they do not
cheerfully but we have their
files. ^{the way} We have had heavy exchanges
with Samuel Untermyer - in the
distance - and with Sullivan
and Cromwell. We (Richard
Mooney and I) spent much time
in G. M. P. Murphy's office - tea is
served at 4:00 - and now I'm
in Sullivan + Cromwell's office.
They have palatial quarters -
spreading over four floors at

48 Wall St. We are given the private office of one of the junior partners, and brought quantities of correspondence.

It is an absorbing story to go through, and we constantly have to tear ourselves from the story of the settling of the Kreyger difficulties and keep our time on the work of the protective committee. Kreyger was a most astounding scoundrel, and about the smoothest crook ever. He wrote up false accounts, had a maze of companies (in the hundreds) all of which he treated as his personal property, had property on the books of two companies at once. He had done all this not to cover up a bad business, but to make a good business look better than it was. The debris involved many nations, particularly Sweden vs the rest: assets were in Sweden, debts were abroad. There were so many inter company claims that had it been settled by suit and countersuit, nothing would have been left. Sullivan + Cromwell, who really bore the brunt of the work - much has been done - have been very diplomatic and have tried

to avoid suits between constituent companies - so far successfully. First they had Price, Waterhouse & Co. investigate and from their reports a 3 1/2 pt file of accountants reports, - all hands work, ^{plus these} they form the factual basis. There are Swedish liquidators and Am. Trustees in bankruptcy, American and protective committees and committees in half a dozen countries in Europe. Finally Narwan Davis headed a diplomatic steering committee of himself, an Englishman, and a Swede; they have guided most difficult negotiations through arch of international suspicion, and distrust and selfishness, private greed and individual impatience, and seem to have things in a fair way to a solution that will save for the holders of the secured debentures ^{of N.V.} substantial amounts: the International Match debenture holders will also recover something. It is a most interesting experience to see how these chapters have unraveled and to see them from the original documents, confidential cables between law partners etc. ~~There~~, the protective committee

aspect is almost as interesting that is still another story and not for tonight.

My living has been satisfactory. I am a couple of blocks from Grant's Tomb, just back of the Hudson on 124th St, and the German conversation I hoped for is working out, breakfast by breakfast. I don't get or say too much, but there is I think, improvement. I read German on the subway train coming home. It has been out of a book from college days; soon I must get the Staatszeitung.

3/27/35 The protective committees in Krueger & Toll present a picture as distinctive ~~and~~ as the company. When it became apparent that Krueger's companies were insolvent Lee Higginson who had headed the syndicates that sold the securities in the U.S. seem to have taken the lead in forming protective committees (Apr. 5, 1932) there was evidence then of fraud by Krueger, but the full extent of the fraud was unheeded and the fact that Lee Higginson would

be held liable for negligence, and the target for damage suits and rescission claims was not thought about.

Separate committees were formed for two classes of securities each of K. Reuger and T. Oll and its operating subsidiary International Watch, composed of a Lee Higginson partner, representatives of the banks and firms that helped sell the securities, and one or two more men. The K. Reuger committee, that I am studying, was composed of

Chair.	G. M. P. Murphy	G. M. P. Murphy &
	Jerome Green	Lee Higginson
	J. A. Swan	Guaranty Trust
	Russell	Nat City Bank
	Ray Morris	Brown Brothers
	F. C. Lussaine	Boston

Counsel John Foster Diller Sullivan, Cromwell
Soon another committee appeared

Chair.	Bainbridge Colby	Farmers Sec of State
	William J. Dibley	Harvard
	Thomas H. Healy	Georgetown
	Patterson	Penn.
	Lindsay Roberts	Columbia
	Max Winkler	N. Y. U.

Counsel Sam Untermyer

deposit agreement printed, and did not advertise as widely as go after deposits anywhere nearly as aggressively as the bankers committee. The banker crowd knew the ropes and was ready: it was the kind of a job they were used to, and they had on the whole nice cooperation from banks and dealers the country over, who may have shivered a bit at the thought of damage suits.

However if Untermeyer could did not make much progress in getting deposits, he did a lot of obstructing delays in the legal steps the latter had to take. To the bankers, Untermeyer had a typical strike position and could hold them up for terms. They made terms and signed a treaty of peace in late July, agreeing to cooperate thereafter. The terms I have no knowledge of, the conditions surrounding their cooperation are simple and uninteresting enough. There are rumors as to terms.

Untermeyer incidentally, after all his eloquence about the public, was most reluctant

After the peace treaty between Untermyer and Dulles, the business of protecting the property went ahead with Dulles and his firm doing all the work. Untermyer has been consulted occasionally, rarely had anything constructive as far as the international negotiations and the protection of the property was concerned. He has raised Cain over the banker committee wholly unjustly on several occasions, and he has done a real service by so doing. The bond holders will get more than they otherwise would thanks to his intervention. He is thought to be due for solid compensation, and has not done much actual work in getting there.

The situation about reunion suits is interesting.

Greenbaum (the architect in bankruptcy) says 70% of the present holders seem to have bought after the original offering, mostly at rather low prices.

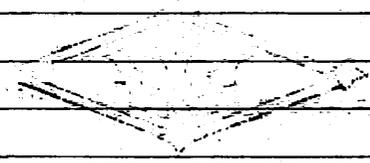
Untermyer claims the banker committee default agreement destroys the right for reunion (E.C. say not) that can have 60% of the original issue.

The independent committee

9
has \$977,000 ^{par value} deposits of which
they think \$900,000 have no
reunion rights. On this basis
it seems likely that not more
than \$250,000 give their present
holders rights in reunion, and
they ^{would} have to face a court fight.
This threat seems to have been
largely overrated, but it saved
Cain just the same, and put
Untermyer in a strong strategic
position when he wanted to
bargain.



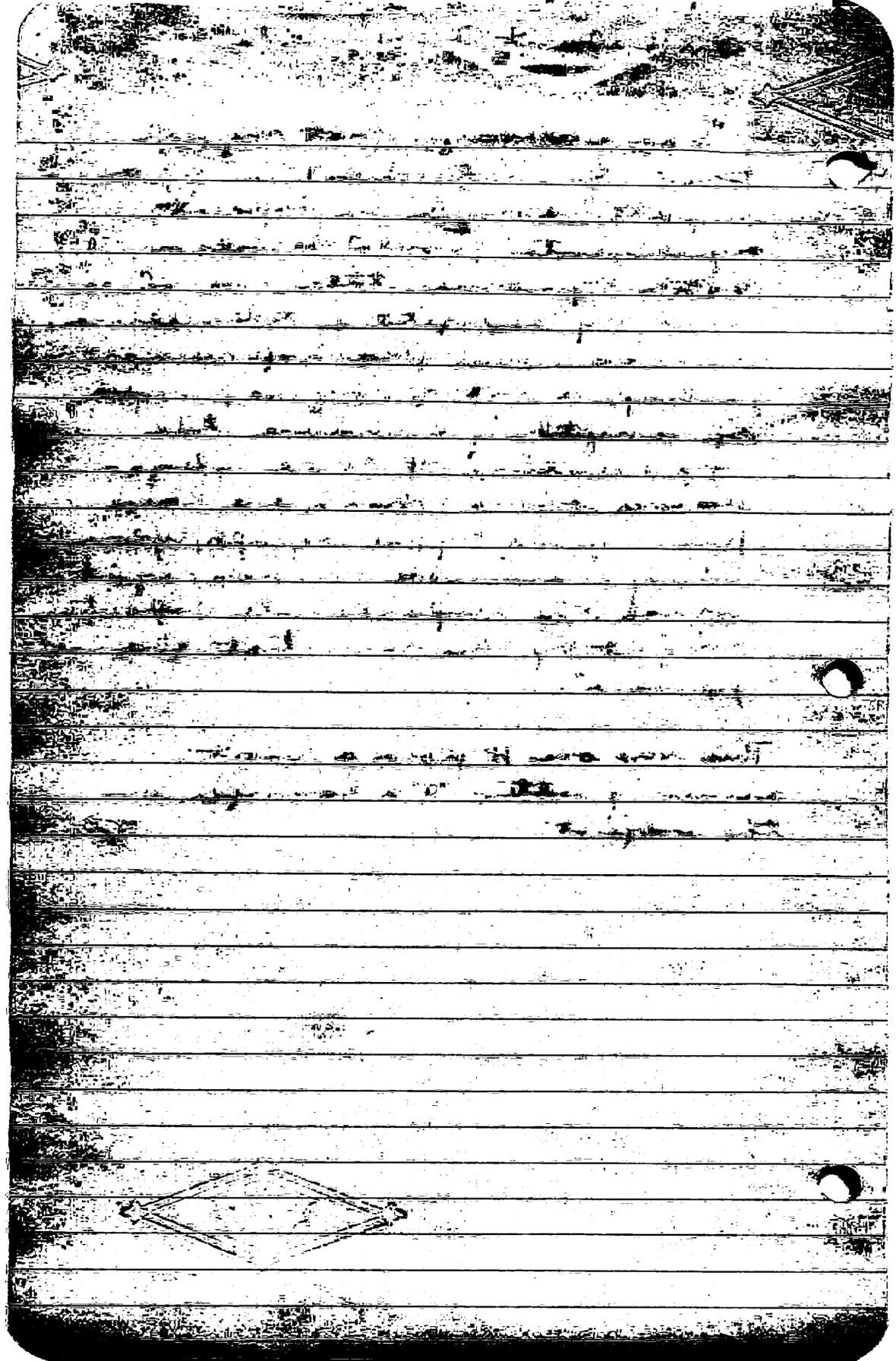
1900



On Deposit Agreements

..... "I have always felt myself that the introduction of a ligature though in deposit agreements would be welcomed, both by committee members and by depositors themselves. An occasional splash of humor - perhaps a bit of rhyme, would if anything enhance the appreciation of those elegances slow which are laid paragraph by paragraph, upon every conceivable human right which the unfortunate depositor might by the remotest chance possess."

This was one # from a most amusing letter to a lawyer on the subject - →



(Copy)

July 26th, 1932.

Garrard Winston, Esq.,
Messrs. Shearman & Sterling,
55 Wall Street,
New York City.

Dear Garrard:

I have made a comprehensive study of the draft of the proposed deposit agreement for the Peruvian Loan Bonds. I note that you wish me to let you know what changes I think should be made in it. Had I not been absent from New York, I should have relieved your breathless suspense in this respect several days ago.

In the main, I think that the principles stated in the agreement are effective and agreeable, but neither winning nor entertaining. The English might be improved in a variety of instances, but in a certain rather rugged way, I should say that the document as drawn probably expresses about what you had in mind when you wrote it. This only you can know.

I have always felt myself that the introduction of a lighter touch in deposit agreements would be welcomed, both by committee members and by depositors themselves. An occasional flash of humor -- perhaps a bit of rhyme -- would, if anything, enhance the appreciation of those sledge hammer blows which are laid, paragraph by paragraph, upon every conceivable human right which the unfortunate depositor might by the remotest chance possess.

There is invariably a lack of nuance in deposit agreements. People with a delicate sense of values find little or no pleasure in reading them. A man of your temperament and accomplishments might very easily establish an immortal precedent by making the deposit agreement a popular form of literature among the general reading public. The word would go about the clubs and market places -- "Winston has done it again. His new P. & L. R. 6% Secured Debenture Deposit Agreement is fairly bubbling with wit and throbbing with pathos. Where will the man stop? He has surpassed himself."

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People would buy defaulted bonds simply to get first editions of your work. Instead of grinding their teeth and starting rescission suits, contented security holders would sit in cheerful groups about the fire at night, delighting in your latest work. Think of what the effect would be if you could get all the Kreuger & Toll and International Match security holders laughing together?

I am not suggesting that you carry out my thought in this particular case, but you might consider it. After all, Peru is a romantic country, full of mountains, lovely women, Indians and orchids, and it seems a shame that a deposit agreement dealing with it should have no more color or dream atmosphere than one designed to draw down into a common vortex the bondholders of a defunct street railway company in the middle west.

I return the agreement. Its sanctity has been regarded -- no one has read it but myself.

Always yours,

(SGD)

GRAYSON.

(G.M.P.MURPHY)

Apr 8 '35. A Monday: by Monday night I am generally an utter wreck: over the weekend if home I get much exercise either walking the hills, and gardening, I find there are more muscles in distaste than a couple of people ought to have.

This weekend we had a dinner at the Withingtons, otherwise rather quiet; the weather is very raw with traces of snow left on the ground, tonight it is hailing and uncomfortable out of doors - It was no time for sunbathing, but all right for more active work with a sweater or two to help out. The Columbine are coming up nicely, but the winter carnations are heavy ones. Ned has faked the whole garden, and we ought to raise a lot of vegetables, and it all helps.

Charlotte has been feeling very badly, spent most of one day in bed.

C.C.

Apr. 11, '35. Monday a sheet went around the office interesting us all to have political endorsement in the shape of a letter from a representative or better from a senator. The S.E.C. has hitherto been free of this and has worked far harder than most government agencies.

Douglas was chairman of a committee that backed Maloney last fall: as I did not vote for him I put it up to Douglas through Clark to get me endorsement; the word comes back, not very well unless you voted for him. I did vote for Hoover two years before, so suppose I had better write and ask for his endorsement, much as I hate to. It is not too easy a proposition either to get his support, I being enrolled as a Republican, have small claim on him, and no way to show him that I did happen to vote for him. I'd ~~rather~~ feel better to disregard the notice, do my job, and take my chances, and perhaps that's what will happen.

It's likely to mean I'll not get any other assignment when this protest committee study is over I suppose, which isn't so nice to think about, but at least this is a very interesting and instructive one.

Apr. 12, '35. Douglas down today on his way to Washington where they will work up the Hoe case for a hearing, or rather hold the hearing as the case is well worked up already. I have not been in on that, but think there has been more accounting than law in it.

Sam Clark has been so busy over it that he has never had time to go into my Krueger + Toll work much. I have talked it over with him a little and with Douglas a little. By myself without knowing whether or not it was the best procedure I drew out a page outline of the case, then expanded that into a 32 page topical outline of the Krueger incident with emphasis on the aspects that particularly interest us. Then I tried to carry through the interests of the principal figures in this case John Foster Dulles and Samuel Untermyer and the interests of the committee members and the bondholders, and tried to figure out what each contributed and what they got out of it. Finally I drew off as I'd done off on so many times before, the salient points in the case there were I think seven with the most vital supporting or resulting facts, not much more than a single sheet. Douglas

had had a heavy day and exhausted, and it was 6:30 then. We went to Grand Central got his bag and went on to the Columbia Club on 43rd St. near Stern Bldg. where we had a most excellent dinner and talked over the case at length. He thought each of the points interesting and worth developing. He hopes to get at it with me to finally put it in shape for a hearing a week from next Wednesday. Before then I should see and size up possible witnesses and draw up as well as I can a plan of presentation working in evidence in the form of witness testimony supported by exhibits.

What an interesting three weeks ahead; I hope they let me in on the hearing and then I might feel uncomfortable at seeing some of these men's discomforture, should it develop then, that I might prefer not to be there.

I did not speak to Douglas about a political endorsement.

After Krueger and Toll he said I could tackle Paramount. I said I would like to first, then he said I could. I wanted to partly because it ought to be quite a valuable case for class material if ever I am in a position to use such, and ought to be interesting and

instructive anyway.

Douglas thought there was no reason why I should not write up Krueger & Toll after the case was a matter of public record as it became with the hearing. I would have to clear it with the Commission which should be easy. He thought it should be done, said I could get \$500.00 for it from someone whose name I did not get. I'd like to do it trying to make it interesting for the ordinary reader interested in the episode and to also make it useful to the student of corporation finance. It would mean I think bringing out some of the business aspects and some of the protective committee aspects. These all should have a good deal of interest as it is such an extraordinary case. I hope this works out.

In a way it is quite a chance for me, as I happen to have a very particular knowledge of one of the most interesting episodes in recent times - perhaps one should say of its sort. From this chance special information I might get a shot at writing which might lead quite a ways, if only I can develop it.

And to think that several

people in the Commission looked over
Kreuger and thought it very im-
promising - I was sceptical at the
start in some respects, though I
knew we would find some things
significant to our study and that
it would have lots of general
interest.

Apr 17. Spent the night at the Blackwells:
had not seen them since Charlotte was
there with me a night coming back
from Windsor a month ago.

They were very cordial, and we
had much conversation.

represented by 1,975 of the 1,972
division of the Emergency Relief
reau between April and December,
1934. Oswald W. Knauth, the new
relief director, declared yesterday.

In making public figures con-
tained in a report submitted to him
by Colonel William J. Wilgus, di-
rector of the works division, Mrs.
Knauth said that the report "comes
as an agreeable surprise."

"As described to me," he added,
"the magnitude, character and scope
of the projects carried to comple-
tion in all five boroughs, despite
severe handicaps, arouses my deep
respect and appreciation. It must
arouse the respect and appreciation
of every one who knows the facts."

Indicates Scope of Relief.

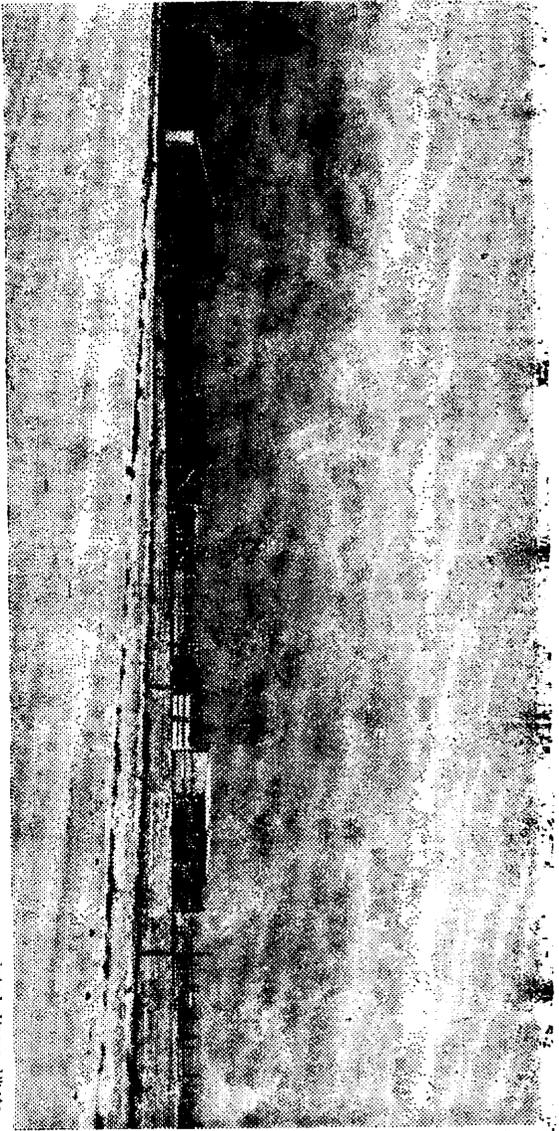
"I believe the public does not al-
together realize the immensity of
the relief job in New York City.
Indeed, I am astonished myself
when I am shown figures showing
that the number of persons now de-
pendent upon relief in New York is
greater than the entire population
of such cities as Hamburg, Peking,
Rio de Janeiro, Rome, Madrid, Co-
penhagen, Naples or Mexico City.
Only four American cities, includ-
ing New York City itself, have pop-
ulations exceeding in each instance
the number of people dependent
upon relief in New York."

This from the Times for Apr 16 is a graphic
account of the extent of relief. Our economy
is badly out of joint, with its cure not
pointed out. Employment is probably better
than in the last two years, but
as more savings are exhausted, and
more people become willing to accept
help, or are glad to find jobs made to
give employment, the load on the
country still grows.



Eine Farm in Oklahoma nach dem Sandstürme

N.Y. Staats-Zeitung und Herald den 16 April 1935



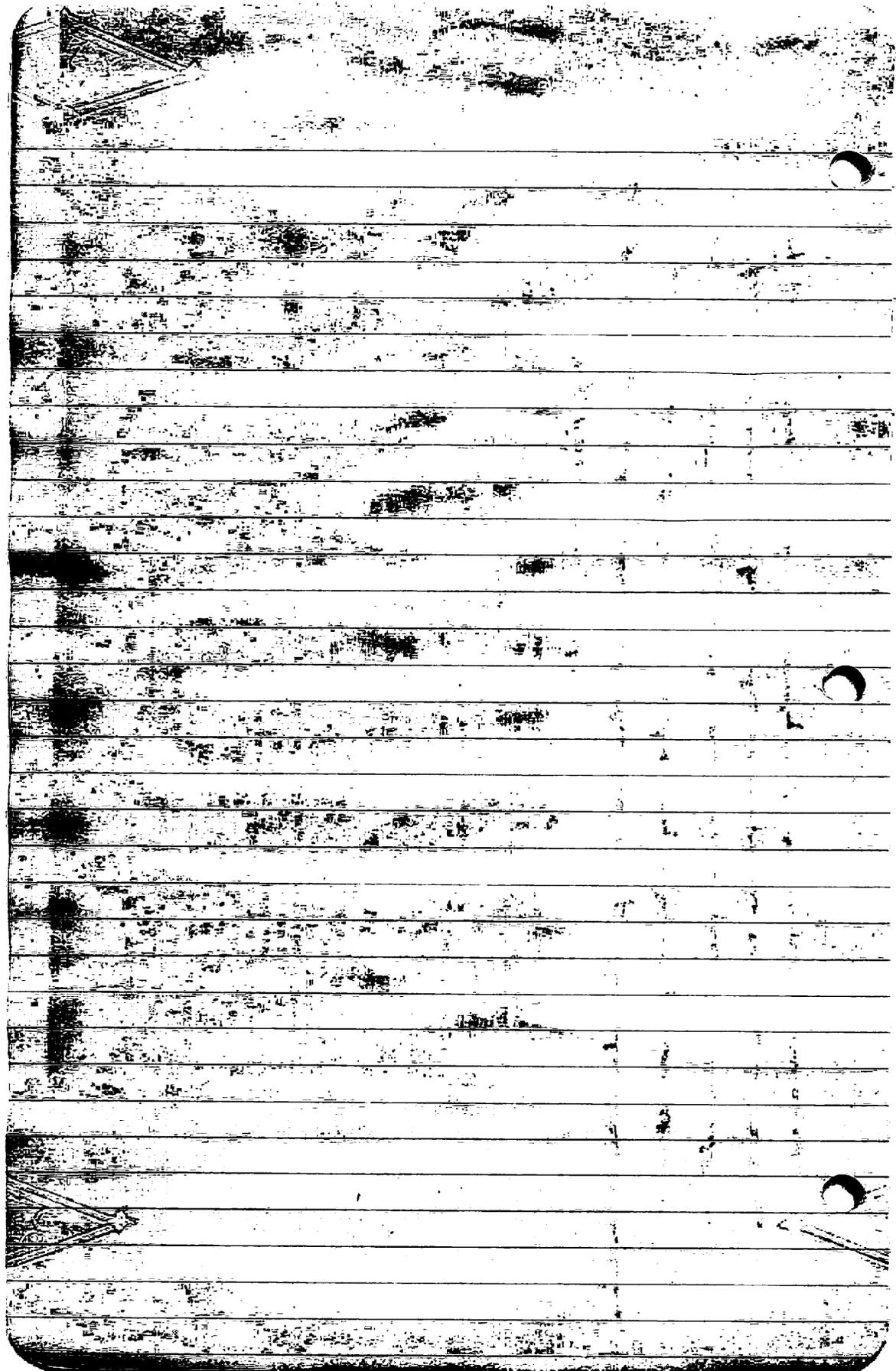
Associated Press Photo.

A MOUNTAIN OF DUST SWEEPS ACROSS OKLAHOMA PANHANDLE.

Great cloud which turned night into day and choked human beings and beasts.

N. Y. Times April 17, 1935

Last storm not year and this on eve of the epidemic of influenza.
No drought and dust storm. A cold day after day brought last
year the worst ever. In 30 years I've seen the only dust so
far from west and south. While you speak in crops and even
my mind their souls remain and permanently damaged.



after Easter I must write

Rev. G. P. Sargent

St. Bartholomew's Church

and tell him what a moving service
the Polen Sunday service was
and ask him for the quotation and
who said it "an old mystic" re
love suffering and kenosis with
Jesus
reference of a book by Marton?

Daily National Intelligencer Wash. D.C.

Jan 23 1836

Ad Transportation of Packages on the
Washington Branch R.R.

President + Directors of the B & O R.R.
having made arrangements ^{to effect} for the trans-
portation of packages between the depots
in Baltimore + Washington, such goods will
etc.

I instructions for careful packing
and disclaimer of responsibility.



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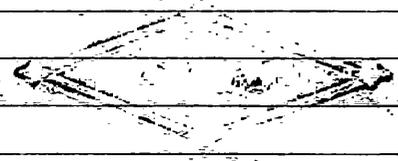
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Apr. 18.

EC

I should be outlining the book I'd like to write about Krueger - I think it should be written with the business man interested in affairs of the day and with the student in mind, and in writing it try to have it with an appeal to both - the same things would probably interest both.

It might be well to give some space to his life as it seemed: the development of his business ~~and~~ his both in its manufacturing and match selling aspects, and in its financing aspects with a glance at Krueger as a European new era financier.

To do this and it would probably be worth doing anyway one should make a chronological chart of his business life. This could be quite simple -

Openans article and the liquidators reports as a starter, then Moody's manuals through the years past. (I should begin this evening at once) with articles from the Com. & Fin. Chronicle as bond circulars as quoted in the Chronicle etc. - The material for that part on the factual side of it should be a routine matter.

The fraud could come considerably from the liquidators report with miscellaneous contributions from other sources.

The unravelling of the mess would be more difficult, partly because

It isn't finished yet, partly because it ~~isn't~~ has come to me confidentially and I would have to be careful in what I said. After the hearing we plan on what comes out there will be public record - some is public record - from the Senate investigation of the financing - already.

In the reorganization there are two distinct threads.

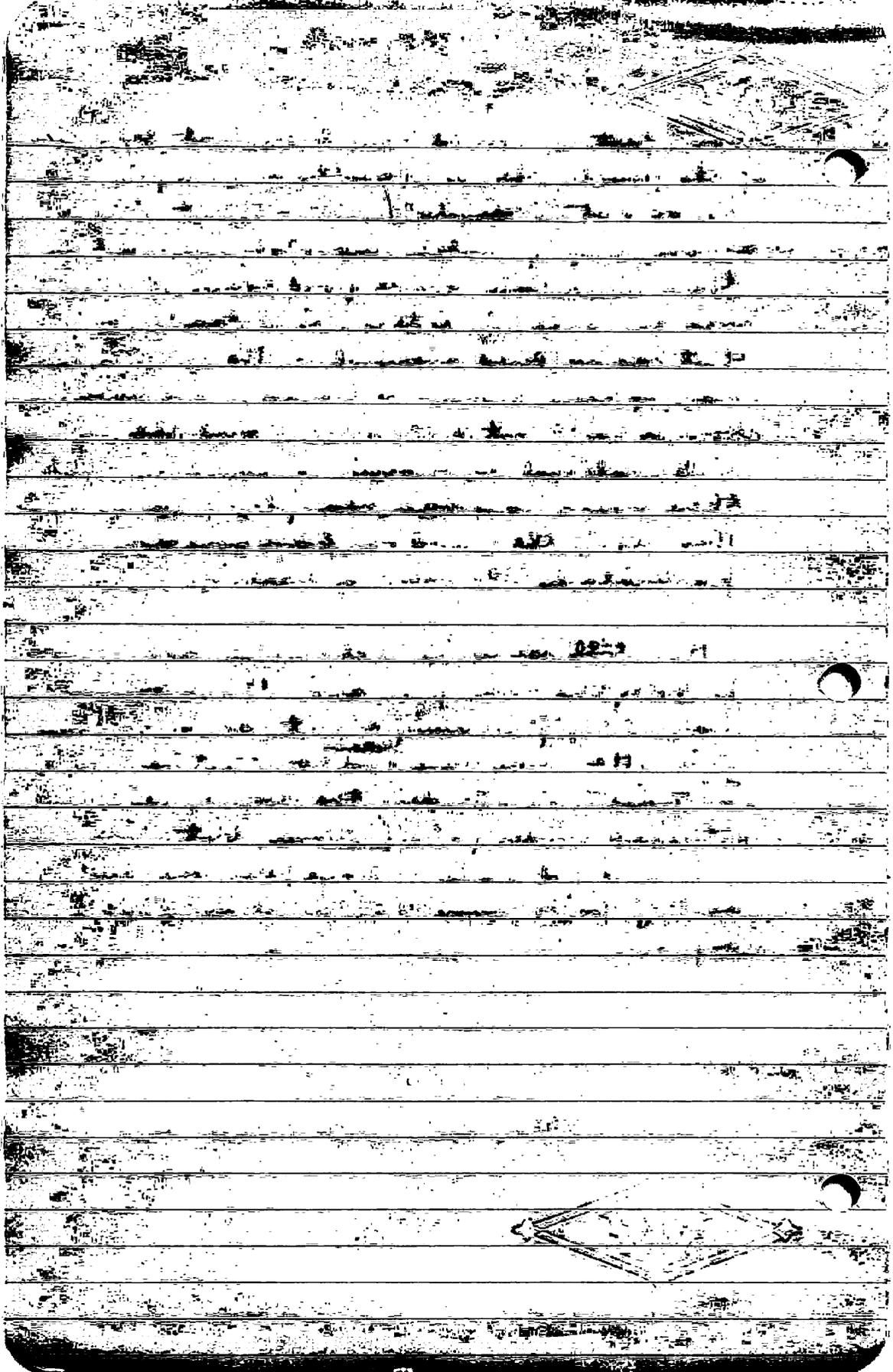
The quarrel between John Foster Dulles ~~for~~ and Samuel Untermyer for control over the reorganization and the legal points that kept lifting their heads and had to be handled; several interesting points in American reorganization procedure ~~(etc)~~ are well illustrated in this reorganization.

Across the water come first the revelation of fraud without example then afterwards one of the most carefully worked out reorganizations that could be found.

In developing the situation several things should be remembered perhaps particularly that all the loss has not resulted solely from K. Reiger's fraud: had he been honest and unable to raise money by such losses there would obviously have been no money lost to him, but also had he raised this money and been honest in his companies affairs, much of the

money put in would have been lost, because of the faulty theory - faulty anyway in view of future developments - that the accompanying match monopoly made loan otherwise weak, ~~was~~ a good loan. He too was embarked in international trade, and that has suffered everywhere. The nations, as many of them to whom he loaned, have since been so badly hit by the slump and the international economic conclusions that there would have been heavy losses anyway. Then stock the world over have gone down particularly the new era dealings.

He still remains a champion and probably the champion swindler, - a calculating, cunning cheat, an outrageous liar. He may have ^{been} had constructive and ^{over} altruistic in spending the money he obtained under false pretences, but still he has helped make old age penniless and destroy faith more than most men of his age.



April 11 '35. Clark and I called on Hullea. Hullea went over the material we had requested, and we reached agreement on the question; finally we had not yielded much that we wanted. We had asked for stuff on the sub-committee headed by Norman Davis partly to put ourselves in a bargaining position and we yielded it. We yielded on other cables and letters, where personal feelings might be whipped up that would endanger the bondholders interests.

In the course of the conversation he decided to put us right on the action of the Marine Midland Trust Co in wishing to accept a bid of 20% for coupons on their Hungarian Rand Reform Bonds. I already thought they were right on it, but was interested in what he had to say about the problem of transferring money and collecting money in a place like Hungary.

Hungary is of course a shell or perhaps a case of its former self since the world war. Since the depression, and particularly the drop in food prices its national economy is badly disrupted. Its land banks - like other land banks are in trouble and not

paying their coupons and all foreign currency payments are in the hands of an exchange controller or someone doing that. Dulles said that there were three ways to go about getting money out of such a country.

1. Straight legal processes: to drive away where there seemed to be any hole in the barrier of moratoria -

By so doing

a. You incur much ill will by local lights in the country & you are likely to find that if you collect any money you can't get it out. In general to prevent you getting any out of the country, they simply have to enforce their existing laws: if a loophole has been left a decree the next day closes it.

2. Bribery: this can be done, obviously it has its dangers. In practice outsiders deal with specialists in it, they are not so likely to practice it directly.

3. Cultivating the good will of men in key places (this process seems a respectable form of bribery)

whatever the rules are, the available foreign exchange is in fact doled out for the most part by a few prominent men to those on good terms with them.

Marrinid in Hungary pursued this policy retaining Viktor Bátor as its counsel - jointly with the Svedskil Match Co which also had Hungarian bonds.

The sale of coupons in April '34 was objected to by Winbler, and in Dec '34 was blocked by Winbler to the embarrassment of Marrinid. S+C feel this was a mistake, and they had with them the Frenchman Eugene Regard who probably knows the European land bank problems as well as anyone.

Scrofs.

In early May '32 from Stockholm "There is a surprising lack of bitterness up here even by those who have lost a great deal of their fortunes. There is only a feeling of sadness.

The Reality Theory: that company bookings were not to be taken as determination of rights, but rather that the transaction would be looked through to the actual fact of what money or value passed from one company to another.

Price Waterhouse re Krenner group.

The history of this group of companies emphasizes anew the truth that enterprises in which complete secrecy on the part of the chief executive officer as to the way in which important parts of the capital are employed is, as is alleged to be, essential to success are fundamentally unsuited for public investment, since such secrecy undermines all ordinary safeguards and affords to the dishonest executive unequalled opportunities for the perpetration and concealment of frauds.

April 24, '35

Recent British ideas on present day problems; as monetary and economic.

Lloyds Bank. April 1935

Lionel Robbins - The Problem of Stabilization

Midland Bank

Feb. March - Agricultural Situation in Great Britain

March April - Gold and the Dollar.

Barclays March Stabilization of Currency

Robbins: British opinion is gradually taking shape in favor of a currency fixed in its relationship to gold; exchange fluctuations producing more harm to a nation interested in international trade, than more than balances any gain from a flexible exchange rate.

British recovery to date has been largely in the home market; it has slowed up and further recovery should be looked for from international trade.

Stabilization would tend to eliminate the dangers associated with extra cheap money. This is due among other things to foreigners keeping money in London for safety; it gives rise to speculative positions that are dangerous.

It should be done, why delay the time.

People say wait (a) until tariffs etc have been reduced and quotas etc removed

(b) until price levels are more in equilibrium.

21
As to price levels it ^{would} ~~may~~ not be unfortunate to reintroduce a definitive Gold Standard and then not be able to stay with it, but sterling could be quite firmly pegged. Uncertainty as to the future of the pound particularly its depreciation puts pressure on the gold bloc: if they go off it might well lead to another period of competitive depreciation that would further cripple international trade.

Robbins would have Britain peg the pound at a point chosen in agreement with France and America. This should be welcomed in both France and America.

This is a ^{modest} simple step, and when taken the position of the Exchange Equalization Fund should be defended as the gold reserve is defended by changing the discount rate.

Agricultural Marketing. The experiments reviewed covered Hops, Milk, Pigs & Bacon, Potatoes, Eggs & Poultry.

By restricting imports the control board has been able to make its price regulations effective, otherwise no undue consumption would lead to oversupply and following price cutting, or imports would undersell native products. Britain has thus resorted to the very practices in stimulating her agriculture that she so laments in the trade policies of nations as a

whole. It would seem that the reestablishment of free international trade would be at the expense of her forevers.

Midland Bank on the Significance of the Gold Decisions by the U.S. Supreme Court.

- A.
1. The writing up of the debt would have entailed bankruptcies etc on an unprecedented scale and indefinitely delayed the possibility of orderly recovery in the U.S.
 2. They have established the right of Congress to of all sovereign powers, to vary the gold content of the currency.

B.

The abrogation of the gold clause brings nearer the achievement of essential justice between borrower and lender by the maintenance of a steady purchasing power in the monetary unit.

A "commodity clause", as in the Dawes Plan of 1924 may replace the gold clauses and form a firmer basis for internal and also international obligations.

It might be said that McKenna comes in for a bit of criticism, in conservative quarters, in the U.S. at least, for his currency theory.

Bardley's Bank Stabilization of Currencies

In spite of the improvement of the last two years, it is apparent that a return to normal conditions is dependent on a revival of world trade. Exchange instability is one formidable obstacle to that, but the question of eliminating it by an international money standard raises many questions.

Opinion is moving steadily toward a system based on gold.

Before 1914 the gold standard secured international equilibrium of prices, and made the equilibrium of the balance of payments in real terms possible.

To effect this certain principles must be followed:

If current payments are settled in gold the nation receiving the gold should allow it to exert its normal influence on the credit structure.

The unwillingness of the U.S. to take payments in goods, hence the receipt of much gold and its sterilization, and measures taken in other countries to offset the loss meant that the usual adjustments were uncorrected.

Finance Gold Delegation of the Financial Committee of League of Nations in 1932 point out four requirements for a successful revival of the system:

1. Restoration of a reasonable freedom in international trade
2. Willingness of Central Banks to allow gold movements to have their effect on the credit position
3. Satisfactory solution of the Reparations and War debt problem
4. Restoration in each country of economic equilibrium, including
 - a. balancing of budgets
 - b. adjustment of costs of production and costs of living to suit financial position.

No settlement has yet been made of War debts, but they are not likely to again menace World economic stability.

Trade policy is still a sore spot. U.S. imports in 1934 show that the same factors that disrupted the world economic system are still operating and a return on a rigid basis might be very dangerous. The U.S. is demanding the world of gold, also the U.S. may devalue further.

In the gold bloc internal prices are still out of alignment with the external value of their currencies, and their trade policies are not in alignment with the working of a full gold standard system.

The U. K. craves ultimacy to return to an international gold standard.

These conditions under which it can do so as stated by the Chancellor of the Exchequer are

1. a rise in commodity prices that would bring prices and costs in equilibrium
2. a removal or lowering of barriers and obstacles to international trade.
3. a final settlement of war debts.
4. the finding of some means of avoiding fluctuations in the purchasing power of gold arising from monetary causes.

Apr 24, '35. We wonder as to the effects of national monetary policy on the activity of industry. The way I think of it the less I think one can turn to statistics and draw any very direct conclusions.

In the U.S. we had in the twenties a tremendous boom, we rebuilt our cities, increased our debts, and now have much stagnation, while we wish we were readjusting our business life to - what? we don't even know that. Government policy has probably hindered the readjustment of agriculture - helped by the drought - and what the N. A. A. has done to industry isn't at all clear as yet.

In England the twenties were a period of depression and unemployment. witness Siegfried's "England's Crisis". Now she has been moving to protection, which has developed new industries and in comparison with the twenties Britain is doing better than the U.S., is that a fair comparison?

France still on gold has her troubles as have we all; she seems to show less recovery than we do, but did not sink as low.

Germany and Italy are under regimes where it is hard to evaluate conditions, in Germany certainly the nominal gold quotations do not apply in any real sense -

The League of Nations Monthly Bulletin of Statistics gives many

figures: it seems to me the Cleveland Trust Co's popular bulletin drew very misleading conclusions presented in chart form from them; here are some original figures from the March 1935 bulletin.

Indices of Wholesale Prices

	Base 1928 = 100						
	U.S.	U.S.	U.S.	Belgium	France	Netherlands	Germany
	VI	VI	VI				
1929	99.2	98.6	97.5	101.	91.2	95.2	
1930	89.8	89.3	85.2	88.3	85.9	78.4	
1931	74.8	75.5	74.3	74.3	77.8	64.7	
1932	69.2	67.0	72.4	63.1	66.2	52.1	
1933	69.6	58.3	71.9	59.4	61.7	49.1	
1934	74.3	77.6	74.2	56.1	58.3	50.9	
1934-III	74.7	76.2	74.0	56.7	61.1	52.1	
VI	74.8	71.1	73.8	56.0	58.8	50.3	
IX	74.7	80.2	75.0	55.8	56.6	50.9	
XII	73.9	79.5	74.4	55.5	53.3	50.9	

Great Britain's figures are those supplied by the Board of Trade: The Economist's figures show an extreme decline to 59.9 and a recovery to 67.0

The figures for industrial production from the league bulletin are as follows.

Indices of Industrial Production

Base 1928 = 100

	Canada	U.S.	Japan	Belgium	France	Germany	U.K.
1926	84.9	97.3		86.6	99.2	88.5	79.1
1927	89.6	95.5	101.2	74.	86.6	90.5	88.0
1928	100.	100.	100.	100	100	100.	100.
1929	106.1	107.2	106.	101.1	109.4	111.4	102.5
1930	41.7	86.5	97.9	89.8	110.2	112.5	93.7
1931	76.7	73.	88.8	82.8	97.6	87.2	81.0
1932	62.8	57.7	88.4	69.9	75.6	103.	63.9
1933	65.2	58.5	93.5	71.7	84.3		70.9
1934	79.5	71.2	104.7		78.0		71.6
1934 I	70.7	70.3		71.8	83.5		76.0
II	76.3	73	104.5	67.4	82.7		74.7
III	78.6	75.7		68.8	81.9		81.0
IV	79.8	70.6		68.1	81.1		77.9
V	84.8	77.5	104.6	67.1	79.5		79.7
VI	80.8	74.8		65.9	78.		70.9
VII	87.2	66.5		66.3	77.2		69.0
VIII	84.7	65.8	100.5	65.7	76.4		67.1
IX	82.8	64		65.8	74.8		62.0
X	81.1	65.8		68.3	74.0		62.7
XI	82.3	66.7	110.0	69.6	74.0		65.2
XII	77.7	77.5		68.3	73.2		72.8

Apr 25 Peggy came down and spent the day with me. It rather takes away any economy of staying down, but I think it probably widens her horizon a good deal and gives her much enjoyment besides. I think Anne is planning on hoping for a similar Sunday.

Peg and I went to the Aquarium and looked the fishes over for some time; then walked up Broadway to Courtland and ate at Childs. The only place we could find open.

Next we ferried over from Courtland to Weehawken which being opposite 42nd St is a bit higher up gave us a good view of the North River locks.

Then we came back to 42nd and took the 6th Ave L. to the Natural History Museum where we stayed a couple of hours. The Bone deep sea exhibits were particularly interesting. After a walk across Central Park we went on a Fifth Ave bus up to 106th St. then back on the subway to my room at 124th where Peg lay down - so we

took a walk in Riverside Park first. After a solid supper that Mrs. Derick provided for us we went down town on the El. getting quite a view of parts of N.Y. from our several El. rides, looked at Broadway for a while with all its lighted signs, then got a seat on the train back. I returned to the room, read a bit

but soon was glad to stretch out
for the night.

Have been thinking of possible
magazine articles one on our
international trade figures gold and
silver imports etc showing the
fallacy of calling a balance that
leads to gold imports favorable,
but showing that they can't
be due to capital movements as
well as trade excess, perhaps use
of capital - this should be meditated.

A second article inspired by the
report of the British Sugar
Inquiry Commission and see how
much of a parallel might be
drawn between conditions in
Britain and America. This could
make quite a sensational article I
think. Before trying it I should
get a Farr Manual. I loaned
mine to Dave Livingstone and
also get the British report. Barclays
Bank might have the latter.

The Economist the London financial
paper seems about the best going -
very downright in its political
comment - and writes about
both politics and economics.

Apr. 30, 35. Douglas, Clark and I went over to Sullivan + Cromwell's office and had an hour and a half talk with Col. Murphy and J. F. Muller. Naturally Douglas did our side of the talking; it was a general discussion of the possible hearing, ~~and~~ what it would cover and its results. It gave them a chance to state their objections, which they did very emphatically. The objections are in short that Untermyer might go on a new rampage and not go along with the reorganization plans, which they now hope will be finished up by the end of the year. They were very unwilling to commit themselves at all definitely about expecting to have ~~the~~ new company on its way by the year end.

Murphy is a genial soul, has had much to do with reorganizations, and more apt to speak frankly than Muller, as so I thought; Muller spoke frankly and very interestingly about some parts of the reorganization. Both men dislike to have their bargain, indefinite as it is, with Untermyer publicized - and

rather naturally. Clark is quite lukewarm to the idea of a hearing fearing we have not a sharply drawn enough case to be conclusive. I am rather afraid that Douglas may finally decide so too, though at present he leans toward a hearing.

I would like to have a hearing, partly because I would like to bring out some of the other aspects of K-T. than the role of strike counsel played by Luterweyer. The inactive trustees and the successor trusteeship. partly because I'd like to have the facts I've dug up part of a public record so that I could later use them in a book on Krausgeroll.

Duller spoke of several things interestingly - a small detail making certificate of deposit with proofs of claim attached negotiable, which lead of course to marketability of the C.D.

~~_____~~

Huller discussed at some length the evolution of the new company: as they first planned it they would put all the assets in one big company and have a big motel business owning concessions, securities. It seemed as if there were so many conflicting claims, interests etc in the wake of Kreniger's fraud that unscrambling would be impracticable, and that to have ~~of~~ ^{as} all ~~the~~ sectors in a big pie were more readily attainable than to have each sector remade into a smaller pie.

To bring this about they went to work cooperatively on the common job of rebuilding the mess into the big pie. To do this they had to work off for each company its interests and settle ownership of the assets that would be put into the pie.

As the motel monopolies were non negotiable and were held by Stat, that company could not be put into bankruptcy without losing these monopolies, so it was decided to keep it alive as the new company.

The settlement of claims and sale of various assets began

to build up substantiated assets for K.T. then new difficulties presented themselves particularly from K.T.'s viewpoint.

- ① They had many assets that they did not want to risk in a matched business. This was heightened by two other facts -
- ② the first that Europe was showing more signs of unrest and they did not care about sending American money over there. The second was probably the most important factor of all.

③ Stab could not be put into bankruptcy, and short of it you could not get rid of Stab's very many and heavy debts. To put the K.T. assets in would be putting money as its equivalent (and there was much fee money) into a ~~new~~ company in a weak position, and as it had mortgages on operating subsidiaries the new money would go in on a rather junior basis.

④ Likewise in the course of settling inter company claims to better delineate their parts in the new company they had ~~removed~~ removed many of the

earlier obstacles to the formation of separate companies.

As a result of these several factors they decided to make a new whole - or several new wholes of each by itself. The Stat people seem to have been the least willing to reach this conclusion.

There had been an earlier situation the Swedes share a law limiting foreign ownership in the controlling stock in Swedish companies to 20%. This meant that the others could not own as much of the new company (when they visualized one big one, as they were entitled to - and they were skeptical of the fairness of the Swedes toward foreigners.

This feeling of doubt as to the fairness of Swedes toward foreigners rose and fell, but generally ~~was~~ receded as time went on. Fair particularly proved himself an able and a fair minded man, opposing Stat and the Scandinavians energetically where he thought fairness demanded it. Their early reports of Fair had made them very dubious about him.

PASSAMAQUODDY

Special to THE NEW YORK TIMES.

WASHINGTON, May 17. — Between 7,000 and 8,000 men will be employed at the peak of work this year on the task of harnessing the moon and the ocean tides through the \$36,284,000 Passamaquoddy (Me.) work-relief project to produce electricity for human use. Major Philip B. Fleming, chief of army engineers in charge of the job, declared today. He said he would leave early next week with his principal assistants, Lieutenant R. B. Ford and Lieutenant Donald Leehy, to get work started within five days.

With the \$10,000,000 allotted yesterday for the first year's work, engineers charged with the task intend to complete construction of vital emptying gates and to start building all six dams and excavating for a power plant.

Major Fleming said that the production of power must await completion of the entire project, which is expected to require several years.

Dexter Cooper, lifelong friend of President Roosevelt and originator of the plan for harnessing the rushing eighteen-foot tides of the Bay of Fundy, will act as consultant engineer on the job, PWA officials said today.

Unit to Be Self-Sustaining

The project as now planned differs in many respects from a larger \$47,000,000 private one proposed to PWA by Mr. Cooper. Under the plan adopted, work will centre in Cobscook Bay, between Eastport and Lubec, Me. The system of dams, locks and power plant projected will constitute a self-sustaining unit.

"Ultimately it is possible to extend the project to include additional works embracing Passamaquoddy Bay, located partly in Maine and partly in New Brunswick, Canada," a statement by the Division of Applications and Information said. "Permission of the Canadian Government will be necessary for this complete development."

The emptying gates must be constructed to exhaust water with great speed in short periods, and they will be the first part of the project to be constructed, Major Fleming revealed.

These gates will be constructed between two small islands lying close together between Eastport and Lubec. Five rock dams, three of which are to be placed in water in excess of 100 feet deep, will flank the gates and, with jutting points of land, form a huge pool to and from which the powerful ocean tides will flow.

Giant Power House to Rise

A cofferdam 70 feet in depth, capable of withstanding a maximum of 20 feet tidal range and ocean storms, will protect the gates and navigation locks.

A power house of first capacity of 166,870 kilovolt amperes will be the last part of the project to be completed. It will be constructed to permit expansion to 366,674 kilovolt amperes. Power will be generated when the tides rush into the pool from the ocean.

A power storage plant consisting of an ample reservoir will have to be constructed about 130 feet above sea level. Excess electrical energy will be used to pump water into this reservoir, thus converting electrical energy into potential hydraulic energy.

During low-tide periods this stored water power would be converted back to electrical energy to provide the source of firm power for the entire installation.

1435

This power plant is almost universally criticized by engineers as being a high cost generating station at a place where there is no considerable market for power.

It does not seem economically defensible according to any possible figuring of profit on investment.

As an experiment it should be interesting if costly; perhaps much of our work relief work show a high percent of return, and this if carried through should save quite a lot of coal - this concerns a natural resource. I am enough of a dreamer so that this does not jar me too much, as long as the profit is not a vital consideration.

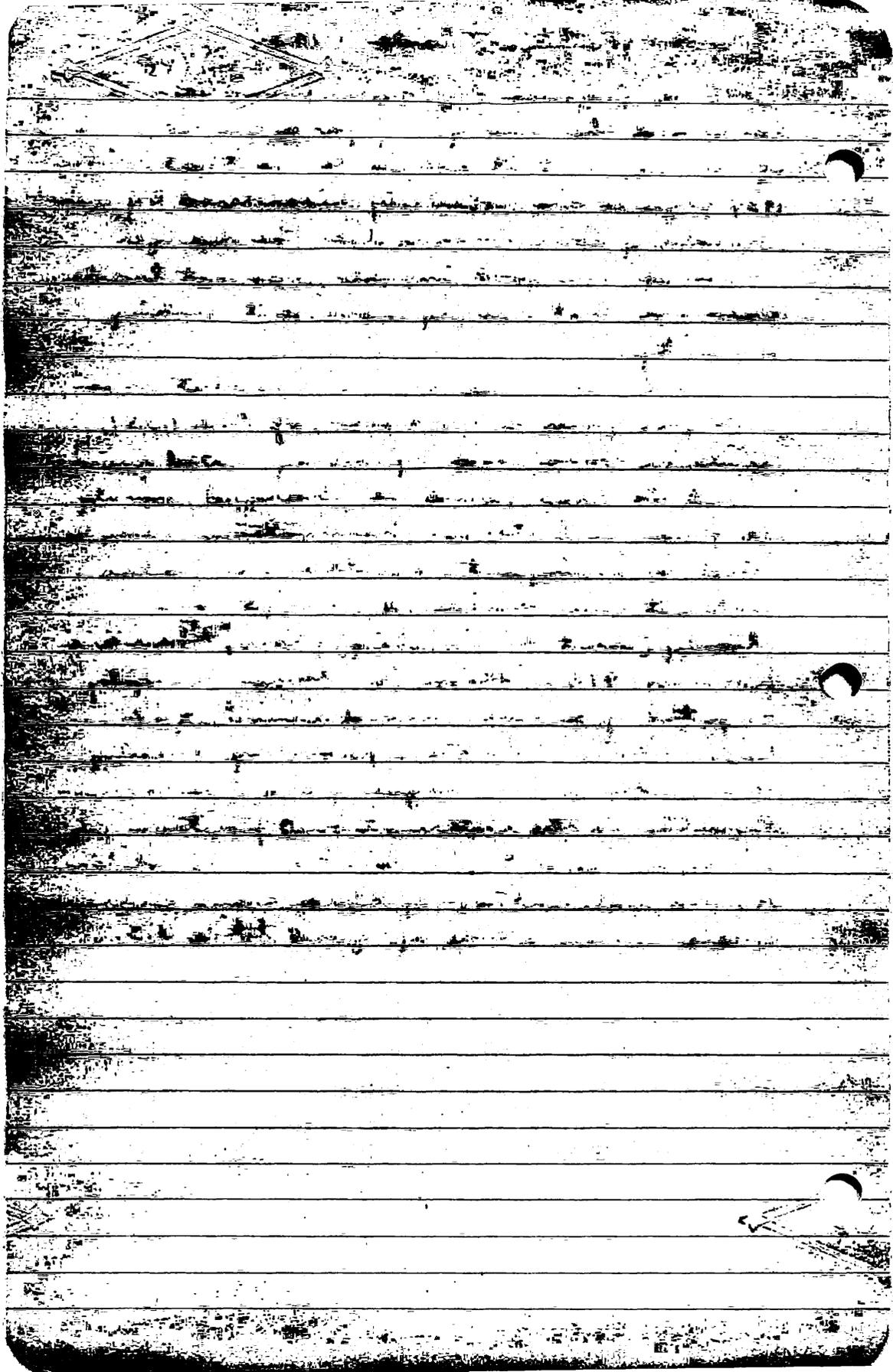
1934 Foreign Trade
 ,000,000

Merchandise		C.	Dr.
Sold	2,133		
Bought	<u>1,655</u>	478,	
Service Items			
Received	58		
Paid	<u>95</u>		37
Misc trade + services			
Received	206		
Paid	<u>179</u>	27	
Immigrant remittances			124
Foreign tourists spent here			94
Our tourists spent there			<u>322</u>
Bal due before finance items			116,
Cap movements + money			}
Int. + Div. received			
" " paid			<u>125</u>
			265
Stocks + bonds sold by us			990
" " bought			<u>880</u>
			105
Misc inflow of funds			116
Inflow short term funds			200
Residual largely unestimated capital items			<u>549</u>
Balance before shipment of gold silver or currency			1,351,
Against this			
Gold exports			53,
" imports			<u>1,187,</u>
			1,134
" rebase account			83,
			<u>1,217</u>
Silver export			17,
" import			103,
			8
Paper currency			86
			<u>48</u>
			<u>1,351</u>

Foreign Trade 1934

These figures for merchandise are balanced the wrong way for a creditor nation of course, but it seems to me that either 1934 figures are hopelessly disordered by our monetary convulsion or else the larger cause of our gold imports was not trade balance but money movement seeking security.

Our trade and service account was not far from a balance, of the 1,351, million balanced by money metal movement etc 1,235 could be charged mainly to financial items. - Reservations may be had re immigrant remittances, also interest and dividend receipt is a steady (but diminishing) flow, ^{but} there are however 970, million in items largely capital of a unbalanced account of 1,351 million that are probably arising in a greater or less degree from the uncertainties in the international position in finance and I think in European politics. As an indication of this, each currency crisis sends a tide of gold to the U.S.



From this one might speculate on

I. The effect of int'l tranquility

1. Stop flow to U.S.

II Effect of War

1. Tend to send it as war loomed, then probably, perhaps too chaotic to guess

III Effect of Holland Switzerland or France having further monetary difficulty

1. Send another flood of gold
2. Probably build balance ~~that~~
~~instability~~
 - a. This comes from building up balances in U.S. thereby putting pressure on exchange -

IV Further cutting buying of U.S. bonds

1. To reduce our gold inflow
2. " make interest collection easier

V By paying cotton for export we make it harder to export land. etc all along every item competes for available exchange

VI Development of foreign oil supplies, cotton supplies, copper supplies should help world economy.

Said economy is upset partly because we are exporters in too many groups of goods.

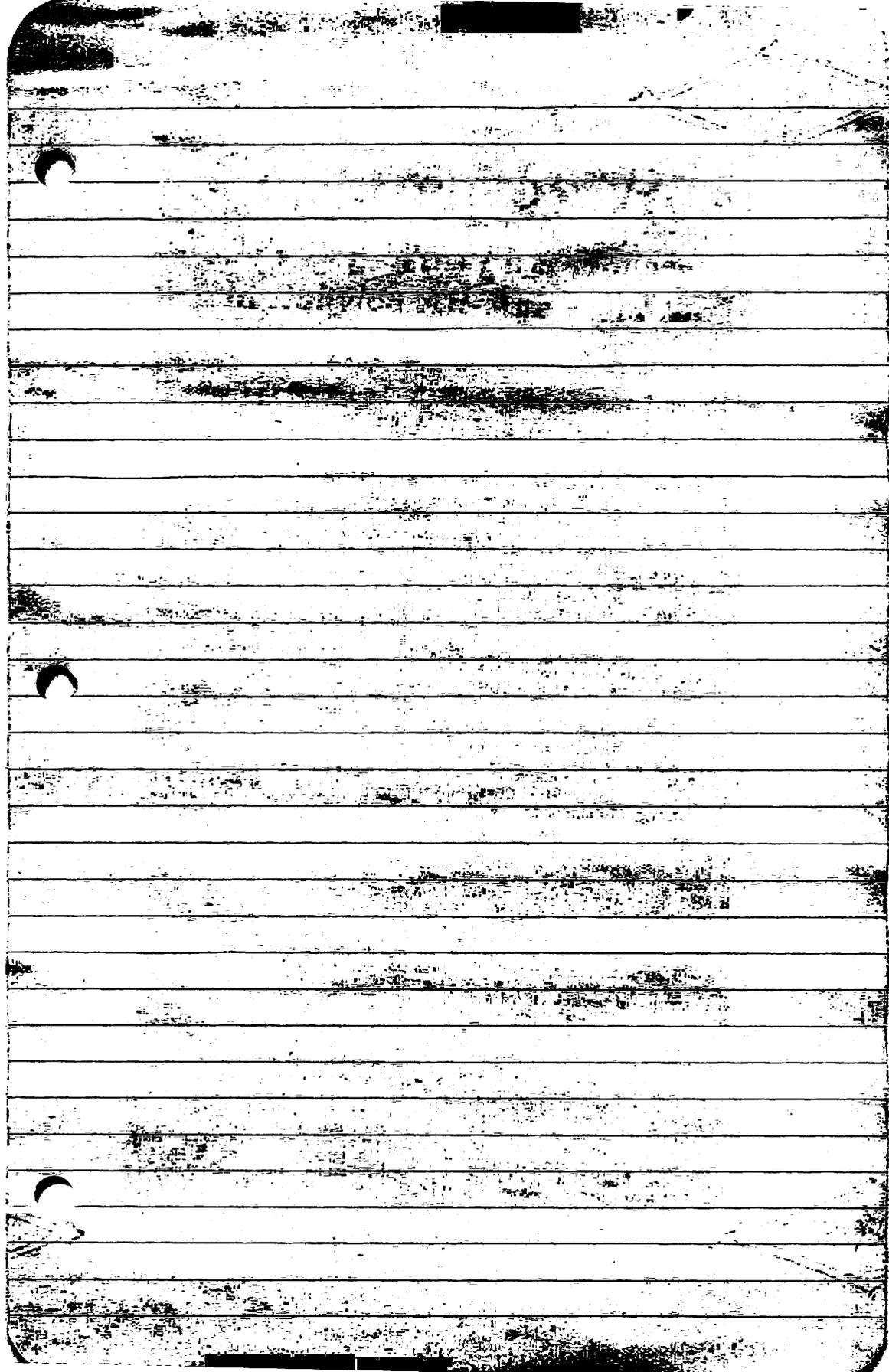
We have advantages in large scale manufacturers hard to watch, perhaps not hopeless however but probably to persist for a long time.

We will be preserving our resources if other nations ~~do~~ develop

copper

oil

the ~~weakening of~~ Farm tenantry in the south and the development here of a more balanced agriculture would lower its dependence on cotton, which is likely to be desirable if other nations are going to increase production along the lines they are working.



Summary of United States Foreign Trade And Financial Dealings Abroad in 1934

	Gross.	Net.	Net Receipts (Credits) and Net Payments (Debits).
Merchandise:			
Sold	\$2,133,000,000		
Bought	1,655,000,000		
Net receipts			\$478,000,000
Service items:			
Received	\$58,000,000		
Paid	85,000,000		
Net payments		\$37,000,000	
Foreign tourists paid us	\$94,000,000		
Our tourists spent abroad	322,000,000		
Net payments		228,000,000	
Interest and dividends on invest- ments abroad	\$390,000,000		
Remitted interest and dividend payments to foreign investors	125,000,000		
Net receipts		265,000,000	
Immigrant remittances and con- tributions sent abroad		124,000,000	
Receipts from miscellaneous trade and service	206,000,000		
Payments for miscellaneous trade and service imports	179,000,000		
Net receipts		27,000,000	
Net payments		97,000,000	
Gold, silver and paper currency:			
Gold exports	\$53,000,000		
Gold imports	1,187,000,000		
Net imports (i. e., payments)		\$1,134,000,000	
Gold gained through release from earmarking (net)		83,000,000	
Silver exported	\$17,000,000		
Silver imported	103,000,000		
Net imports (i. e., payments)		86,000,000	
Paper currency received from abroad (net)		48,000,000	
Net payments			1,351,000,000
Capital items (based on reported data):			
Stocks and bonds sold	\$990,000,000		
Stocks and bonds bought	885,000,000		
Net sales (i. e., receipts)		\$105,000,000	
Received, net, on account of sinking fund and bond redemption, direct investments, net inflow of funds from arbitrage transac- tions, &c.		116,000,000	
Year's estimated net inflow of short-term banking funds resulting from (a) changes in foreigners' banking funds in the U. S. and (b) changes in U. S. banking funds in for- eign countries amounted to		200,000,000	
Net receipts			421,000,000
Residual item (largely unestimated capital transactions):			
This item consists largely of (a) special transactions (such as the inflow of private, commercial and other non-bank- ing funds and miscellaneous foreign exchange operations) following the devaluation of the dollar on Jan. 31 and (b) unreported international security transactions—Net re- ceipts			549,000,000

May 1935. Being Wednesday evening. This week has so far been another experience - on the job Krueger + Toll is pushed aside and the Foreign Bondholders Protective Council has taken its place. [See Feb 18 '35].

Apparently the State Dept. held the Sec. Commission off the council for some time finally the pressure grew strong, a meeting was held and it was decided to go ahead with the investigation, only there are some ill defined reservations as to what we can bring out. For the present I can and am to bring out to Douglas everything I can: he is going to find brakes later on.

I have been three days in their office at 90 Broad St.

Their staff is

J. Parker Clark Pres. [Chief elder in the mormon church - a lawyer in his fifties, former secretary to Dwight Morrow, and State Dept. man; studied foreign banking quite a bit ten years ago.

Francis White: S.P. + Sec. State Dept man and former ambassador to Czechoslovakia.

Col. ^{Fisher} G. Moreno - aide to Pershing - seems an able chap - has a mechanical mind like as something of the sort following a cancer.

I have had considerable conversation with each especially Clark.

They have an interesting set of problems: relations with the houses of issue, and the banks: with

chisellers and traders in the street,
with the various foreign governments,
and with the state department

In one way that may be the most
delicate part of their problem as it
is of mine.

They ^{seem to} now exist as an independent
group when it is convenient, and quite
closely affiliated when convenient,
lean on the State Dept for aid, use
their old affiliations, and perhaps
pull a few chestnuts out of the fire
for the Dept.

First shot out of the locker such a
situation seemed to present itself in
the loan settlement with the
Dominican Republic - I'll live with
it a while before putting it down.

May 20

Have been studying the foreign bondholders protective council all the week and what a thing it is to go into. Have read all their minutes which are rather better than most in that they reveal a good deal about what they have done and why.

One must have his underlying concepts of fundamental things well ordered, or one does not know how to oppose the criticism that may come in. Such things as the basis of claims for breaking of debt contracts as proper subjects for state debt representations, the whole subject of state debt and citizen investment.

Trying trade and debt collection; it would help us collect in Brazil and ruin us in Germany.

Have spent some hours on the basic principles of international law involved from a Memo prepared by G. B. Clark some years since. Have also spent hours on reports from the German conferences, on the efforts of the Germans to maintain themselves, their trade and pay or avoid paying the interest on their debts. What a juggle and what these baffling complications.

John Foster Dulles whom I saw re Kruger, comes in here also possible in an inconsistent role, and then perhaps not. What a life the man has led in the last few years.

after 5:00 I stayed down to the Battery and watched two Soviet steamers slide by, and several - four or five - ocean liners go out and some freighters. Fall into conversation with a German lad near me, a fellow of 25-27 perhaps, first about the ships, then German I had the "Antyan" with me, then I touched off politics. He was earnest even eloquent on the subject, also courteous. German's right to rearm (with which I agree), their position in Europe, lack of desire for war, but willingness to endure it rather than their quondam position of inferiority. I am sorry I did not get his name and address: said he lived in Brooklyn, worked in a restaurant as it was a job he could keep, and had been forced to give up the hope of buying a cheap car on seeing the U.S. was obviously honorish - bit as he watched the ships go out. He seems like a nice fellow.

after supper I wandered down to the 125th ferry where a workman told me there were 15 shad nets in four miles and a lot of shad caught in the Hudson. Some nets are to be seen over toward the Jersey side, but I was surprised at his enthusiasm over the fame of Hudson River Shad. Then I climbed the 110± steps to Riverside Drive, sat on a bench,

enjoyed the river toward sundown and read "Die Quittoun" - Have covered about 150 pages, and enjoy it. I don't get all the words or the meaning of all the sentences by any means, but enough to enjoy the book.

May 17. Friday. Last week end was a dream: the leaves were partly out, and apple blossoms partly open: birds had come and were all around, the house wren was examining a bird house on the maple tree and singing all day long, and in the evening the whippoorwill's call came out from the woods.

The Seigers had a Harvard Club picnic Saturday afternoon, with a dinner in the yard and a ball game on the hill top: Sunday Karl Freya and his family were out for a picnic lunch in Paton's orchard up on the hill. Late in the afternoon Thornton Wilder and his mother came out for tea, with Warburton and some other folk. It was somewhat of a day for Charlotte I played four sets of slow tennis, and was not staggered by it as the baseball, which speaks quite well for my general condition.

The week has been interesting on the job: still the boardholder protective council. It is a hopping proposition to report on: while I have not got much on paper I think I'm getting hold of it a bit more.

It brings in all sorts of interesting

rites on international trade and finance - also the way nations deal diplomatically.

I'm the general~~ly~~ break down in world trade - of course more break down measured in price and dollar volume than in amount though the latter has been curtailed; - 25% roughly, in some channels more, and naturally in some not at all - in this break down there has been a scramble to get exchange, and where nations had a balance that put them in possession of exchange they have simply seized it for their bondholders perhaps. Of course it means taking something that isn't yours from some member of a foreign nation because some other member of that nation is not paying some debt he owes. It is entirely immoral, yet many of the European creditor nations have done it as against Germany: Britain either did it or used the threat of it in a ~~trade~~ pact with Argentina and we saw its shadow in persuading the Brazilians to change a decree, so that the exchange they were ready to apply to foreign debt service would come more to U.S.A. less to Britain.

No nations have been much concerned over the morality -

May 20 '35. Monday. Back in N.Y. after the
week end, and what a week end. It was our
twenty second wedding anniversary yesterday
and just under a day as our wedding day; clear,
breezy, and cool after numerous little
marring jobs, including getting a book left
at the Hobby Show, we went to church.
Robert and Odella Warburton Warner were
out and had a picnic lunch with us,
again on Patons orchard hill top; then
we all went over and went up the ravine
on Mt. Carmel and saw the lovely pink
lady slipper. There are quite a few there
and so lovely in the open woods. I inci-
dentally the yellow lady slipper June
and Peg brought home last year is
budded and ready to blossom; I hope it
continues to thrive.

On Mt. Carmel we found a big
patch of fringed heligala, and as we
went on a bird came up from the
ground at our feet. I know it was leaving
home suddenly, and as there were two
eggs, white with brown spots lying right
on the leaves. Robert Warner said that
the Whipwill had that look of a
nest, and as the bird that had seen
reminded me, in probably one concert
in thinking we found the home of one
of our evening fields. If two eggs are
all they lay it is a wonder they maintain
themselves; of course she might have
just begun raising her family.

Coming home we had some tennis,

some doubles that were much fun.
I was playing with a Yale boy named
Patterson against Tom McAlpin and
Warner, and could cover court as
much as the game required without
ashes holding me back. One foot on
a bit leaden.

Tom, Robert and I had a standing
broad jumping match, with the
cement around the collar laundry
window as a take off. I think we
all did about nine feet, it was 8 and 1/2 of
some large shoes I wore, and I think they
are over 12" - they are a bit big for me.
Old age has not stiffened my muscles
yet, and I hope not soon. I can still
turn out wheels too.

Charlotte and I went in to wish
Elliott and Marie many happy returns
of their anniversary in the evening.

5/22/35. Very interesting sessions with the
records of the Foreign Bondholders
Protective Council.

Spent an evening in the N.Y. Public
Library earlier in the week, reading
of the British Council for Foreign Bond
Holders.

German foreign trade

Through the twenties and through 1931 efforts carried heavy deliveries in kind under reparations provisions, up to 800 million R.M. down in 1932. Heavy Russian trade (exports) in 1932 that dropped in 1933. Though she is still collecting on her Russian business - Currency depreciation hurt in 1932 and 1933 and since and nations were trying for self containment.

The Hitler government had antagonized Jewish elements abroad and "liberals" also particularly in Russia, but in spite of it 1933 was only 3.9% under 1932.

9 industries largely dependent on exports:
Electro technical, optical, toys & jewelry, cutlery, machine, chemical, parts of textiles.

She must import all of her cotton, rubber, + coffee, practically all her zinc and mineral oil.

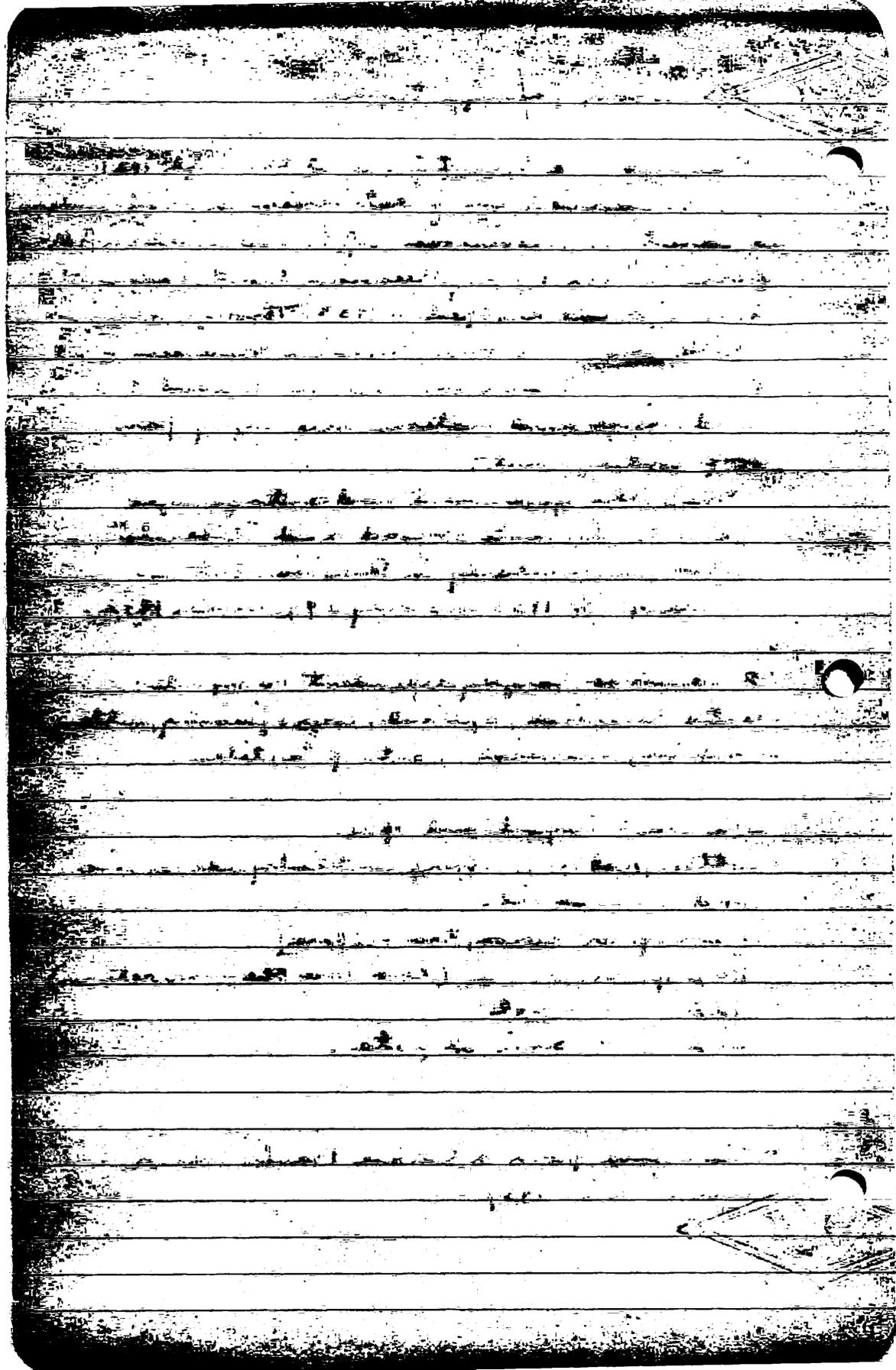
[all of her cocoa, tea + coffee]

80% of her iron ore (less since the Saar return)

92% " " wool

50% " " animal fats.

This came from a Chase Bank memo sometime in 1934



German Bal of Trade from

~~9 in ~~1933~~~~

Monthly Bulletin of
Statistics - League of Nations

9 in R.M.

		Imports	Exports		Trade Balance		
1933	Apr	321.1	381.8	+60.7	in old U.S. \$ 1,000,000 Germany		
	May	333.2	421.8	+88.6			
	June	355.7	384.5	+28.8			
	July	360.2	385.2	+15.0			
	Aug	346.8	412.5	+65.7			
	Sept	337.0	432.3	+95.3			
	Oct	347.0	445.4	+98.4			
	Nov	351.4	394.3	+42.9			
	Dec	374.4	423.8	+49.4			
	1934	Jan	381.0	349.8		-31.2	1928 - -411.1
		Feb	377.9	343.3		-34.6	1929 - +8.5
		Mar	372.9	401.1		+8.2	1930 - +291.1
Apr		393.5	315.8	-77.7	1931 - +684.0		
May		379.6	337.4	-42.2	1932 - +255.5		
June		377.1	338.8	-38.3	1933 - +159.1		
July		362.8	321.3	-41.5	1934 - -66.8		
Aug		342.5	333.9	-8.6			
Sept		352.2	350.3	-1.9			
Oct		349.5	365.9	+16.4			
1935	Nov	345.8	355.7	+9.9			
	Dec	399.2	353.7	-45.5			
	Jan	404.3	299.4	-104.9			
	Feb	359.2	302.3	-56.9			

Concerning the development of standard industries in hitherto "raw" material countries

Iron & Steel Exports from U.K.

	1913	1929	1930	1931	1932	1933	1934
India & Ceylon	896	657	372	231	194	220	240
Australia	567	423	212	71	111	126	161
South Africa	260	338	269	242	138	159	251
Canada	187	154	129	116	113	132	148
New Zealand	154	163	129	77	60	60	88
Total above	2065	1717	1113	739	618	741	889

All iron & steel exports 4,967 4,379 3,159 1,979 1,887 1,921 2,254

In 1913 Canada was not one of these with iron steel industry of any importance

India 1913 230,000 pig iron
57,000 steel

Total to the largest Indian producer present day is:
12 months 1931-34 - 842,000 pig iron 672,000
721,000 steel 591,000

Australia's demand supplied almost entirely by imports

	1932	1933	1934
Pig iron	153,563	262,714	246,152
Steel	195,183	320,131	414,242

Canada by imperial preference is taking steel from Britain she took from U.S.

1929 U.S. - 80% Britain 8%
1933 U.S. 40 " 45

South Africa starting production 1934 with works of cost 150,000 capacity.

The Economist (London) Apr 20 1935
Report of the U.K. Sugar Industry Inquiry Commission
10 yrs 1924-34

Industry Cost Taxpayer

In subsidy £ 30,112,077

In abatement excise taxes £ 10,180,000

£ 40,292,077

Amount paid for beet purchased £ 40,321,025

Majority of Committee feel

"Industry gives no more employment than £ 7,000,000 spent otherwise, and much of employment is casual.

Unable to find positive justification for the expenditure of several millions per annum on an industry which has no reasonable prospect of ever becoming self supporting"

It would be interesting to get the report worked out a parallel for U.S. then show in terms of ave. per cap. sugar consumption cost per state.

May 30, '35. Pres. Roosevelt's program received a

heavy blow this week when the Supreme Court declared the codes adopted under the National Recovery Act of 1933 regulating business in furtherance of the 'New Deal' to be unconstitutional. We have had a series of important Court decisions, first as to currency in which the evaluation of the dollar or steps leading to it were criticised, but in practice supported, then a decision invalidating a R.A. pension law.

This seemed to me surprisingly sweeping in view of the Court's previous broad interpretation of the Constitution, though the invalidating of the law seemed logical.

The emphatic decision in that case might have led people to expect the present decision, but the financial community, having seemingly waited for the R.A. decision for weeks with bated breath, were greatly surprised by this Schechter Poultry case throwing out the codes.

The decision was unanimous and that alone should satisfy the country as to where we stand; a law that is supported by as widely different social attitudes as the Conservative wing and Cordozo seems unlikely to be upset and to be good law. Quite different from the gymnastics by which the court upheld the government's refusal to pay interest on its overbonds in gold.

It will be interesting to see how the liquidation of the N. A. A. proceeds. At the start big business is not going to play into the President's hands by cutting wages, though it would seem as if considerable general deflation would follow. Of course much of business holds firmly the N. A. A. concept of a maintained price level - generally not quite so firmly as applied to wages as to other business costs - such as depreciation.

Along with this liquidation of our N. A. A., France is going through a sharp crisis in which the maintenance of her currency on gold is facing its toughest test so far. Long lines of people waiting to convert currency into gold and hoard it - also convert securities, - and that part is the real danger. A country can have a 100% gold cover for its currency, but while every stock and bond outstanding remains a potential summons for its price in gold, the extent of the possible demand for gold can hardly be estimated. Foreign drafts have taken a lot of gold out of France, but there is a very great deal left, however the French people can probably take it out of the banking system if they heap up their demands.

If much French gold and much U. S. gold could be redistributed around the world it would be a blessing for

our world economy, but with the
efficiency of the American manufacturing
machine and our general economic
strength, there does not seem to be
any speedy development along those
lines. Also and perhaps most important
the uncertainties of the European
situation make the U.S. a good haven
for timid capital, and we are likely
to receive more of that as years go
by - adding to the wrong side of our
international balance sheet.

June 3, 1935. By great good luck I was just coming from lunch when we heard an aeroplane broadcasting the Normandie; at the great new French liner Normandie was due, and we quickly walked to the Battery. As we approached all the whistles in the harbor set up a welcoming din, for there was the huge ship slowly slipping by the tip of Manhattan - great, graceful, and majestic.

A dirigible and twenty odd aeroplanes zinging overhead, the fireboat shot its streams high in the air, and when the harbor whistles paused, the Normandie answered with tones too deep for a whistle yet their subtler rumble was the mammoth's voice.

The French liner Normandie, scheduled to arrive in New York today, is 22,659 tons heavier and nearly 114 feet longer than any passenger ship in service. She will be rivaled, but not equalled, next June, however, when the Cunard White Star liner Queen Mary is put into service. The Queen Mary lacks only eleven feet of the Normandie's over-all length of 1,029 feet, and probably have a registered gross tonnage of about 73,000 tons as against the 79,280 gross tons of the Normandie.

The largest ship heretofore has been the Cunard White Star liner Majestic, which weighs 56,621 tons gross, and is 915.5 feet long. The Leviathan of the United States lines, originally of the North German Lloyd Lines as the S. S. Vaterland, was 907.6 feet long, but weighed only 48,943 tons. It is now out of service and docked at Hoboken.

Great Liners Compared.

A table of the length and gross tonnage of other great liners follows:

	Gross Tons	Length in Feet
Berengaria	52,101	893.6
Bremen	51,656	898.7
Rex	51,082	879.0
Europa	49,746	890.2
Conte di Savoia	48,502	814.6
Mauretania	30,696	702.2

*Now out of service.

1235

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June 3. Last Tuesday, the fourth, I received a telegram from Harry that Janet was flying across country reaching Newark at 9:37 (having left San Francisco at noon the day before) as her mother was very low with pneumonia in Southampton N. J.

The T.W.A. invited no plane was arriving at Newark at 9:37 but one would get there at 11:15, so I hid me to Newark.

T.W.A. said they had checked the other lines, but when I reached Newark I found Janet had arrived on a "United" plane and left for Penn. Station already. I promptly returned, called her brother-in-law Fish in Southampton and found Janet was on the 12:58 train for Patchogue, where she would be met. I found her on the train and saw her for ten minutes before the train pulled out. ~~She looked~~

She looked tired as well she might, and low in spirit as was natural. Was much interested in the children and said I said little about them in letters, I was afraid I said too much.

Her mother died yesterday, and Janet returns Monday when I hope to see her longer. I wish Charlotte could come down then, but don't know whether she will be able to or not. Frances Hall is at the place for the weekend, which does not make life easier, and life travels pretty fast for Charlotte at present anyway, school graduation etc. and we have just had a couple of birthdays -

Tuesday June 10 - Charlotte came down ~~from~~
yesterday and we had lunch with her and
with her sister and brother-in-law (The (S.F. wife))
from Southampton, P.I. at the Hotel Shelton
Lexington Ave + 49th St. as Janet's guests.

She started, in the afternoon, back to
California by plane, and is home by now.
The airplane certainly annihilates distance.
Janet said the air trip was easier than
the rail - but added that air conditioned
trains would improve the trip very
greatly.

She thinks the bone induction method
of hearing helps ~~the~~ ~~ear's~~ deafness
more than the help he used before,
and is pleasanter to use.

He has 89 artificial eye
plants under his supervision now -
quite a job.

My own job has speeded up: I have
a third assistant - all of them young
lawyers, ~~and~~ beer lads and
pleasant to work with.

Chauncy Ives, Robert Wright
and 'Steve' Brounson.

We are going on with foreign
situations paying particular
attention to committees for
special issues. Wright and
Brounson are working on
El Salvador - where there is a
good deal to work over.

Mussolini Bars New York Times Because of Criticism in Editorial

1935

By ARNALDO CORTESE.

Wireless to THE NEW YORK TIMES.

ROME, June 12.—The office of the Under-Secretary for Press and Propaganda has forbidden the entry of THE NEW YORK TIMES into Italian territory till further notice and has given instructions to the Ministry of Internal Affairs to seize all copies of the newspaper at the frontier from today onward.

This severe measure, which has been taken against only a few newspapers of much less standing and authority than THE TIMES, was adopted because of an editorial entitled "Baldwin and Mussolini" that appeared in THE TIMES on Monday.

It was explained to this correspondent that the Italian Government objected to the editorial's whole tone and particularly to its remarks about dictatorships. A phrase implying that the Italian people were in chains was particularly resented. The following phrase, hinting that Premier Mussolini might be overthrown, was considered entirely uncalled for.

It was asserted further that the Italian Government considered it outside the scope of fair newspaper criticism to write things that might shake the confidence of the Italian people in their leader just when they were about to embark on a difficult venture in Africa on which their future might depend.

Editorial That Aroused Ban.

The editorial published in THE NEW YORK TIMES on June 10 to which Premier Mussolini took objection follows:

BALDWIN AND MUSSOLINI.

In giving a general outline of the policy which his new government means to follow in foreign affairs, Prime Minister Baldwin said some blunt and bold things. They related chiefly to countries under dictators. The ideal being stable government, coupled with freedom of expression, he ranked Great Britain first in that regard. He pictured the United States as still struggling with immense difficulties. The instability of the French Government was again, he said, giving anxiety to all of his friends abroad. Even while Mr. Baldwin was speaking, however, the French people were demonstrating once more their capacity to make a sharp political turn and to set up a government which at least has the promise of being stable. Concerning Italy, the British Prime Minister had a hard word to say.

The Italian Government was proceeding with military measures in East Africa which were disturbing the peace of Italy. It is still true in Italy, as Cavour said it was years ago, that anybody can govern under martial law. To do it with the courts open and the press free is another matter. Dictators, asserted Mr. Baldwin, are always vanishing personalities. They last only so long as they can maintain themselves by force. They found no dynasty and leave no successors. Mussolini has kept himself in power longer than most people thought possible, but the earth always trembles where he stands. Any day a great public catastrophe or a vast shaking off of Italian fetters in order to be free might leave him helpless on the ground, a shorn Samson.

Mr. Baldwin may be thought through his statement mittedly, somewhat ras

He declared that British policy is now founded League of Nations. The main reason he gave strengthened the Fore by adding a Minister Eden, who should rep Government in all mat ing to the League of Na that agency he gave for arriving at a p agreement to arbitrate ences between Italy and but so far as language Mussolini has already that form of settler firms that now, having

to settle one with Abyssinia and one with Ethiopia—he means to go ahead and do it without any regard to opinion in other countries. Obviously referring to Great Britain, he protested that he was proposing to do only what the British did in building up their empire. They went straight to their desired objective without tolerating interference by any other Power. Granting this to be true, it is in order to remind Mussolini that, at the time to which he alludes, there were in existence no such agreements to renounce war as an instrument of international policy, no such treaties pledging peaceful measures and a resort to arbitration, as now constitute a solemn international obligation for Italy. She has put her name to treaties and declarations of policy which fly directly in the face of her military expeditions in East Africa. It would be strange if the Council of the League did not, in these circumstances, take further action in this matter. Captain Eden has pressed for such a course and evidently expects to see it adopted.

Prime Minister Baldwin had some general remarks to make about dictators. It is true that they often present for some time a semblance of governmental stabil-

ity. It is still true in Italy, as Cavour said it was years ago, that anybody can govern under martial law. To do it with the courts open and the press free is another matter. Dictators, asserted Mr. Baldwin, are always vanishing personalities. They last only so long as they can maintain themselves by force. They found no dynasty and leave no successors. Mussolini has kept himself in power longer than most people thought possible, but the earth always trembles where he stands. Any day a great public catastrophe or a vast shaking off of Italian fetters in order to be free might leave him helpless on the ground, a shorn Samson. Rome dispatches say that Mr. Baldwin's speech was taken there in very ill part. The better part would be for the Italian people and government to take it seriously, and not to imagine that they can indefinitely go on setting at naught the considered judgment of mankind.

EVER IN THE WRONG.

Bachelors and Maids Seem to Be at Odds With Everybody.

To the Editor of The New York Times:

Your correspondent who designates himself Bachelor and who replies to Edwin J. Jones, who suggests a tax on bachelors and maidens over the age of 25, states his case as follows: "We bachelors and maidens as a group are good spenders and help keep money in circulation; the maidens patronizing the department stores and beauty shops, and the bachelors taking the maidens out and treating them to swell times."

In view of the present controversy it may be of interest to take a glance at the past. In The New York Weekly Journal of Jan. 28, 1733, the maidens of Manhattan went into print in these terms:

"Our case in short is this, the young Gentlemen are so taken up with Politics, that we hardly get one pretty Thing said to us in a Month; and sure I am, if they do not alter soon, we shall never be Widdows, and the Case of Old Maids is so deplorable, that it shocks us to think of it: But we assure the Gentlemen it may be worse with them for in Case of an Invasion, we shall certainly joyn with those that will joyn with us."

The bachelors of the town drew up a statement explaining their own sad plight as follows:

"As the Maids have found a place in your Journal, to incert their Grievances we must beg you would give us a place to state ours. We are unmarried Gentlemen and some of us, hard is our case, almost forty Years of Age, we have said a Thousand pretty things to the fair Sex in a half a Month's time; but because we had not a Thousand Pound or two, to inforce our Arguments, they turn'd a Deaf Ear. We do assure the Ladies that neither Mr. Bradford nor Mr. Zenger's politicks shall hinder us from making the Widdows and Maids good Husbands, if they can put a favorable construction upon our fallings."

Thus it would seem that bachelors are always more or less in a precarious position.

ALBERT ULMANN.

New York, May 20, 1935.

June 12 '35 The El Salvador committee on

which we are working presents foreign reorganizations at their worst.

Two committees later joining forced charged such unreasonnable fees for their services and those of their attorneys that the Salvadoran gov refused to go through with its promise to pay expenses and the British Council, that had a series in the loan, bitterly protested at their magnitude.

Fred Davis, an engineer with long experience in the tropics, went down to negotiate with a representative of the British Council Sr. Jack Proby Armstrong.

The Salvadoran minister of Hacienda del credito Publico - (~~the~~ finance minister - said he could deal with

the British they were gentlemen but the Americans, well. . . before he suggested business Davis took offense and they had a heavy interchange. Later they had calmed

down and the of the Hacienda said that he was a Christian and said the Lord's prayer every morning -

Davis said he was a Christian and knew the Lord's prayer, and was

Davis narrated it - they both forgave each other their trespasses and proceeded. Perhaps as important Davis

gave Sr. Jack Proby Armstrong a power of attorney to negotiate a settlement under certain conditions, and thus

a settlement was reached.

June 17. This being Monday I am about ready to sleep, cramming a weeks exercise into a weekend produces a long nights rest Monday. The week end was an energetic one. Gardening, I cultivated most of the vegetable garden, planted corn, and set out peppers and tomato plants, cut the grass around the house and played four sets of tennis - three of them singles with Ned. I am not very likely to have very many week ends this summer when I'll have the breath to coast around thus so I made the most of it.

Mary graduated from New Haven High this last week, and was chosen in her class of 1400 to march with the class president as they entered the arena, where the ceremonies were held, at the head of the procession.

She has gotten a good deal out of the school: not so much from the classes, as the teaching seems most ordinary and she does not care about study, but more I think from being associated with the school office and thus being and feeling herself a part of the ~~thing~~ enterprise, and feeling some responsibility for it.

One graduate from the grammar school this week, and will probably start in the first class to begin in the new Haverden High School.

Peggy is laid up with a Quinsy sore throat apparently: a very sore throat and inflamed epiglottis. She can only whisper and can't even drink fruit juice. I hope the family keep me posted daily, as it is tough to be away when anyone is sick.

June 21. Peg has improved steadily but not very rapidly. It must have been a tough week for her, though she wrote a most amusing letter Wednesday in spite of her feelings.

Have had on the job a touch of the things that arise when you are handling a group. I have three assistants - lawyers - 'Steve' Brovinton, Bob Wright and Chauncey Dres. Chauncey has been with the protective committee steady longer than I have, he is Yale about '28. Lives in N.Y. anyway so is at home. Bob and Steve are just on from Chicago and just out of law school. Bob seems to me a rather extraordinary fellow, he is a bit older than most recent graduates as he did some engineering before he went to law school. Business went flat and having some money he went to law school then got scholarships to finish. He has a delightful

interest and curiosity ~~about~~ over the work and is quite keen in catching the significance of what he sees.

'Steve' is rather a scholarly type of lawyer, and I think an excellent one in the making, but he does not see much beyond the strict law. As a result he is not too happy in the work, though it is probably an excellent influence for him. He is also in a rather hard spot as he has a wife in Chicago, and must be loyal. Fortunately he and Bob are old friends.

I assigned ^{the} El Salvador Com. to Steve, realizing that he would have a better chance where the road was well mapped; I'll have to watch it quite carefully. Bob is a well balanced lad, and can take care of himself all right I think; actually he is rather watching out for Steve, and quietly helping him along.

Joe Louis, sensational young Detroit Negro fighter, scored a technical knockout over Primo Carnera of Italy, former world's heavyweight champion, in the sixth round of their scheduled fifteen-round bout last night in the Yankee Stadium. Knocked down three times, Carnera was helpless when Referee Arthur Donovan halted the battle after 2 minutes 32 seconds of action in the final round.

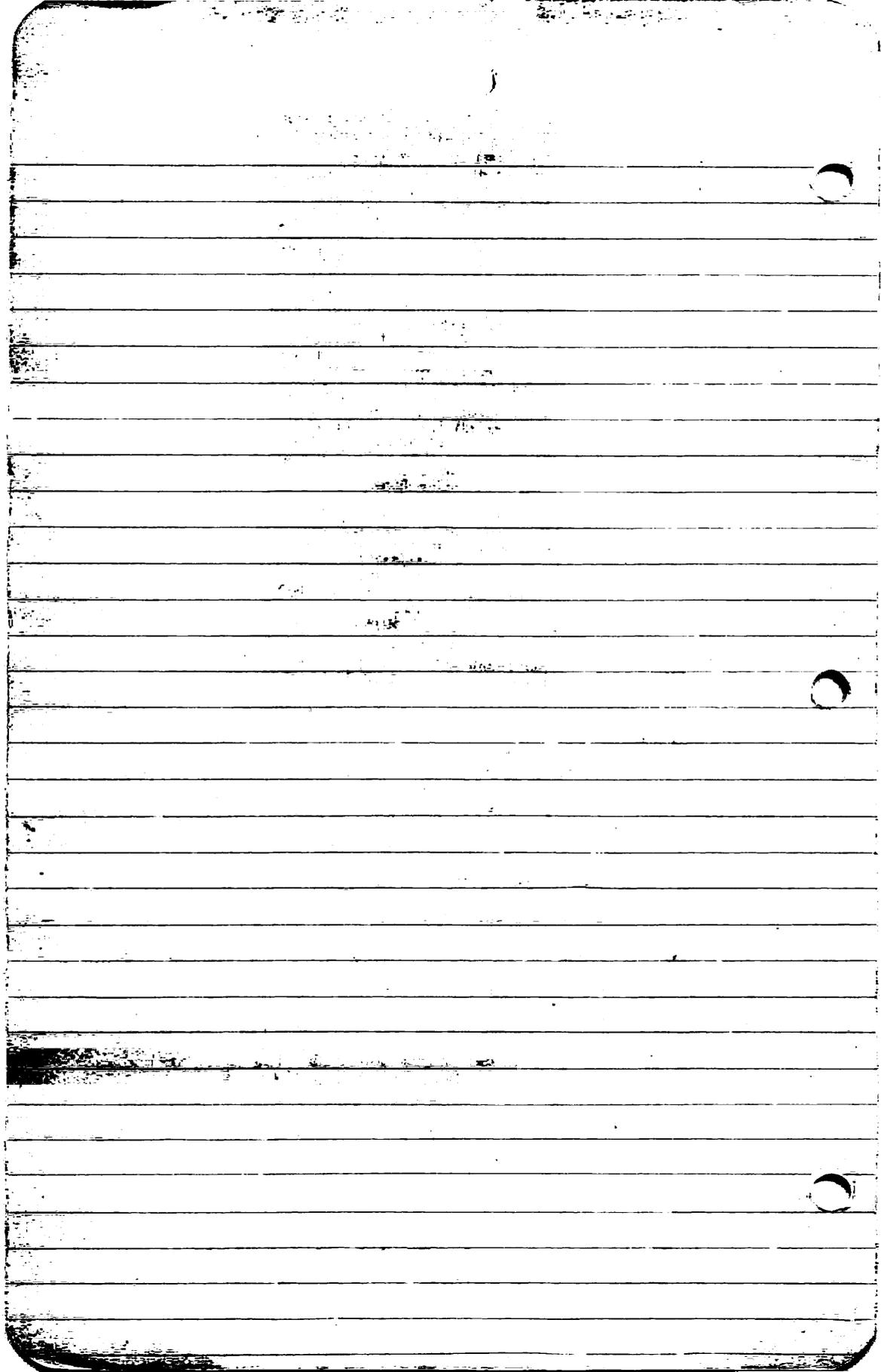
A crowd of 60,000 paid about \$375,000 to see the encounter.

Those who contributed to the spectacle enjoyed one of the greatest heavyweight battles in local history and contributed to charity at the same time. The Free Milk Fund for Babies, Inc., of which Mrs. William Randolph Hearst is chairman, shared in the profits.

In the gathering were leaders of all walks of life in the city, State and nation. Postmaster General Farley watched the proceedings, as did John and James Roosevelt, sons of the President. Mayor La Guardia was one of four city executives present. The others were Mayors Hague of Jersey City, Ellenstein of Newark and Kelly of Chicago.

June 25 '35

while this did not draw the socialites, particularly the ladies, that some fights have, it would still be ready as evidence of our crude and rough culture - More like Rome than we like to think - and we hand out bread too just as Rome did. How anyone wants to see a record fight is beyond me - though I do read about them - so I may be wrong -



June 26 35. Last night Elizabeth
Lincoln, having just graduated from
Mt. Holyoke, sailed for a summer trip
around England, France, Holland,
Germany, Austria, Hungary, Switzerland
and may be more - ?

It was her idea and she goes in a
travel tour or party of people she has
not known before. The two young women
we saw seemed nice looking and pleasant.
Being in New York I have the fun of
seeing full sail. Had dinner with
Elizabeth and some of her college friends
at the Taft - 7th Ave + 50th St. Then spent
the evening on the ship. The Albert
Ballin. She is not one of the big ones -
about 20,000 tons and takes six days. She
seemed like a nice ship, not as luxurious
as to cabins, salons etc as the Bremen,
but rather more to my liking, and
taking a bit more time would be to my
liking too. Perhaps one of the slow
ships like the Stuttgart would be still
better.

Stayed until the ship pulled out at
12:18. It gave a little of the famous
sinking feeling to see the boat go off
knowing she was ^{to be} alone in so far countries -
still in the party she is not so alone.
She is very wise to go. She can easily,
and will gain a lot in many ways,
aside from the enjoyable and enriching
experiences of seeing foreign peoples

their lands, their art and architecture
and their ways -

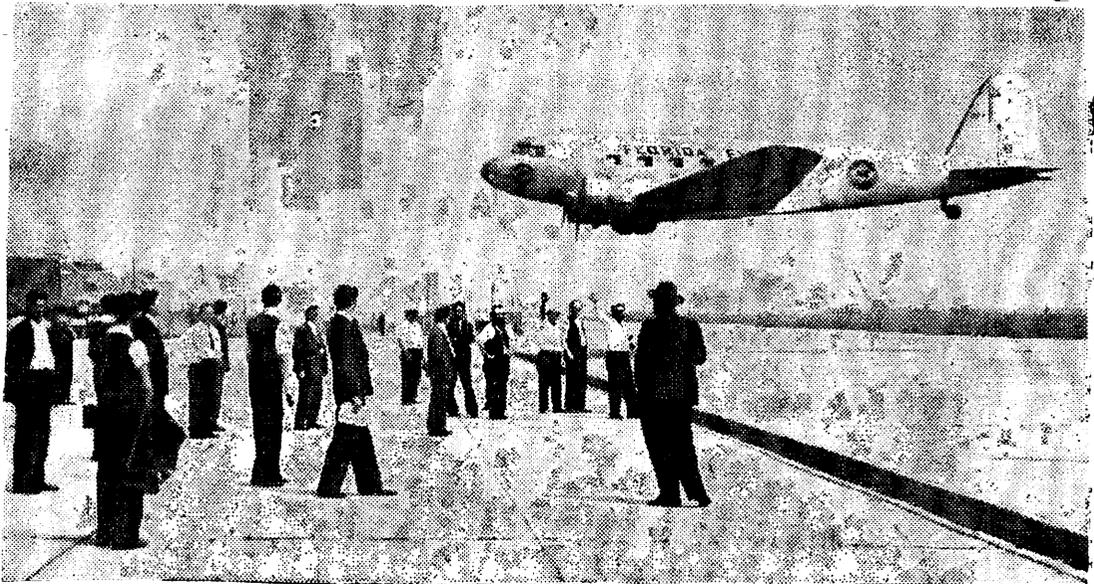
June 28. Saw Katherine and Lucy
Smith off on the Columbia
tonight, and what a splendid
crowd of young people there
were in that 3rd class: about
70 in one group of tours, and
charming youngsters - among
whom Lucy and Katherine were
charming too.

June 30. Home for week end -
Leonora with us for dinner with
Subey Lake - a lovely girl a niece
of a classmate of mine Arnold
Lake. Elizabeth visited her in
Texas and New Mexico last summer -



Times Wide World Photo.

The Curtiss biplane used by Charles K. Hamilton in his flight of a quarter of a century ago, with its pilot seat exposed, leaving the field at Philadelphia for the return trip to New York. The trip to Philadelphia and return, on June 13, 1910, took 11 hours and 4 minutes.



Times Wide World Photo.

The Douglas monoplane, one of the modern airliners, with Captain Eddie Rickenbacker in command, as it left the Floyd Bennett Airport yesterday for the start of the trip to Philadelphia and return. The roundtrip yesterday was made in 58 minutes and 35 seconds.

July 23⁵ Have had some rather interesting calls on people identified with the Salvador financing. It was probably typical of Central American bonding. The government was completely busted financially in 1922 - could not buy a type - writer now for cash as H. Stand put it. They were in default on British loans, and owed banks, and on their promised subscription to ~~the~~ I. V. D. Bank of Central Am. This was a /VI. man C. Keith R. R. and useful in exporting their coffee and bananas - ~~it~~ would be still more useful when more was built. F. J. Levinson was its banker for Keith.

The republic, which is a densely populated 70% Indian, 20% mixed, 10% white, country on the west coast of Central America, with an economy centered around coffee growing, could find no one to lend it money. Finally Keith (the uncorrupted king of Central America) bought the bonds 6,500,000 of 8% at 85. Hans Keilbauer "who handled Keith's affairs in El Salvador" and was gen. manager for the I. V. D. Bank of Central Am. acted as agent for El Salvador in selling the bonds to Keith.

Keith was a promoter type of man, of tremendous energy a builder, who turned to something new when he had developed an enterprise. He developed much of the Central American part of the United Fruit Co. but had

disposed of most of his United Fruit stock before his death, and his estate is said to be bankrupt. ~~(He was)~~ he was at one time said to have been worth \$25,000,000.

We have talked with Lirman, who is an extra shrewd, but seemingly conscienceless cuss. He was interesting in his description of the country; of the suppressing of a communist revolution in 1931 when some 9,000 alleged communists were killed most of them after arrest. He thought it was partly a racial ~~to~~ content with the Indians with an itch toward dissentiveness arrested, confined for a day or two, then taken out to a remote place, told to beat it and mowed down by machine gun fire.

Liberty and self government with any recognition of individual rights is truly a precious heritage and an achievement.

It is an old, old story for the Spanish to heap down the Indian and to resort to terrorism and bloody methods, and we practically wiped out the Indians in Eastern America.

Halsard, of H. W. Halsard Inc, an engineer who was working in 15 countries in 1929, is on the committee. He was building sanitary works in San Salvador back in the twenties and took some of his pay in bonds;

some of them he still had, but not many. He said that he had seen the Lempa river rise 58 feet in a flood - generally carrying railroad etc with it when it goes on such rampages.

He has built some of the Colombia highway to the sea: it is about half done and waiting for a chance to be continued. He says it is the most massive engineering he has ever seen: some of the mountains run up 10,000 ft and it is blasted out of their sides for miles and miles. Sometime it will be finished, - but not soon.

We talked with ~~Stanley~~ Carl Fuller of Schroders - of Henry Schroder Banking Corp - a most attractive man, Harvard 1919, a friend of Stanley Birsch and Bill Torrey; his firm - mainly London - took over the control of the Int'l Bury of Ent. Am from Linnan - it was practically bankrupt then he said: their animosity toward Linnan was quite apparent, and to their credit. He is also indignant (though he was very reserved about it) at the activities of an John Cameron Mac Donald, who has gone through Central America urging governments not to pay much interest on their bond 2% is his figure I think. I knew about him before, but got some confirmation of other things and some new information.

I wish I thought or could think that most American bankers were as decent as Schroder seem to be.

They have offices with much character also. The same might be said of J. P. Morgan Co., in whose bank Chauncey I've and I rumbled last week.

Had a phone talk with one Montgomery Schuyler, former Minister to El Salvador, a descendant of New York's most ancient, but the descent seems to have been terrible.

A phone call also with a lawyer for Miss C. Keith I've. I asked him who I was talking with as I had not gotten it when the call came in. John B. Pruyn said he. I soon had him placed as a cousin of Howard Peck's, we visited very cheerfully over the phone after discovering that, over the idea ^{among other things} of my having a trip to El Salvador to see Rev. K. E. Jones, who, Pruyn said, knew about the things I was interested in. The discovery of relativity - it is hardly a relationship - helped the conversation a good deal: we had not gotten off to a very good start.

July 8: For the last two weeks I have been working all I could on getting the Krueger-Toll investigation ready for Douglas to put on at a hearing. Said hearing is tentatively scheduled for Jan 15, a week from today. It may however be called off and my work pigeonholed. The lawyers involved object strenuously. Samuel Untermyer most violently: we would show him to be: pretty self seeking rather than the friend of the small man that he like to assume himself to be. Naturally he opposes the hearing. John Foster Dulles opposes it nearly as violently; he has seen Untermyer's opponent then unwilling only. He is probably not interested in having us show the process of alliance, and is not desirous of taking the chance of the hearing the temperamental and unpredictable Untermyer blow up. Krueger and Toll is nicely pacified and he having gone to considerable pains to placate the old gentleman (?) does not want to wake the baby. I hope Bill Douglas will be able to persuade the commission to go ahead with it; it means most concentrated work for me and four or five steamy days in Washington, but it would be a tough break to have all this work shoved aside.

July 22. The Krueger + Toll hearing was held, and what an week! ~~out~~

It started at 1:10 Thursday July 11 when Clark, Douglas, and I piled into a taxi at 120 Broadway for Penn Station. The driver worked north + left until he got on the express highway then opened it up. He rather crowded another taxi so we went into the station and a bystander called out, "go to it, we'll get a couple of lawyers." We got our tickets on travel orders and caught the Washington train with 20 seconds to spare at 1:30.

We started going over K+T in the Pullman and went right to it when we reached the office. Clark + Douglas went out to the Shawsheen, a bit outside the city, there they paid \$5.00 for a room \$2.00 for dinner etc - probably \$10.00 a day total. I went to the Y.M.C.A. found it full save for rooms you share with others, that did not appeal but the man at the desk suggested a tourist place nearby. I went there and stayed (for \$1.25 per day). It was a block and a half from the office, had running water in the room, and a big N.W. window, through which drifted in a little air. It was an excellent place to stay.

We worked in the evening and kept right at it Saturday and Sunday evenings included. Being

nearly it was not as much of a program for me as it might have been: I generally get 6-7 hours sleep. Friday was the hottest day of the year so far in Washington and steamy enough: fortunately I don't mind hot weather.

Early Sunday morning and twice in the evening I went down to the Lincoln Memorial - a wonderfully beautiful place: the Memorial and the monument, with the reflecting pool, the dome of the Capitol beyond the monument, and, in back of the Memorial, the Potomac and Arlington. The Pan American Union building, with its loggia in old Indian style and its exquisite formal garden, and pool, is a gem -

Working up the material was intense work. Three lawyers developed ^{different} parts of the hearing. I had done all the investigating (practically all) and tried to keep our exhibits sorted out for them as they wanted them and tried to pick the significant things out of the exhibits. I had done a good deal of shade work on most of the outline. Fortunately several of our witnesses were perfectly willing to talk a good deal: others had to be pumped for every drop of information -

On the hearing we had three
Lee Higginson partners: they had
brought out K. Reup's securities, been
deceived by his frauds and forgeries
and ruined as a result of the collapse.
They were not impressive figures. - Francis
Gray, president of the Lee Higginson Trust
Co was pathetic - a nice boy wholly
unqualified for the position he had held.
Then Grayson M. P. Murphy, head of the
principal protective committee, a genial
and able chap - and ~~was~~ a witness
who talked easily but did not give
away anything he wanted to keep.
Bainbridge Cobby was head of the
other committee and talked
quite freely: he was canny too.

John Foster Dulles, outstanding
international lawyer, was on the
stand longest. He had probably
made a deal buying off Untermyer
and agreeing to keep the thing secret.
His denial of such a deal was
not convincing (of course I am pre-
judiced) at his massive nose, his
voice about forked out. It was
usually firm enough - and his
partner - Sharp - was obviously
tense - they both suffered - which
was to their credit.

Dulles was a clever witness:
he would slide away from questions
again and again -

Samuel Untermyer had pleaded ill health, and was questioned at his home in Yonkers - a place of almost unbelievable: a thousand and one nights - Max Winbler called it statuary, tapestries, furniture and especially flowers everywhere, rare orchids etc - He has 160 acres overlooking the Hudson; it had been Eden's: Untermyer has lavished thought and money on it for forty years -

He was questioned on his porch, clearers all around, the Hudson off in the distance: preceding his testimony by a statement that he had taken, for insomnia, amnodyn, a drug which impaired his memory. He certainly was weak there and seemed at ease when denying matters as to which I had seen documentary evidence, (but had not been able to obtain).

Hartman his associate counsel said later that he knew very little about much of it - never had known about it.

Friday in N.Y. we had James P. Blaine, Pres of Marine Midland Trust Co the successor trustee - and then Max Winbler.

July 23 - Charlotte has been having a tough time. Esther brought Billy up ten days ago, was playing tennis, turned suddenly and broke a bone in her ankle and another in her leg. The setting went badly and she has been quite a care for Charlotte and suffered a good deal from the break.

It is one thing then another for Charlotte.

Aug. 15 being Thursday. Last weekend was rather overwhelming. Esther and Billy were driving down Monday morning with Mary and me - Mary to visit Agnes for a week.

Helen Campbell was visiting us at Mt. Carmel and likes those things - restful and quiet: aside from the four over our normal family. Fourteen people were at the house during the day - successively in groups as it were - We were sort of us done up - then a bath and asthma kept me awake a good deal, and Charlotte never slept at all until we left at 6:15, when Anne showed her to bed for two hours and a half.

That drive down was easy, I kept awake during the day, had quite an attack of asthma that night but in a few days shook it off.

Aug 2 Friday. Have had an interesting week working on the foreign boards again: somehow not too much seems to have been accomplished, though I'm getting a clearer picture of the problem all the time.

Steve B. Munton is getting the El Salvador committee into shape - Chamney Over is plugging along on Cuba and calling on the Chase National Bank, following an entertaining call he and I paid them a week or more ago. Chamney thought I was most diplomatic in substantially calling Geiger (Chase U.P.) a liar in very polite parlance, after Geiger had said they had no files on some subjects - they being his charge - When he said he would like to talk over our request with his superiors, I said I hoped they would look around and see if they could not find some on the subjects mentioned which they could include with the others made available to us.

When the files were made available they included the ones I wanted to see - so one can't assume too much sincerity, even from a U.P. of the biggest bank in the world.

Have been just glancing at

two sharply contrasted situations
Ceara - a state in Brazil, and
Baranquilla, a city in Colombia.
The difference in the two situations
seemed to be considerably in the
skill of the Our bankers and
wisdom of their lawyers -

Aug 3. Went to bed about 9:15 last night,
was wakened by knocking on the door at 11:20.
The fellows studying foreign bonds were
having a bachelor party for Bob Wright
at Chauncy Ave 178 E 70th St. and said (phone)
it wasn't complete. I hesitated then said
I'd come over. What a joint for such a
stay at home as I. Reached there about
midnight - the boys were somewhat
but not very drunk, talkative, frank,
and quite amusing. I, not drinking,
enjoyed it just the same. We broke
up at half past two or so.
Have not felt too animated today.

Sunday Aug 4 - Stayed in New York today
partly to save money partly to avoid
pollens. Had plans for work and did
some re Haiti, but not much - CBF -

Wrote Charlotte re helping Esther
and taking care of herself: it is hard
to make such decisions. I hope I don't
hurt Charlotte's feelings in urging that
she look out for her own health, she so
wants to help others.

Somewhat foreign bond intentions
did not appeal: I felt up to exercise
and decided to explore B roadway
to the north. Walked to 165th St where
I had a bowl of soup for lunch, then
on at 178th (the George Washington bridge)
turned onto Ft. Washington Ave. a pleasant
and quiet street west of B roadway.
Saw Ft. Washington on its site, then
on and found the cloisters, a branch
of the Metropolitan - a little gem
of the Medieval World, set in deep
shade in a little garden on this
quiet street. Tomb and sculpture and
some art from medieval France and
Spain, most interesting and pitifully
set forth.

I rained in back of St. Elizabeth's
Hospital and found a view of the
Hudson way north to the blue
highlands - what a river. Below
me a dozen tiny sailing canoes
were crossing in a gay little flotilla.

Pushing on there is at B roadway
and 204th St. the old Dutch colonial
farm house - the house built in
1753 on the Dyckman farm - now
a city park and museum - a charming
place, with a picture of the en-
campment of British soldiers that
occupied the farm during the rev-
olution.

I went on and crossed the
bridge to the mainland taking
the elevated - subway at 225th St.
From the platform there was a
view of the Harlem River called
the Spuyten Duyvil (perhaps
Spitting Devil in old Dutch); the
current is swift with the tide
and one can see where a reef of
rocks used to run across. I can
imagine it was a tough spot
before the reef was blasted out.

Aug 25. This too is a Sunday, but for me a very different day from that three weeks ago when I walked 6-7 miles in Upper Manhattan, for with some squally northwest weather, I am having my first touch bit as asthma of the year. I hope it will loosen up tomorrow as I don't quite see how I could get up the abraded stairs at 125th St. Sufficient to the day be the evil thereof, and we will take tomorrow when it comes. The half a block to the mailbox was all I wanted to tackle just now.

Yesterday Anne (who is visiting Agnes) and Billy came in and went to "The Great Waltz" - it is a great spectacle as well as an afternoon of Strauss Waltzes.

Besides the music singing included, there was a lovely ballet, lighting effects, gay costumes and extraordinary stage mechanics whose climax saw the orchestra lifted as a body and carried across the stage to the rear.

A week before I saw and heard Carmen at the Lincoln Stadium. That was a gay spectacle too.

Charlotte is at Adelynood a retreat at South Dyfield where one may meditate. She seems charmed with the atmosphere of the place and to be getting physical rest too. Harriett English is there also.

May and Margaret are caring for Rex and holding down the fort at home.

Sept 12 - Have been busy as a bee
on the job generally working evenings,
hence no entries.

As to Asthena: have had only two
really tough days Aug 25 and Sept.
8. Sept 8th was the toughest - but
staying quietly in the room, sitting
in the chair I got along very well.
Have felt better since and hope
it is over. It never has been as early
as this, but there are grounds for
hope even so. Have been sleeping in
bed for over a week, waking to
sneeze frequently but getting rest
even so.

Sept 7. Leonora was married to
Wich Ester.

Charlotte and the children and
Jimmy Webb drove there in the
Ford stopping over a night at
Kittery on the way. It went well.
Jim and Mary drove, Jim more
than half I guess, and the trip
does not seem to have been too stiff.

Constance was getting over an
operation, and I didn't want to
take a chance with Asthena so
Ed's family wasn't too well repre-
sented.

Last Sunday Charlotte
came down and spent the day
with us here in N.Y.; we went to
Grace Church, but mostly staid around

and talked, we have so little time
to talk things over and with a
family there is so much -

Margaret has been helping at the
Comm. Dog Team Tea Room in Oxford. Ben
to help the Greenfell Labrador
Mission. Tomorrow she might have
the chance to go to Labrador in
the summer; it isn't paid but
would be a grand experience.

Mary started secretarial school
the day after she got back from
Maine, - at Stones in New Haven. It is
a one year course, - and the school
has been able to find jobs for its graduates
right along. We will hope for the best.

My job is looking forward to
about four hearings in October. - Nuf sed.

Sept 25. On the job have been washing out
bond repatriation by Columbia of the
bonds of the Mortgage Bank of Columbia.
It was done as part of a program of
debtor relief: the debtors could buy
their external bonds of the bank and
pay off their debts with them.

The Government put on an exchange
control and denied exchange for services
so the bonds went very low, but released
exchange for bond purchase. The
government otherwise aided in
carrying out the business.

The Argentine Province of Buenos
Aires did a similar piece of work.

in the early minutes (see reports of the British Council), though not with all the detail that has been used in Colombia.

Oct. 5, '35. The "foreign bond" hearings seem about to begin. We put in a solid week this week, following steady work previously and have things coming along. Brian Clark and I divided work about - He to work with Brunstrom on El Salvador. I to pay more attention to Colombia (that comes later) with Bob Wright.

I have done quite a bit of outlining on Haiti (that is a smaller job) it is in fact done save for a bit of additional work - Guatemala - a small job that is well along. Brazil also far along. The Mortgage Bank of Colombia which is more of a job - quite involved in bringing out though not so hard to present I think. It is in fair condition, but calls for a good deal more work.

The main Colombian committee Bob and I have only seen on for a few sessions. They are a perplexing proposition, but I think will come along in time.

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When the files were made available they included the ones I wanted to see - so one can't assume too much sincerity, even from a U.P. of the biggest bank in the world.

Have been just glancing at

two sharply contrasted situations
Ceara - a state in Brazil, and
Baranquilla, a city in Colombia.
The difference in the two situations
seemed to be considerably in the
skill of the Our bankers and
wisdom of their lawyers -

Aug 3. Went to bed about 9:15 last night,
was wakened by knocking on the door at 11:20.
The fellows studying foreign bonds were
having a bachelor party for Bob Wright
at Chauncy Ave 178 E 70th St. and said (phone)
it wasn't complete. I hesitated then said
I'd come over. What a joint for such a
stay at home as I. Reached there about
midnight - the boys were somewhat
but not very drunk, talkative, frank,
and quite amusing. I, not drinking,
enjoyed it just the same. We broke
up at half past two or so.
Have not felt too animated today.

Sunday Aug 4 - Stayed in New York today
partly to save money partly to avoid
pollens. Had plans for work and did
some re Haiti, but not much - CBF -

Wrote Charlotte re helping Esther
and taking care of herself: it is hard
to make such decisions. I hope I don't
hurt Charlotte's feelings in urging that
she look out for her own health, she so
wants to help others.

Somewhat foreign bond intentions
did not appeal: I felt up to exercise
and decided to explore B roadway
to the north. Walked to 165th St where
I had a bowl of soup for lunch, then
on at 178th (the George Washington bridge)
turned onto Ft. Washington Ave. a pleasant
and quieter street west of B roadway.
Saw Ft. Washington on its site, then
on and found the cloisters, a branch
of the Metropolitan - a little gem
of the Medieval World, set in deep
shade in a little garden on this
quiet street. Towers and sculpture and
some art from medieval France and
Spain, most interesting and pitifully
set forth.

I rained in back of St. Elizabeth's
Hospital and found a view of the
Hudson way north to the blue
highlands - what a river. Below
me a dozen tiny sailing canoes
were crossing in a gay little flotilla.

Pushing on there is at B roadway
and 204th St. the old Dutch colonial
farm house - the house built in
1753 on the Dyckman farm - now
a city park and museum - a charming
place, with a picture of the en-
campment of British soldiers that
occupied the farm during the rev-
olution.

I went on and crossed the
bridge to the mainland taking
the elevated - subway at 225th St.
From the platform there was a
view of the Harlem River called
the Spuyten Duyvil (perhaps
Spitting Devil in old Dutch); the
current is swift with the tide
and one can see where a reef of
rocks used to run across. I can
imagine it was a tough spot
before the reef was blasted out.

Aug 25. This too is a Sunday, but for me a very different day from that three weeks ago when I walked 6-7 miles in Upper Manhattan, for with some muggy northwest weather, I am having my first touch bit as asthma of the year. I hope it will loosen up tomorrow as I don't quite see how I could get up the abated stairs at 125th St. Sufficient to the day be the evil thereof, and we will take tomorrow when it comes. The half a block to the mailbox was all I wanted to tackle just now.

Yesterday Anne (who is visiting Agnes) and Billy came in and went to "The Great Waltz" - it is a great spectacle as well as an afternoon of Strauss Waltzes.

Besides the music singing included, there was a lovely ballet, lighting effects, gay costumes and extraordinary stage mechanics whose climax saw the orchestra lifted as a body and carried across the stage to the rear.

A week before I saw and heard Carmen at the Lincoln Stadium. That was a gay spectacle too.

Charlotte is at Adelynood a retreat at South Dyfield where one may meditate. She seems charmed with the atmosphere of the place and to be getting physical rest too. Harriett English is there also.

May and Margaret are caring for Rex and holding down the fort at home.

Sept 12 - Have been busy as a bee
on the job generally working evenings,
hence no entries.

As to Asthena: have had only two
really tough days Aug 25 and Sept.
8. Sept 8th was the toughest - but
staying quietly in the room, sitting
in the chair I got along very well.
Have felt better since and hope
it is over. It never has been as early
as this, but there are grounds for
hope even so. Have been sleeping in
bed for over a week, waking to
sneeze frequently but getting rest
even so.

Sept 7. Leonora was married to
Wich Ester.

Charlotte and the children and
Jimmy Webb drove there in the
Ford stopping over a night at
Kittery on the way. It went well.
Jim and Mary drove, Jim more
than half I guess, and the trip
does not seem to have been too stiff.

Constance was getting over an
operation, and I didn't want to
take a chance with Asthena so
Ed's family wasn't too well repre-
sented.

Last Sunday Charlotte
came down and spent the day
with us here in N.Y.; we went to
Grace Church, but mostly staid around

and talked, we have so little time
to talk things over and with a
family there is so much -

Margaret has been helping at the
Comm. Dog Team Tea Room in Oxford. Ben
to help the Greenfell Labrador
Mission. Tomorrow she might have
the chance to go to Labrador in
the summer; it isn't paid but
would be a grand experience.

Mary started secretarial school
the day after she got back from
Maine, - at Stones in New Haven. It is
a one year course, - and the school
has been able to find jobs for its graduates
right along. We will hope for the best.

My job is looking forward to
about four hearings in October. - Nuf sed.

Sept 25. On the job have been washing out
bond repatriation by Columbia of the
bonds of the Mortgage Bank of Columbia.
It was done as part of a program of
debtor relief: the debtors could buy
their external bonds of the bank and
pay off their debts with them.

The Government put on an exchange
control and denied exchange for services
so the bonds went very low, but released
exchange for bond purchase. The
government otherwise aided in
carrying out the business.

The Argentine Province of Buenos
Aires did a similar piece of work.

in the early minutes (see reports of the British Council), though not with all the detail that has been used in Colombia.

Oct. 5, '35. The "foreign bond" hearings seem about to begin. We put in a solid week this week, following steady work previously and have things coming along. Brian Clark and I divided work about - He to work with Brunton on El Salvador. I to pay more attention to Colombia (that comes later) with Bob Wright.

I have done quite a bit of outlining on Haiti (that is a smaller job) it is in fact done save for a bit of additional work - Guatemala - a small job that is well along. Brazil also far along. The Mortgage Bank of Colombia which is more of a job - quite involved in bringing out though not so hard to present I think. It is in fair condition, but calls for a good deal more work.

The main Colombian committee Bob and I have only seen on for a few sessions. They are a perplexing proposition, but I think will come along in time.

~~the~~ have all been at it fairly hard. I was half sick with asthma this last Monday and could not stay late, but that is the only evening I've not been in the office for the last three weeks.

Thursday night we had to have the El Salvador outline in shape to put before the commission. I deserted Colombia for a bit of El Salvador at the finish. We made it 10:30-11:00 the last three nights. I generally knock off 9:00-10:00 or thereabouts.

It is quite fun to take a few exhibits and draw up a hearing outline for them. One was to guide questioning Prof E.M. Borchard to bring out the principles of international debt settlement, as exemplified by the practices of the last century. It also covered the international law involved. I'm not sure the practice and the law are too well differentiated. ~~The~~ International law may be mostly practices, however, as far as debts and their collection go. I'd like to hear his testimony. I think he would be surprised if he knew I prepared the brief.

Oct 16 '35. Last week we had our El Salvador hearings in Washington. Four of us went down Tuesday night; I had really nothing to do with the hearing at the end. I had of course supervised Brewster's investigation and talked over his work with him since.

The hearings brought out the "old" practices quite vividly, partly because F. J. Hesiman the principal witness made no bones about what they had done, admitting his representation without an apparent qualm.

The discharge of a "moral responsibility" and the receipt of substantial fees in doing it seemed perfectly normal to him.

My week was a tough one - one to forget. The Columbia outline had not received much work, and I averaged midnight about for a week including all day Saturday and Sunday. That combined with two poor nights on the sleeper was a program. At the end the State Dept effectively objected to our presenting a hearing now. We may be able to after the pending Trade Treaty is ratified. I hope so as the independent Colombian committee badly need ventilation what a story!

Oct. 17, '35 Came down to Washington last night on the 12:40; it is really an excellent train to sleep on, rolls slowly and no stops, turned in early and had a fair night.

Today I was investigating State Dept Files re relations between Dept. and F.B.P.C. It was very interesting both for the evidence of close relationship and for other things in the files and out.

Files in the State Dept are tied up with red tape, literally: I've seen some evidence of the figurative kind too.

The building is a mammoth work of Victorian magnificence, roomy within however and they say so solidly built it is reasonably cool in summer.

Through the files was ~~clear~~ evidence of the closest cooperation between F.B.P.C. and State Dept, a constant interchange of information.

The F.B.P.C. needs no statistical staff of any size: they use the diplomatic people the world over for figures, and in a few weeks can get a report covering published figures on trade, revenues and other financial matters, economic situations, political side lights such as a battery of experts could hardly produce away in N.Y. They should probably have a man or two to help things coming in, and sorted out and digested in N.Y., but nothing much: it would be time and money wasted. Indeed the idea

of the F.B.P.C. putting out statistics, as their sponsors visualized it, I think, a mistake.

There was an account of a mission by Williams, borrowed from the N.Y. Fed. Reserve Bank for the occasion, to Chile in Aug 1934, to go into the control of exchange, as the press release said. He went to try to thaw out frozen short term credits.

He decided there weren't many, that the ^{unofficial} status quo of gradual release was about the best to be hoped for.

Thawing schemes carried compensating treaties that injured trade while they tried to release the frozen credits, but the net result was negative.

The most interesting phase was the State Dept attitude. The Dept would not act as i.e. a collector for defaulted bonds anyway. At this time Chilean bonds were in complete default, but the Dept sent along this mission to negotiate, without seemingly even thinking of linking something for interest on bonds with the repayment of the principal of the short term debt.

Apparently the desire to clear the way for business is the ruling motive, and the idea that bonds and short debts should receive similar treatment does not work out in the practice of the U.S. State Dept.

~~It is a common mistake to think that the State Dept is a business organization.~~

Have had an easy season as regards
asthma only a few really bad
days and am sleeping quite well in
bed now: generally sunbathing a little
but not much.

MORE RAGWEED POLLEN IN AIR

Increase Seen as Reason
for Hay Fever Rise.

AUGUST 29 WORST DAY

127 Pollens Per Cubic Yard,
Against 26 Last Year.

The fact that hay fever was reported worse in the metropolitan area during the past season is accounted for by an increase in the amount of ragweed pollen in the air, according to the New York Meteorological Observatory in Central Park.

The results of the seventh annual collection of ragweed pollen made at the observatory and counted by the Abbott Laboratories, Chicago, were made public today. From August 10 to October 1 the total count per cubic yard of air was 1,436 pollens during the previous season.

The ragweed did not show in abundance in the air, according to the report, until August 28 and continued through September 1. When heavy rains set in on September 7 the ragweed anthers closed tightly, withholding much of their pollen until sunny, dry weather again aided in spreading the pollen. The season continued later than usual, practically ending on September 21.

Physicians and clinics find the ragweed figures valuable in correlating their treatments. Untreated cases of hay fever follow closely the daily ragweed counts. The report was prepared by David R. Morris, meteorologist at the observatory.

Pollen Count Table.

The seven-year table of the daily ragweed pollen count follows:

Aug.	1935	1934	1933	1932	1931	1930	1929
10	0	0	6	4	5	—	0
11	0	0	0	0	0	—	0
12	0	0	2	2	0	—	3
13	2	0	1	0	0	—	12
14	4	2	5	9	2	—	1
15	4	2	10	5	0	—	6
16	6	0	25	28	5	2	6
17	3	0	3	2	18	0	1
18	7	7	0	3	19	0	10
19	15	7	11	12	24	15	4
20	7	36	23	14	12	4	4
21	9	19	0	12	27	14	11
22	61	10	56	64	45	12	11
23	50	72	16	39	23	2	49
24	22	25	28	76	20	1	19
25	33	98	82	33	50	6	34
26	77	87	74	23	38	15	15
27	41	154	42	65	80	5	47
28	112	24	77	65	84	21	31
29	127	26	78	80	122	27	28
30	25	35	11	59	254	40	30
31	39	21	54	104	120	30	66
Sept.							
1	113	61	23	56	190	58	54
2	18	70	18	160	208	98	86
3	16	53	8	89	91	80	128
4	10	86	71	19	64	42	71
5	4	101	68	34	59	19	43
6	56	56	113	90	209	89	45
7	58	16	82	37	86	48	20
8	108	17	87	32	27	55	40
9	76	97	237	9	50	46	70
10	82	40	101	19	36	49	73
11	52	33	54	14	67	54	13
12	79	53	9	33	174	54	11
13	88	36	12	18	38	8	46
14	35	17	2	6	93	13	15
15	86	20	1	0	37	36	19
16	49	6	42	21	35	51	32
17	8	10	28	15	212	37	47
18	16	1	16	0	5	14	9
19	43	8	4	5	10	16	1
20	15	9	32	38	12	10	0
21	41	4	7	18	6	6	0
22	11	0	3	15	1	8	0
23	15	2	6	3	0	3	0
24	11	0	0	3	3	11	2
25	12	0	2	1	1	0	8
26	12	1	2	1	0	1	1
27	6	1	4	4	0	0	0
28	1	2	3	6	2	0	0
29	11	12	0	0	1	0	13
30	1	1	0	0	0	0	70
Total for 1935	1,724						
Total for 1934	1,436						
Total for 1933	1,649						
Total for 1932	1,451						
Total for 1931	2,643						
Total for 1930	1,100						
Total for 1929	1,198						

Other Pollen in Air.

Other pollen in the air during the 1935 season of less significance on hayfever were:

Chenopod and Amaranth	220
Grass	109
Plantain	75
Hemp	51
Composite	9
Miscellaneous	28

I have not been home for nearly a month - what a life. It has been work practically ^{every} evening for six weeks I think, and as a result, I don't have what I love most.

Charlotte's health has me in tears not infrequently: her "bad days" are more frequent and are becoming "bad weeks" really. And there seems to be no answer. The thought of this winter is a nightmare. The children seem to be very well and to be working hard at school one and all and I think are enjoying it.

Oct 23 35. Back in New York after a week in Washington investigating in the State Dept re the origin of the F.B.P.C. and its relations with the State Dept. It was an experience to be working in those most confidential of files, and to be looking out of the window at my side down on the White House. I was on the third floor of the State Army + Navy Bldg, so you got a good view of the White House.

The State Dept obviously fathered the F.B.P.C. having first killed off the cooperation planned under Title II of the Securities Act.

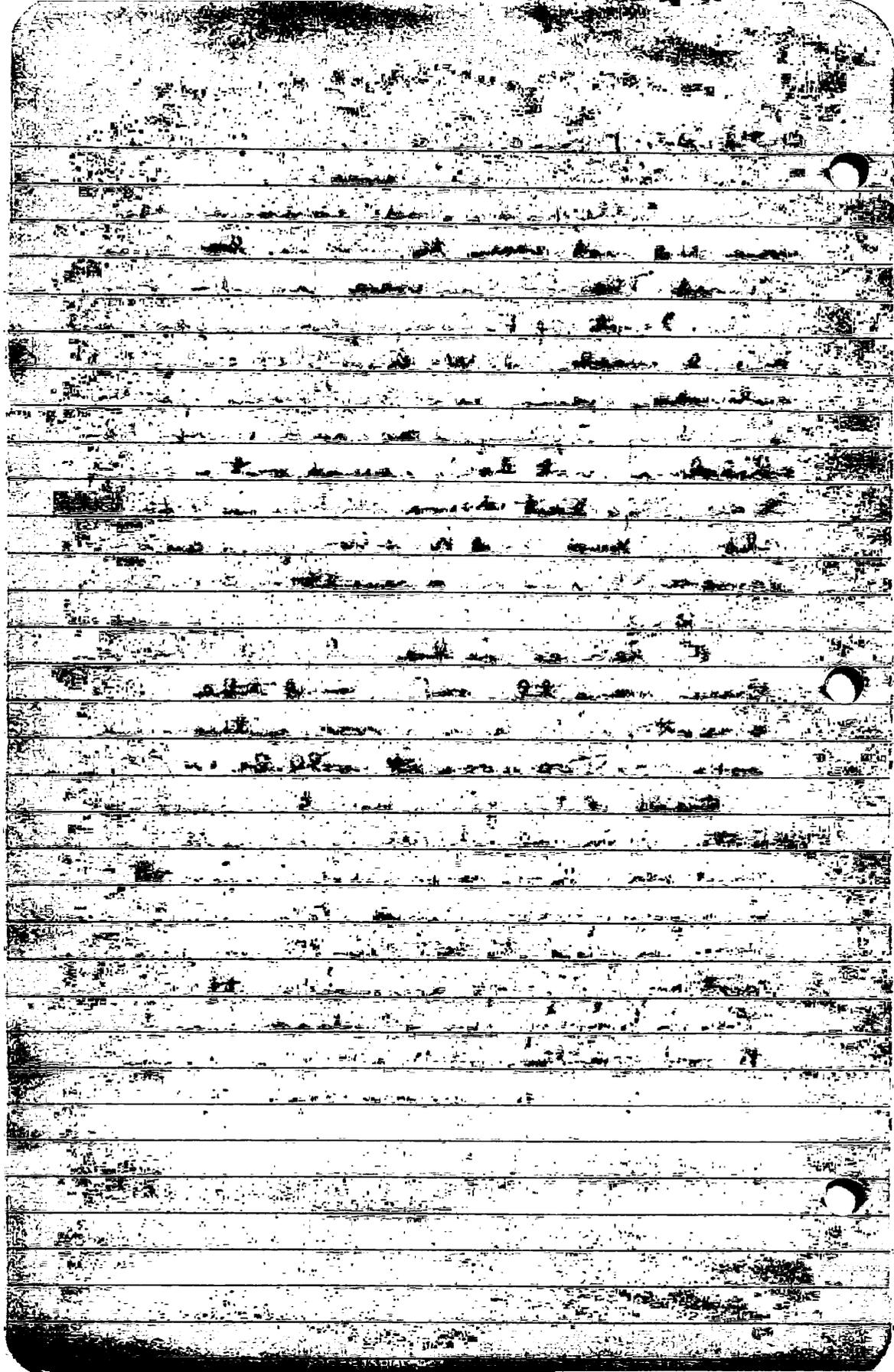
The State Dept also cares little about bondholders; it tries to encourage trade ~~and~~ even sent a Mission ^{Aug 1934} to Chile to try to free short credits. Though there arose four advances by the Nat City Bank not from currency.

Oct 29 '35 - Home last week end for the first time for five weeks.

Charlotte had a bad headache otherwise did not seem to feel as badly as I feared. The children were grand - lovely girls. I got off Friday afternoon, so had a real week end. We had the Healy's out Saturday evening and the Radde party Sunday. I played around with the children not doing much, but enjoying it greatly, but down with the flower bed and had hay fever and some asthma as a result but nothing very bad.

The leaves are largely off the trees, save the oaks, and the countryside has a very autumnal aspect - Too soon it will be winter.

Each of the girls has her school interests in school: Mary seems to realize that her school record means job. Peggy is enjoying her old friends tremendously: Anne is glad to be taking French, perhaps not enjoying life as much as the others: Lu is having much pleasure in the Kindergarten at Mrs. Foster's and gaining much manual dexterity.



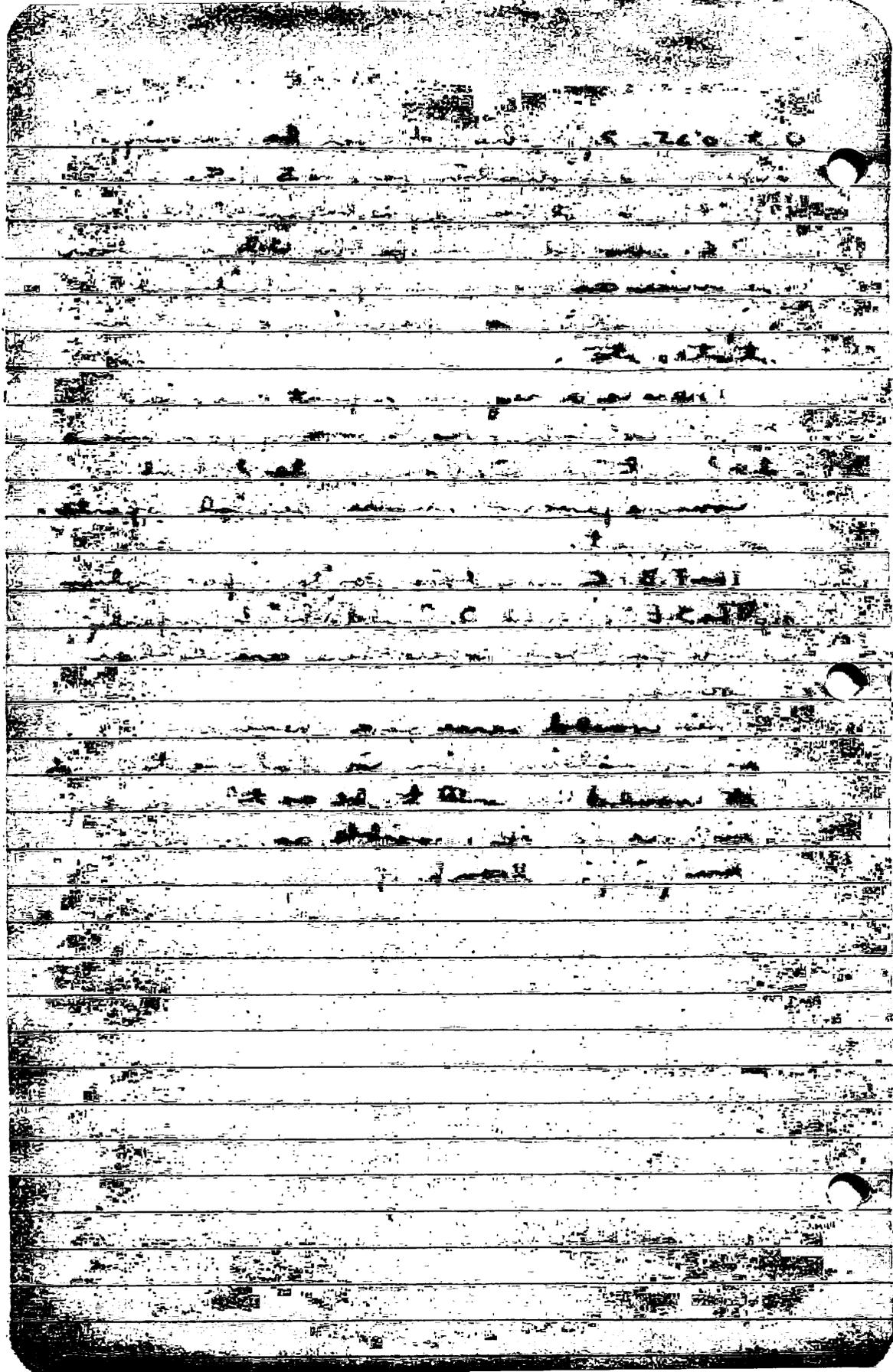
Oct 30 '35. I think I should even be working on bond registration for the S.E.C.

I think it had not been done before the S.E.C. should develop the U.S. Consular service as a source of statistical information on foreign countries states etc.

There is a regular report service I think which goes to many government departments, from consuls I think Consuls general make special reports on request.

The F.B.P.C. uses this for its information The S.E.C. could I should think properly ask for these whether there are dollar loans.

This would serve as a check on information given in statements, and it would be well to be as thoroughly informed, if possible, as bankers bringing in loan proposals.



Nov 20 '35. In the last three weeks we have had three hearings on Foreign Bond Protective organizations.

The first in late October on a Committee for Cuban 5 1/2% Public Works bonds and the F.B.P.C. I was not in Washington then, but in N.Y. and that I was so far from the center of activity. It was a lively hearing between the relations of Senators Wheeler and Nye with the committee, and the activities as comm. representative in Cuba of one William Rosenblatt, who remarked on the witness stand - "Let's forget about morality, this is practical business, or something to that effect."

For some reason Sam Clark never let me investigate thoroughly the bankers contributions to the F.B.P.C. and that was not well worked out. At least three times I suggested going into Trophogen's files, but it was always vetoed.

The second hearing was on the F.B.P.C., Brazil and Peru.

The Brazilian part was featured by Speyer Co's break with the council because the Council would not do as Speyer wished. Speyer's interest it should be said was more European than American.

The Peruvian hearing only covered the activities of a strike committee bent on revision suits, that sold out and double crossed the public. "A rabbit warren of lawyers" as Col. Murphy put it.

I was in Washington for almost a week at that time, and had another call on the State Dept - on Dr. Fein its economic adviser.

The third hearing was more Peru and F.B.P.C., and Chile, - and again I sat on the New York office. This hearing was not as graphic as the two preceding, but interesting even so far what I hear.

We have an interesting hearing on Colombian Committee largely worked up, but put aside on account of State Dept protest. They fear a hearing might delay ratification of a Trade Treaty supposedly about ready for action by Colombia.

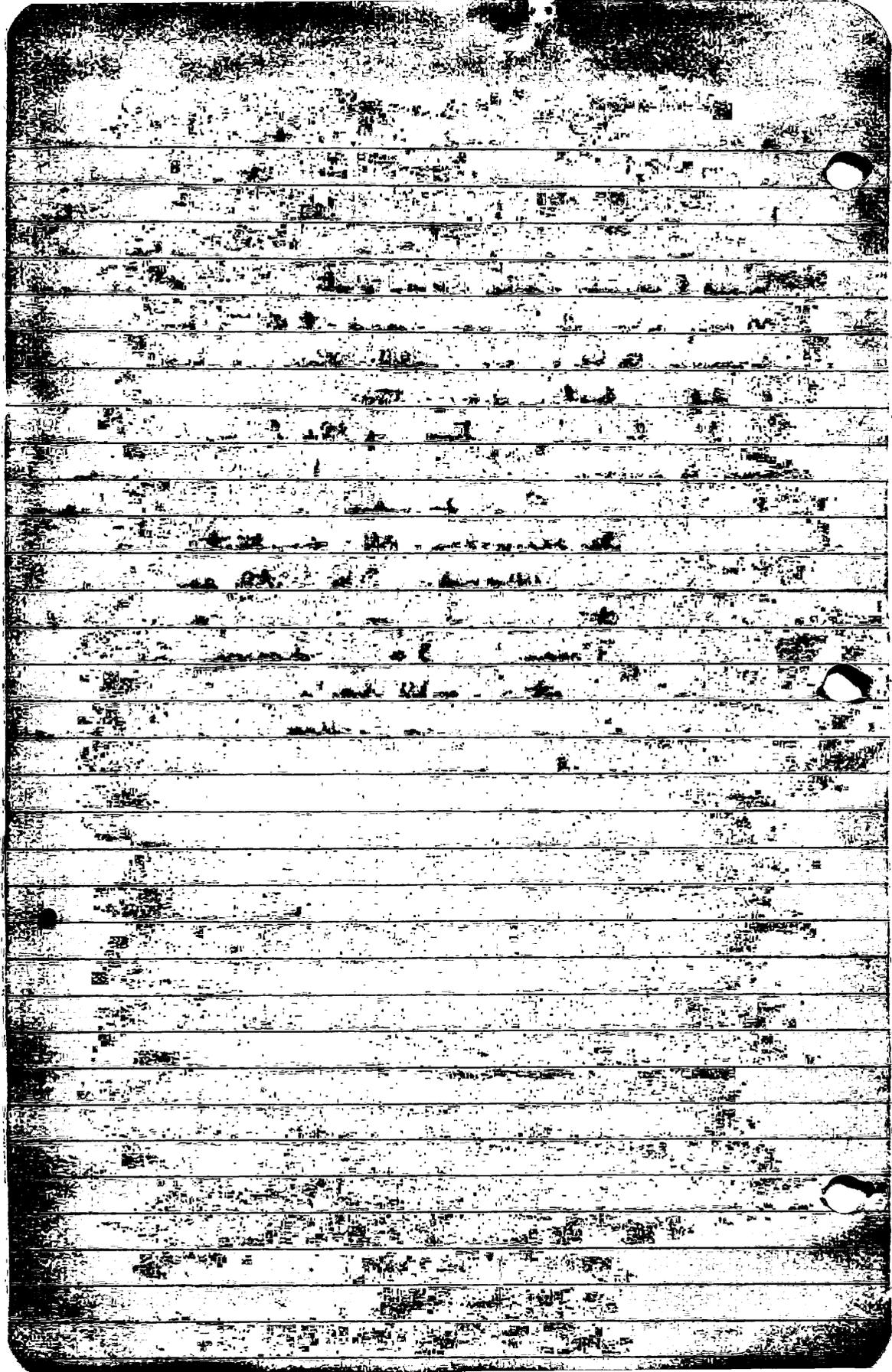
The work has slowed down somewhat with the finishing of this chapter. I am doing a little on a utility investigation. The reorganization of Federal Public Service a third rate Byllesby outfit. It nicely illustrates much that should not be done, but most of the work will be done in Chicago.

I have other things to do, more especially to write up Krueger & Toll for a report by the commission.

Charlotte has not been well though has seemed better lately. She went to Boston recently and sold several. She saw the George and Harry Scotts and seemed to have a rest out of the trip. It shows what

a busy life she leads, that it should seem
a rest. The children are intent on school
Peggy enjoying Prospect Hill hugely, Anne
enjoying Hornum High more since she has
had French - she loves Latin even first year.
Mary is working very hard at Stones and
seems to be doing well - she wishes she
could go Saturdays too.

I've been home two of the last three
nights and wonder how I survive
being away. Last Sunday my right cheek
was quite swollen: the dentist said
wait a day, Monday I had three upper
teeth out, gas, lay on the sofa most of
the day. Tuesday I came down here,
and think it is all behind today,
Wednesday - save my cheek is still some-
what swollen.



Nov 22. 35 Following a letter from Sam Clark have begun writing up reports on the foreign bond hearings.

These hearings cover so much that they have to be split up in writing the reports. We write the same from the transcripts of evidence taken at the hearings and the exhibits presented at the hearings.

Treatment of the Foreign Bondholders Protective Council is an immediate task of mine.

It presents problems as it reaches into most of the hearings some to a greater degree than others. If we make the report covering the Council really complete, we will take from other hearings much of their more interesting material. Immediately it is necessary to either sort out carefully between hearings or have a good deal of duplication.

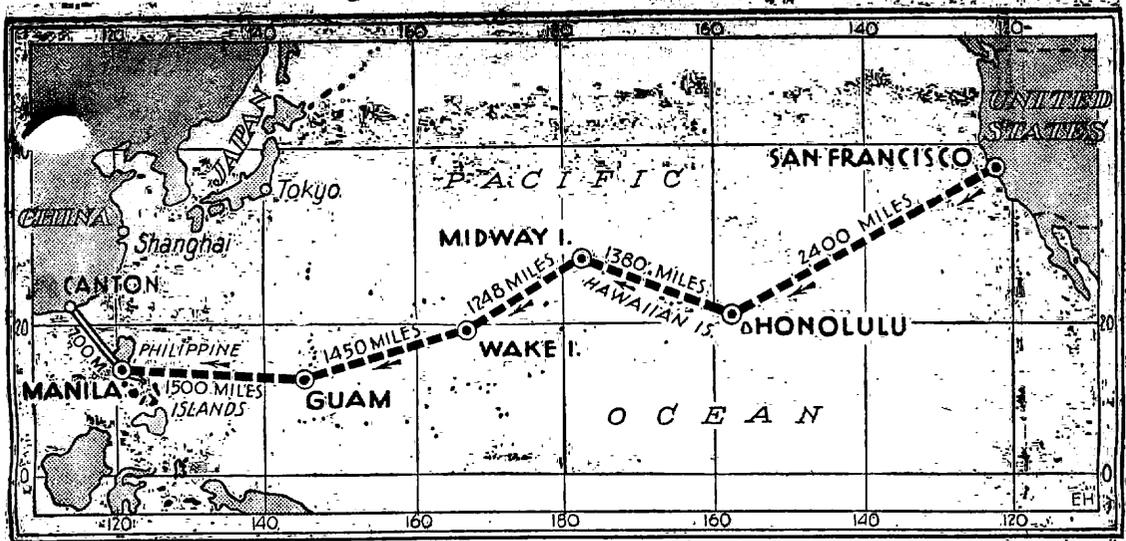
I think it impossible, as a practical matter to cover all aspects of the Council in one report. It would be too big for one thing. It is likely to be a matter of division plus some duplication.

One really should, as an overview and well and enterprise, write up the treatment of defaulted

foreign bonds as a book. While it would be a very big evening and week end job, handling the other reports would greatly facilitate it. One would have to get clearance from Douglas and the S.E.C., but it might help the general purpose, of improving the system, and be welcomed. Then it might be more than one could carry.

Our Columbia hearings have not been put on yet.

I incidentally, I am to write up a report on Krueger's fall for the commission. I did too think about a book on Krueger's fall. I still also yearn to write my long hoped for book on monetary and other problems. The immediate task will obviously be foreign bonds and I think it will absorb my working not to say working hours for some weeks - or months.

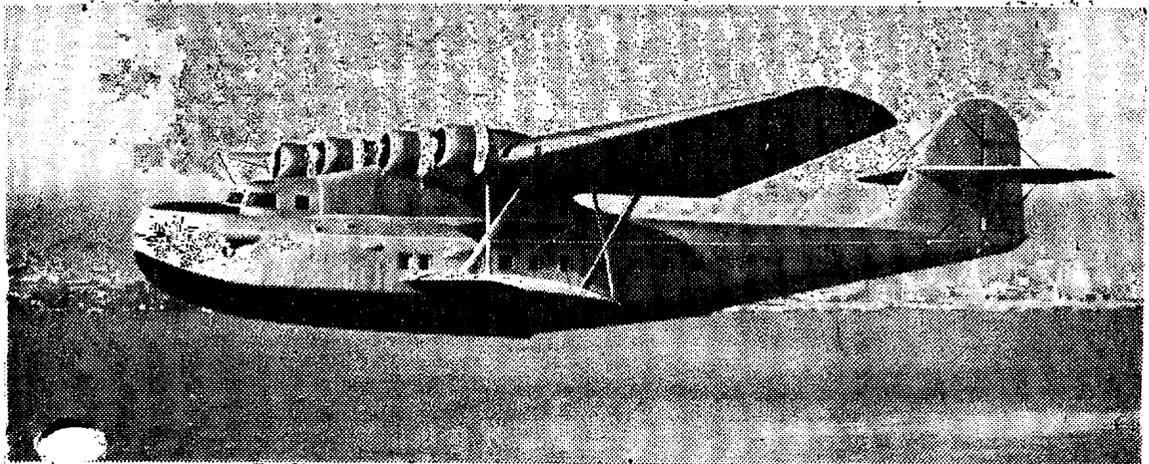


PROPOSED ROUTE OF CHINA CLIPPER ACROSS THE PACIFIC.

The great airplane will start from Alameda near San Francisco today for Honolulu, and Captain M. M. G. expects to make daily flights from leg to leg. If he follows the schedule, he will arrive in Manila in five days. Arrangements have not yet been completed to extend the service to China.

This flight over far waters should stir anyone's heart. The thought of a 25 ton aeroplane alone is staggering.

NEW YORK TIMES, SATURDAY, NOVEMBER 23, 1935.



© Photo by Clyde Sunderland.

FLYING THE MAILS OVER THE PACIFIC.

The China Clipper, giant transport, which took off from Alameda, Calif., yesterday to inaugurate a regular service to Hawaii, the Philippine Islands and China. The craft is here shown in one of her last test flights over the Golden Gate.

Dec 14. 25. Have just read C. R. S. Harris' book *Germany's Foreign indebtedness* (Oxford University Press). It is an excellent discussion of the subject and the related Standstill Agreements and trade arrangements. There has been so well worked out in Germany's case that they can well be studied there.

One table of figures should be interesting to watch: it is in one of the appendices and gives German crop yields. As the Germans are trying hard to increase food production to make themselves self-sufficient this should be brought down to date. It relates to production within the present frontiers of Germany.

	Wheat	Rye	Barley	Oats	Potatoes	Sugar Beet
1911-1913 Ave	3,765	7,585	..	7,680	37,962	13,786
1928	3,854	8,522	3,347	6,996	41,269	11,011
1929	3,350	8,155	3,181	7,383	40,077	11,091

in thousands of metric tons.

