

CLASS OF SERVICE	SYMBOL
Telegram	
Day Letter	Blue
Night Message	Nite
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a telegram. Otherwise its character is indicated by the symbol appearing after the check.

WESTERN UNION TELEGRAM

NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

CLASS OF SERVICE	SYMBOL
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RECEIVED AT

XXX J 41 PZ 425A JAN 14 1920

A 599 NY 211 NL

K NEWYORK NY JAN 13 1920

H P JUDSON

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UNIVERSITY OF CHICAGO CHICAGO ILL

IN CONSEQUENCE OF SIR GEORGE PAISHS UNFORTUNATE STATEMENTS AND RESULT-
ING HEARST AGITATION A SERIOUS OBJECTION HAS BEEN RAISED BY WASHINGTON
TO ANY APPEAL TO THE GOVERNMENT CALLING FOR DIRECT GOVERNMENT INTER-
VENTION IN DEFERENCE TO THIS SITUATION AND IN CONSULTATION WITH NEWYORK
ASSOCIATES AMERICAN PREAMBLE HAS BEEN SO CHANGED AS TO ADDRESS ITSELF
TO UNITED STATES GOVERNMENT REPARATION COMMISSION AND UNITED STATES
CHAMBER OF COMMERCE BUT REQUESTING UNITED STATES CHAMBER OF COMMERCE TO
CONVENE THE CONFERENCE FOR SIMILAR REASONS LINES 62 TO 66 BEGINNING
WITH THE WORDS QUOTE BALANCE OF INDEBTEDNESS QUOTE DOWN TO QUOTE STEP
TOWARDS A CURE QUOTE HAVE BEEN ELIMINATED STOP IT WAS IMPOSSIBLE TO
HAVE EUROPE MODIFY ITS APPEAL ON SIMILAR LINES BECAUSE THEIR MACHINERY
HAD ALREADY BEEN SET FOR PUBLISHING ON JANUARY FIFTEENTH AND OWING TO
WIRE INTERRUPTIONS IT WAS IMPOSSIBLE FOR THEM TO REACH VARIOUS COUNTRIES
IN TIME TO POSTPONE PUBLICATION STOP NEWYORK GROUP MET THIS AFTERNOON
AND APPROVED OF CHANGE AND APPOINTED SMALL STEERING COMMITTEE STOP IN
VIEW OF IMPOSSIBILITY OF CONSULTING WITH ALL SIGNATORIES OUTSIDE OF
NEWYORK THIS COMMITTEE ASSUMES THAT IT HAS YOUR CONSENT TO PLACING YOUR
SIGNATURE ON THE APPEAL AS AMENDED UNLESS YOU INSTRUCT ME TO THE
CONTRARY BY IMMEDIATE WIRE STOP I HOPE THAT WE MAY COUNT ON YOUR
CONTINUED SUPPORT

PAUL M WARBURG

1229A JAN 14

7

March 4, 1920.

Mr. Paul M. Warburg has received from Mr. R. H. Brand, of London, a copy of the reply which Mr. Austen Chamberlain, Chancellor of the British Exchequer, sent to the signatories of the British memorial, and he takes much pleasure in sending you a copy herewith, thinking that you might be interested in seeing the same.

7

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of the British memorial, and he takes much pleasure in send-
Chancellor of the British Exchequer, sent to the signatories
of London, a copy of the reply which Mr. Austen Chamberlain,
Mr. Paul M. Warburg has received from Mr. R. H. Brand,

March 4, 1920.

LETTER OF THE CHANCELLOR
OF THE EXCHEQUER
TO THE
HON. R. H. BRAND, C. M. G.

Treasury Chambers,
Whitehall, S. W. 1.

11th February 1920.

Dear Mr. Brand,

His Majesty's Government have had under consideration the Memorial, dated the 15th January, which was forwarded by you to the Prime Minister on behalf of the fifteen signatories, proposing that the Governments of the countries chiefly concerned, which should include the United States, the United Kingdom and the British Dominions, France, Belgium, Italy, Japan, Germany, Austria, the neutral countries of Europe and the chief exporting countries of South America should be invited forthwith to convene a meeting of financial representatives for the purpose of examining the present financial and economic situation of the world, and in the event of their deciding that co-operative assistance is necessary and advisable to recommend to whom and by whom assistance should be given and on what general conditions.

His Majesty's Government understand that an identical Memorial was simultaneously presented by representative citizens to certain of the other Governments named in the Memorial, and that an analogous but not identical Memorial was also presented to the Government of the United States of America by representative American citizens.

On the 3rd instant I had the pleasure on behalf of His Majesty's Government in company with two of my colleagues of meeting the majority of the British signatories to the Memorial and of obtaining in the course of an informal discussion further explanations of the views of the Memorialists on the important subjects to which it relates. In accordance with my promise, I have reported the results of that discussion to the Cabinet and on behalf of His Majesty's Government I now make the following reply.

The picture which the Memorial presents of the financial and economic conditions resulting from the war, and of the grave economic and social dangers which in consequence confront the whole world, is not, in the opinion of His Majesty's Government, exaggerated. All the information in their possession convinces them of the urgency of the problems to which the Memorial draws attention and of the added danger which arises from the widespread existence of false hopes and illusions and the absence of any general recogni-

tion of hard facts which, as the Memorial sets forth, are obscured by the apparent plentifulness of money resulting from the continuous growth in the volume of outstanding currency and of Government obligations.

The Memorial lays stress on the need for bringing home to the people of each country that until the current expenditure of that country is brought within its receipts from taxation and other regular income, it cannot expect to be treated as a solvent debtor fit to receive further financial help in the form of new credits for reconstructive purposes, as it is on the sure road to bankruptcy and anarchy. I will return to this point later.

The Memorialists recognize that Germany and Austria must bear the largest possible burden that they may safely assume but they add that the scope of the annual contribution which they will be called upon by the Reparation Commission to undertake must, for the sake of their creditors and for the sake of the future social and economic development of the world, be brought within the limits within which solvency can be preserved. His Majesty's Government cannot anticipate the conclusions which the Reparation Commission may reach in regard to this matter, but the statement of principle in the Memorial is in accordance with the views adopted throughout by His Majesty's Government and with the provisions of the Treaties of Peace themselves.

The Memorial suggests that while much can be done through normal banking channels, the working capital needed to enable the various European countries to purchase the imports required for restarting the circle of exchange, to restore their productivity and to re-organize their currencies, is too large in amount and is required too quickly for such channels to be adequate, and they express the opinion that a more comprehensive scheme is necessary. They propose, therefore, that a Conference of financial representatives should be summoned to survey the situation and to suggest some such comprehensive scheme of international cooperation in the grant of credits, and they sketch in broad outlines certain general conditions under which such credits might be granted.

The Memorialists recognize that such cooperative action, if undertaken at all, cannot be confined to any particular group of countries. To quote the words of the Memorial, "The interests of the whole of Europe and indeed of the whole world are at stake," and if success is to be obtained all must cooperate where all are concerned. The hope of useful results from the deliberations of such a conference must in fact depend on the extent to which the participation of the various countries mentioned in the first paragraph of the Memorial is secured.

Under these circumstances the changes introduced into the American Memorial and attitude of the Government of the United States become matters of first rate importance in the consideration of the course to be adopted by His

in preparation of the various countries mentioned in the first paragraph of

the following is a list of the

Under these circumstances the changes introduced into the Russian

Majesty's Government.

It seems doubtful whether the participation of the United State Government in such a conference could be secured.

It is obvious that the attitude of the United States Government must gravely affect the influence and even the utility of such a conference as is proposed. But in conversation with my colleagues and myself you and the other gentlemen who accompanied you, whilst explaining that you had never contemplated large loans by Government to Government, argued that such a conference would exercise a powerful influence in securing those measures of internal reform in the countries concerned which would not only be a necessary preliminary to any further assistance by foreign Governments but are equally necessary as a preliminary to any extension of commercial credits: and you expressed the belief that the execution of these internal reforms by stabilizing the currencies of the countries concerned would lead to the grant of commercial credits on such a scale that any Government assistance which might still be found necessary would be reduced to comparatively small amounts and need only be given within strictly defined limits.

The situation is so grave that His Majesty's Government are unwilling to omit any act which may help to alleviate it by bringing home to all concerned in this country and elsewhere a true appreciation of the nature and character of the difficulties with which the world is confronted, and which may at the same time indicate the only methods by which these difficulties can be overcome. Under these circumstances His Majesty's Government will be prepared to appoint representatives if invited to do so by one of the neutral countries or by the League of Nations, on being satisfied that the conference will assume a really representative character.

But the limits within which the cooperation of His Majesty's Government is practical must be clearly understood. They are impressed with the futility of attempts to solve the grave problem of reconstruction by a continuous process of new borrowing, whether in the form of internal loans to cover deficits on current expenditure, or in the form of external loans advanced by one Government to another. They have themselves laid down as a cardinal feature of their own policy the cessation of new borrowing by the British Government and the establishment of an adequate sinking fund for the reduction of debt out of the revenue and they have taken steps to stop inflation of currency. His Majesty's Government have also publicly stated that they are not prepared to grant further advances to other Governments, which involve either new borrowings by this country or the taxation of our nationals for the purpose of making loans to the Governments of other countries, and His Majesty's Government cannot in view of the immense liabilities which this

country has already assumed in the prosecution of the War adopt either of these alternatives.

His Majesty's Government have however felt it necessary, in fulfilment of what they conceive to be the duty of the United Kingdom to make a contribution, worthy of the traditions of the nation, to the reconstruction of Europe, to admit certain particular exceptions to the general principle that loans from Government to Government should cease. They are at the present moment engaged in discussions with the Governments of Canada, the United States of America, France and certain other countries, including some which did not take part in the War, in regard to the provision of Government credits to Austria and Poland for the supply of foodstuffs and raw materials sufficient to enable those countries to avert famine and restart industrial life. His Majesty's Government felt compelled publicly to state in November last that, however desperate the need, they could not participate in measures of relief unless they were assured of the co-operation of the Government of the United States of America to an extent which would make it certain that this country would not be called upon to incur additional expenditure in the United States of America. The movements of the foreign exchanges since November last emphasise the difficulty with which His Majesty's Government were then confronted. In order therefore to avoid any possible mis-conception His Majesty's Government desire to make it absolutely clear that, if they were to agree to take part in a Conference such as the Memorialists propose it would not be with the idea that it was possible for the United Kingdom at this stage to make any considerable addition to its liabilities and that if the grant of credits in any form were to be recommended by the Conference, His Majesty's Government could not support or take a share in any scheme which involved an addition to the liabilities of the United Kingdom for expenditure in America.

Yours faithfully,

(sgd) AUSTIN CHAMBERLAIN

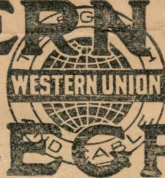
The Hon.

R. H. Brand, C.M.G.

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NEWCOMB CARLTON, PRESIDENT

GEORGE W. E. ATKINS, FIRST VICE-PRESIDENT

RECEIVED AT

1920 JAN 11 AM 1 08

P26NY 42 NL

K NEWYORK NY 10'

H P JUDSON

7060

UNIVERSITY OF CHICAGO CHICAGO ILLS

AFTER CONSULTATION WITH WASHINGTON IT WAS CONSIDERED ADVISABLE TO
RECOMMEND TO EUROPEAN ASSOCIATES TO MAKE CERTAIN CHANGES IN
INTERNATIONAL MEMORANDUM WHICH WILL PROBABLY DELAY ITS PUBLICATION
FOR A SHORT WHILE WILL KEEP YOU FULLY ADVISED THANK YOU FOR YOUR
WILLINGNESS TO JOIN

PAUL M WARBURG.

RECEIVED
JAN 10 1900
U.S. DEPT. OF AGRICULTURE
WASHINGTON, D.C.

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JAN 10 1900
U.S. DEPT. OF AGRICULTURE
WASHINGTON, D.C.

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PAUL M. WARBURG
17 EAST 80TH STREET
NEW YORK

acknowledged

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February 18, 1920.

Dear Sir:-

I take pleasure in handing you herewith for your confidential information copy of a letter dated February 16th addressed by the Chamber of Commerce of the United States of America to a Committee acting on behalf of the forty-four American signatories to the international memorandum of January 15th, 1920.

The message contained in this letter has now been cabled to President Dr. Vissering at Amsterdam, who acts as the clearing agency of information for the European signatories. I shall be glad to keep you advised as to any further developments that may take place in the matter.

Very faithfully yours,

Paul M. Warburg

Mr. H.P. Judson, Pres.,
University of Chicago,
Chicago, Ill.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

WASHINGTON, D. C.

February 16, 1920.

Mr. Alfred E. Merling, 65 Liberty Street, New York, N.Y.
Mr. Paul M. Warburg, New York, N. Y.
Mr. F. A. Vanderlip, New York, N. Y.
Mr. Thos. W. Lamont, 23 Wall Street, New York, N.Y.

Gentlemen:

With reference to your letter of January 18th, transmitting therewith memorial signed by forty-four American citizens, concerning a call for a meeting of financial representatives from various countries, and asking that this matter be placed before the Chamber of Commerce of the United States, we now beg to inform you that the memorial was called to the attention of our Board of Directors at its meeting held in Washington, D.C. January 20, 21 and 22, 1920.

The Board gave careful consideration to the questions involved and decided that the memorial be referred to a special committee composed of Messrs. Homer L. Ferguson, A. C. Bedford, Harry A. Wheeler and John H. Fahey, with power to act.

On January 22, 1920, the Chamber's special committee addressed a communication to the Secretary of the Treasury asking an expression on behalf of that Department with respect to the questions involved.

The Secretary of the Treasury, on January 28, 1920, addressed a communication to President Ferguson setting forth in detail the attitude of that Department with respect to this matter. A copy of the letter from the Secretary of the Treasury together with copy of an enclosure containing excerpts from his last annual report are attached hereto.

On January 22, 1920, the special committee of the Chamber also referred a copy of the memorial to the Committee on Plan and Scope of its National Committee on European Finance, asking the views of that Committee with respect to the proposed conference. The Committee on Plan and Scope on January 30, 1920, in a letter addressed to President Ferguson submitted its views regarding the questions involved. A copy of this letter is attached hereto.

The Special Committee of the Chamber gave further consideration to this matter, in the light of the statements set forth in the letters from the Secretary of the Treasury and from the Committee on Plan and Scope, and now advises that, if, on further consideration, European opinion favors the holding of a conference, with full understanding of the limitations affecting our participation which are so clearly pointed out by the enclosures submitted herewith, we are sure the Chamber will be prepared to act promptly in designating representatives to participate in such a conference.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

By (Signed) A. C. Bedford

" John H. Fahey

" H. L. Ferguson

" H. A. Wheeler

Special Committee to report on
Memorial regarding International
Financial Conference

2 encs.

2/47

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

WASHINGTON, D. C.

February 16, 1920.

Mr. Alfred E. Morling, 65 Liberty Street, New York, N.Y.
Mr. Paul M. Warburg, New York, N.Y.
Mr. T. A. Vanderbilt, New York, N.Y.
Mr. Thomas W. Lamont, 33 Wall Street, New York, N.Y.

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" H. A. Wheeler

Special Committee to report on
Memorial regarding International
Financial Conference

2 encls.
2/17